



DeLaRue

**Notice of Annual General Meeting  
to be held on  
23 July 2015**

**This document is important and requires your IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are advised to consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised pursuant to the Financial Services and Markets Act 2000 immediately. If you have sold or otherwise transferred all of your ordinary shares in De La Rue you should pass this document together with the accompanying documents (but not the personalised proxy form) as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.**



DeLaRue

DE LA RUE plc  
De La Rue House  
Jays Close  
Viables  
Basingstoke  
Hampshire  
RG22 4BS  
England

## Letter from the Chairman

17 June 2015

Dear Shareholder

### Annual General Meeting

I have pleasure enclosing this year's Notice of our Annual General Meeting (AGM) which will be held at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire RG22 4BS, at 10.30am on Thursday 23 July 2015. This letter sets out the details of the items of business to be transacted at the meeting, including the approval of the final dividend for the year ended 28 March 2015.

The purpose of this document is to provide details of the resolutions and to explain why the Board believes that the resolutions are in the best interests of the Company and its shareholders as a whole.

Resolutions 1 to 9 are ordinary resolutions and deal with: the strategic report, the directors' report and the audited financial statements for the period ended 28 March 2015 (resolution 1); the approval of the directors' remuneration report for the year ended 28 March 2015 (resolution 2); the approval of the final dividend for the period ended 28 March 2015 (resolution 3); the election and re-election of Directors (resolutions 4 to 7); the re-appointment of the Company's auditor and the authority to agree the auditors' remuneration (resolutions 8 and 9); resolutions 10 to 14 deal with: authority to allot shares (ordinary resolution 10); waiver of shareholders' pre-emption rights (special resolution 11); authority for the Company to purchase its own shares (special resolution 12); political donations (ordinary resolution 13); and the length of notice of general meetings (special resolution 14).

Full details of the special business to be proposed at the AGM can be found in the explanatory notes incorporated in the Notice of AGM attached to this letter.

### Recommendations

The Board believes that all the resolutions to be considered at our AGM and as set out in the Notice of AGM will promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. Accordingly, the Board unanimously recommends shareholders to vote in favour of them. Individual members of the Board intend to vote their own beneficial and non-beneficial holdings currently amounting to 0.09 per cent of the issued ordinary share capital of De La Rue plc in favour of all resolutions.

### What to do next

You will find a proxy form for the AGM with this letter. This allows someone else to attend the AGM and vote on your behalf. That person need not be a shareholder. Alternatively, you can use the form to allow me to vote for you. Please fill in the proxy form and return it to the Company's registrar by 10.30am on Tuesday 21 July 2015. Shareholders may, if they wish, submit proxy votes electronically via the registrar's website, [www.eproxyappointment.com/Login](http://www.eproxyappointment.com/Login). CREST members who wish to appoint a proxy or give an instruction through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. More details are set out in the notes on the form of proxy. CREST members wishing to appoint multiple proxies for a holding should contact the Company's registrar. If you vote electronically your vote must also be registered by 10.30am on Tuesday 21 July 2015. You may still attend the AGM whether you reply by post or electronically.

### Electronic shareholder communication

If you would like to receive email notifications each time we publish new shareholder documents, you should register online at [www.investorcentre.co.uk/ecomms](http://www.investorcentre.co.uk/ecomms). You will need to have your shareholder reference number (SRN) available to register. This 11 character number (which starts with the letter C or G) may be found on either your share certificate or form of proxy. When you reach the website you should select De La Rue plc from the list and follow the on screen instructions to register your e-mail address and choose the way in which you receive your documents.

If you choose this option you will receive notification by email each time the Company publishes shareholder documents on its website and you will be able to download and read them at your convenience. You may, however, vary your instruction or request a paper copy of any shareholder document at any time in the future by contacting the registrar at [www.investorcentre.co.uk/contactus](http://www.investorcentre.co.uk/contactus) or by writing to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

The use of electronic communication is entirely voluntary.

Yours sincerely,

Philip Rogerson  
Chairman

## Notice of Annual General Meeting

Notice is hereby given that the sixteenth Annual General Meeting of De La Rue plc (the Company) will be held at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire RG22 4BS on Thursday 23 July 2015 at 10.30am to consider and, if thought fit, to pass resolutions 1 to 10 inclusive and 13 as ordinary resolutions and resolutions 11, 12 and 14 as special resolutions:

1. To receive the strategic report, the directors' report and the financial statements of the Company for the period ended 28 March 2015 together with the report of the auditors.
2. To approve the directors' remuneration report (other than the part containing the directors' remuneration policy set out on pages 56 to 63) set out on pages 42 to 63 of the annual report for the period ended 28 March 2015.
3. To declare a final dividend on the Company's ordinary shares in respect of the period ended 28 March 2015.

To elect the following Director retiring pursuant to Article 81 of the Company's Articles of Association and the UK Corporate Governance Code who, being eligible, offers himself for election:

4. Martin Sutherland.

To re-elect the following Directors retiring pursuant to the UK Corporate Governance Code who, being eligible, offer themselves for re-election:

5. Victoria Jarman.
6. Philip Rogerson.
7. Andrew Stevens.
8. To re-appoint KPMG LLP as auditor of the Company to hold office from the conclusion of the meeting until the conclusion of the next General Meeting at which accounts are laid before the Company.
9. To authorise the Board to determine the auditor's remuneration.

10. That the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights"):

- (i) up to an aggregate nominal amount of £15,125,727 (such amount to be reduced by any allotments or grants made under paragraph (ii) below in excess of such sum); and
- (ii) comprising equity securities (as defined in the Companies Act 2006) up to a nominal amount of £30,251,454 (such amount to be reduced by any allotments or grants made under paragraph (i) above) in connection with an offer by way of a rights issue:
  - (a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (b) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 23 October 2016, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares and grant Rights in pursuance of any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the Directors to allot shares and grant Rights be and are hereby revoked.

11. That, subject to the passing of resolution 10, the Directors be empowered pursuant to section 570 and section 573 of the Companies Act 2006 (the "Act") to allot equity securities (as defined by section 560 of that Act) for cash, either pursuant to the authority conferred by resolution 10 above or by way of a sale of treasury shares, as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited:

- (i) to the allotment of equity securities in connection with an offer of securities by way of rights, open offer or other offer of securities (but in the case of the authority granted under paragraph (ii) of resolution 10, by way of a rights issue only), to holders of ordinary shares on the register of members at such record date(s) as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date(s), but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems under the laws of any territory or any other matter; and
- (ii) in the case of the authority granted under paragraph (i) of resolution 10 and/or in the case of any sale of treasury shares, to the allotment of equity securities (otherwise than under paragraph (i) above) up to an aggregate nominal amount of £4,537,718;

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, on 23 October 2016, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

12. That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of any of the Company's ordinary shares of 44<sup>152</sup>/<sub>175</sub> pence, on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:

- (i) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 10,113,356 representing approximately 10 per cent of the Company's issued ordinary share capital as at 27 May 2015;
- (ii) the minimum price which may be paid for each ordinary share is 44<sup>152</sup>/<sub>175</sub> pence;
- (iii) the maximum price which may be paid for each ordinary share is the higher of: (a) an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share in the Company, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the share is contracted to be purchased; and (b) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Official List at the time the purchase is agreed;
- (iv) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 23 October 2016; and
- (v) the Company may make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

13. That in substitution for the existing authority and in accordance with section 366 and section 367 of the Companies Act 2006 (the "Act"), the Company, and each company which is or becomes its subsidiary during the period to which this resolution relates, be and are hereby authorised to:

- (i) make political donations to political parties and/or independent election candidates not exceeding £100,000 in total;
- (ii) make political donations to political organisations other than political parties not exceeding £100,000 in total; and
- (iii) incur political expenditure not exceeding £100,000 in total,

during the period commencing on the date of this resolution and ending on the date of the Company's Annual General Meeting in 2016 or, if earlier, on 23 October 2016, provided that, in any event, the total aggregate amount of all political donations and political expenditure incurred by the Company and its subsidiaries in such period shall not exceed £100,000. For the purposes of this resolution, 'political donations', 'political organisations', 'political parties', 'independent election candidates' and 'political expenditure' have the meanings given in sections 363 to 365 of the Act.

14. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By order of the Board

**Edward Peppiatt, Company Secretary**

17 June 2015

Registered Office:

De La Rue House

Jays Close

Viables

Basingstoke

Hampshire

RG22 4BS

Registered in England, number 3834125

## Explanatory notes

A shareholder entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint a proxy to exercise all or any of his rights to attend, speak and vote in his place. A member may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares.

A proxy need not be a shareholder of the Company but must attend the AGM to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Your proxy must vote as you instruct and must attend the AGM for your vote to be counted. Appointing a proxy does not preclude you from attending the AGM and voting in person.

A proxy form accompanies this Notice of AGM and should be completed and returned to the Company's registrar: Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Details of how to appoint a proxy are set out in the notes to the proxy form. Alternatively, you may register your vote electronically by accessing the registrar's website: [www.eproxyappointment.com/Login](http://www.eproxyappointment.com/Login). Proxy forms should be deposited at the office of Computershare Investor Services PLC no later than 48 hours before the time for holding the AGM. Electronic votes must also be registered no later than 48 hours before the time for holding the AGM.

A shareholder may change proxy instructions by returning a new proxy appointment using the methods set out above. A shareholder who has appointed a proxy using the hard copy form of proxy but would like to change the instructions using another hard copy proxy form, should contact Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Any attempt to terminate or amend a proxy appointment after the relevant deadline will be disregarded. Where two or more valid, separate appointments of proxy are received in respect of the same share relating to the same meeting, the one which is sent last shall be treated as replacing and revoking the other or others.

A copy of this Notice of AGM has been sent, for information only, to persons who have been nominated by a shareholder to hold information rights under section 146 of the Companies Act 2006 (the "Act") (a "Nominated Person"). The rights to appoint a proxy cannot be exercised by a Nominated Person: they can only be exercised by the shareholder. However, a Nominated Person may have a right under an agreement between him and the shareholder by whom he was nominated to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

To be entitled to attend and vote at the AGM, shareholders must be registered in the register of members of the Company at 6.00pm on Tuesday 21 July 2015 (or, if the AGM is adjourned, provided that the adjourned meeting takes place no later than 6.00pm, at 6.00pm on the date which is two days prior to the adjourned meeting). Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote (and the number of votes they may cast) at the AGM or adjourned meeting.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST manual on the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number – 3RA50) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of

receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST proxy instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.

Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as shareholder votes are to be counted according to the number of shares held. As soon as practicable following the AGM, the results of the voting at the AGM will be announced via a regulatory information service and also placed on the Group's website: [www.delarue.com](http://www.delarue.com)

A shareholder of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Act, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

Shareholders who meet the threshold requirements set out in section 527 of the Act, can instruct the Company to publish on its website, at the Company's own expense, a statement setting out any matter relating to (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the last AGM, that the shareholders propose to raise at the meeting. If the Company is required to place a statement on the website under section 527 of the Act, the statement must be forwarded to the Company's auditors no later than the time when it is made available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on its website.

The Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a shareholder attending the AGM, except (i) if to do so would interfere unduly with the conduct of the AGM or involve the disclosure of confidential information, (ii) if the answer has already been given on a website in the form of an answer to a question, or (iii) if it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

As at 27 May 2015, (being the latest practicable day prior to the publication of this Notice of AGM), the Company's issued share capital consists of 101,133,553 ordinary shares, carrying one vote each. Therefore the total number of shares over which voting rights in the Company are held is 101,133,553.

A copy of this Notice of AGM and other information required by section 311A of the Companies Act 2006 can be found on the Group's website [www.delarue.com](http://www.delarue.com)

The following documents will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) from Wednesday 17 June 2015 at the registered office of the Company and at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY and will also be available for inspection at the place of the AGM from 10.15am on the day of the AGM until the conclusion of the AGM:

- copies of the contracts of service of Executive Directors together with Non-executive Directors' letters of appointment

You may not use any electronic address provided in this Notice of AGM to communicate with the Company for any purposes other than those expressly stated.

### **Receipt of the strategic report, the directors' report and the audited financial statements – resolution 1**

The Directors will present the strategic report, the directors' report and the audited financial statements for the period ended 28 March 2015 to the AGM.

### **Approval of the directors' remuneration report – resolution 2**

Resolution 2 seeks shareholder approval for the directors' remuneration report as set out on pages 42 to 63 (inclusive) (excluding the directors' remuneration policy as set out on pages 56 to 63 (inclusive)) of the annual report for the period ended 28 March 2015. It gives details of the directors' remuneration for the period ended 28 March 2015. The Company's auditor, KPMG LLP, has audited those parts of the report required by the Act. The auditor's report is on pages 67 to 69 of the annual report. No individual Director's remuneration is dependent on the resolution on the remuneration report being passed as it is an 'advisory' resolution. However, if the Company fails the annual advisory resolution in a year in which the remuneration policy was not also put to a shareholder resolution, this will trigger the need for the Company to put its remuneration policy to a shareholder resolution the following year. Where a substantial minority of shareholders vote against the director's remuneration report, the Company must respond and say how it will address shareholder concerns.

### **Declaration of final dividend – resolution 3**

This resolution approves the declaration of a final dividend.

### **Directors – resolutions 4 to 7**

Martin Sutherland was appointed Chief Executive Officer by the Board on 13 October 2014. Article 81 of the Company's Articles of Association requires that Directors retire and stand for election at the next AGM of the Company following their appointment by the Board. In any event, the UK Corporate Governance Code provides for all directors of FTSE 350 companies to be subject to election/re-election by their shareholders annually. Resolutions 4 to 7 provide for all of the Directors (with the exception of Colin Child, Warren East and Gill Rider who are retiring from the Board at the end of this year's AGM and are not seeking re-election) to retire and offer themselves for election/re-election by shareholders at this year's AGM.

The Board, having carried out an effectiveness and evaluation process, considers the performance of each of the Directors standing for election/re-election at this year's AGM to be fully satisfactory and is of the opinion that they have demonstrated continued commitment to the role. The Board strongly supports their election/re-election and recommends that shareholders vote in favour of the resolutions at the AGM. Biographical details of the Directors standing for election/re-election are given on pages 28 and 29 of the annual report 2015 and on the Group's website.

### **Re-appointment of auditor and auditor's remuneration – resolutions 8 and 9**

Resolution 8 is related to the re-appointment of KPMG LLP as auditor of the Company until the conclusion of the AGM in 2016. Resolution 9 authorises the Board to set the amount to be paid to KPMG LLP for their role as auditor.

### **Allotment of share capital - resolution 10**

At the last AGM of the Company held on 24 July 2014, the Directors were given authority to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £15,066,997 representing approximately one third of the Company's then issued ordinary share capital. This authority expires at the end of this year's AGM.

There is no statutory limit on the maximum nominal amount of the section 551 authority under the Act but, under The Investment Association's current guidelines, Investment Association members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to two thirds of the Company's existing issued share capital, providing any amount in excess of one third of existing issued shares should be applied to fully pre-emptive rights issues only.

Paragraph (i) of this resolution would give the Directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £15,125,727 (representing 33,711,185 ordinary shares of 44<sup>152</sup>/<sub>175</sub> pence each). This amount represents one third of the issued ordinary share capital of the Company as at 27 May 2015 (the latest practicable date prior to publication of this Notice of AGM).

In line with the aforementioned Investment Association guidance, paragraph (ii) of this resolution would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £30,251,454 (representing 67,422,369 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (i) of this resolution. This amount (before any reduction) represents two thirds of the issued ordinary share capital of the Company as at 27 May 2015 (the latest practicable date prior to publication of this Notice of AGM).

The authority sought under this resolution will last until the end of the next AGM of the Company or, if earlier, 23 October 2016.

The Directors do not currently intend to exercise this authority except in respect of exercises of share options and the release of shares awarded under the Company's share plans. However, the Directors consider it appropriate to maintain the flexibility that this authority provides. If they do exercise the authority, the Directors intend to follow Investment Association recommendations concerning its use (including as regards the Directors standing for re-election in certain cases).

As at the date of this Notice of AGM the Company does not hold any ordinary shares in the capital of the Company in treasury.

### **Disapplication of statutory pre-emption rights – resolution 11**

If equity securities are to be allotted for cash using the authority given by resolution 10, section 561(1) of the Act requires that those securities are offered first to existing shareholders in proportion to the number of ordinary shares they each hold at the time of the offer. An offer of this type is called a rights issue and the entitlement to the offer of the new securities first is known as a pre-emption right.

There are circumstances when it is in the interests of the Company for the Directors to be able to allot new equity securities for cash other than by way of a strict rights issue. This cannot be done under the Act unless the shareholders have first waived their pre-emption rights. The authority given by resolution 11 empowers the Directors to modify this requirement for rights issues so that they may effect such exclusions or other arrangements as they may deem necessary or expedient in relation to fractional entitlements or legal or practical problems arising under the laws or requirements of any recognised regulatory body or any stock exchange or otherwise in any overseas territory or any other matter.

This authority will permit the Directors to allot:

- (i) Shares up to a nominal amount of £15,125,727 (representing one third of the Company's issued share capital) on an offer of securities to existing shareholders (subject to any adjustments, such as for fractional entitlements and overseas shareholders, as the Directors see fit)
- (ii) Shares up to a maximum nominal value of £4,537,718 representing approximately 10 per cent of the issued ordinary share capital of the Company as at 27 May 2015 (the latest practicable date prior to publication of this Notice of AGM) otherwise than in connection with an offer to existing shareholders.

This disapplication authority is in line with institutional shareholder guidance, and in particular with the Pre-emption Group's Statement of Principles (the "Pre-emption Principles"). The Pre-emption Principles were revised in 2015 to allow the authority for an issue of shares for cash (otherwise than in connection with a pre-emptive offer) to be increased from 5 per cent to 10 per cent of the Company's issued ordinary share capital, provided that the Company confirms that it intends to use the additional 5 per cent authority only in connection with an acquisition or specified capital investment.

The Board intends to adhere to the Pre-emption Principles and not to allot shares for cash on a non pre-emptive basis pursuant to the authority in resolution 11:

- (a) in excess of an amount equal to 5 per cent of the total issued ordinary share capital of the Company (excluding any treasury shares); or
- (b) in excess of an amount equal to 7.5 per cent of the total issued ordinary share capital of the Company (excluding any treasury shares) within a rolling three year period without prior consultation with the Company's shareholders,

in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six month period and is disclosed in the announcement of the allotment.

Resolution 11 is being passed pursuant to sections 570 and 573 of the Act.

The authority contained in resolution 11 will expire at the end of the next AGM of the Company or, if earlier, on 23 October 2016.

#### **Share buyback – resolution 12**

The resolution to be proposed will seek to renew authority granted to the Directors at the AGM in July 2014 and which will expire on 23 July 2015. No shares have been acquired pursuant to that authority.

If shareholders pass resolution 12 the authority, unless previously renewed, varied or revoked, will expire at the conclusion of the next AGM of the Company or, if earlier, on 23 October 2016.

This authority will apply up to 10,113,356 ordinary shares, having an aggregate nominal value of £4,537,718, being 10 per cent of the issued ordinary share capital on 27 May 2015 (the latest practicable date prior to publication of this Notice of AGM). The minimum price which may be paid is 44<sup>152</sup>/<sub>175</sub> pence per share and the maximum price is the higher of: (a) an amount equal to 105 per cent of the average of the middle market quotations of the Company's shares, as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; and (b) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Official List at the time the purchase is agreed.

The Directors consider that there may be circumstances in which it would be desirable for the Company to purchase its own shares in the market. They would like to be able to act quickly if circumstances arose in which they considered such a purchase desirable, for example when, in the Board's opinion, market prices do not reflect the Company's

worth. The Directors will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. Purchases would only be made if their effect would be expected to increase earnings per share and would be expected to benefit shareholders generally. Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange.

Listed companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. No dividends are paid on shares while held in treasury and no voting rights attach to treasury shares. Shares purchased under this authority would be cancelled and the number of shares in issue would be reduced accordingly, or held in treasury if considered appropriate. As at 27 May 2015 (being the latest practicable day prior to the publication of this Notice of AGM) no ordinary shares are held in treasury. In order to respond properly to the Company's capital requirements and prevailing market conditions, the Directors will need to assess at the time of any and each actual purchase whether to hold the shares in treasury or cancel them.

The total number of ordinary shares over which options to subscribe were outstanding at 27 May 2015 was 3,883,397 being 3.84 per cent of the current issued share capital. If the authority to purchase the Company's ordinary shares (existing and proposed) was exercised in full, the number of shares under these options would represent 4.80 per cent of the Company's issued ordinary share capital.

#### **Political donations – resolution 13**

Under the Act, political donations to any political parties, independent election candidates or political organisations or the incurring of political expenditure are prohibited unless authorised by shareholders in advance. Shareholders will be aware that it is the Group's policy not to make political donations. This policy will remain unchanged whether or not resolution 13 is passed. However, it is possible that certain routine activities undertaken by the Company and its subsidiaries may unintentionally fall within the broad scope of the provisions controlling political donations and expenditure contained in the Act. Accordingly, as a precaution and in order to avoid any possibility of inadvertently contravening the Act, the Board considers that it would be prudent to follow the procedure specified in the Act to obtain shareholder approval for the Company and its subsidiaries to make political donations or incur political expenditure until the conclusion of the 2016 AGM of the Company or, if earlier, 23 October 2016.

As stated earlier the Board will continue its policy of not making political donations or incurring political expenditure but the Group will report any such expenditure in its 2016 annual report.

#### **Length of notice of meeting – resolution 14**

Resolution 14 is a resolution to allow the Company to hold general meetings (other than AGMs) on 14 clear days' notice.

Before the introduction of the Companies (Shareholders' Rights) Regulations 2009 in August 2009, the minimum notice period permitted by the Act for general meetings (other than public company AGMs) was 14 days. One of the amendments made to the Act by the Regulations was to increase the minimum notice period for general meetings of listed companies to 21 days, but with an ability for companies to reduce this period back to 14 days (other than for AGMs) provided that two conditions are met. The first condition is that the Company offers a facility for shareholders to vote by electronic means. This condition is met if the Company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website. The second condition is that there is an annual resolution of shareholders approving the reduction of the minimum notice period from 21 days to 14 days.

The Board is therefore proposing resolution 14 as a special resolution to approve 14 clear days as the minimum period of notice for all general meetings of the Company other than AGMs. The approval will be effective until the end of the Company's next AGM, when it is intended that the approval be renewed. The Board will consider on a case by case basis whether the use of the flexibility offered by the shorter notice period is merited, taking into account the circumstances, including whether the business of the meeting is time-sensitive.