

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should contact your stockbroker or other professional adviser authorised under the Financial Services and Markets Act 2000, as amended. If you have sold or transferred all of your shares in Kier Group plc, please send this document and its enclosures as soon as possible to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

KIER GROUP PLC

NOTICE OF ANNUAL GENERAL MEETING

12 NOVEMBER 2015



KIER GROUP PLC
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting (the 'Meeting') of Kier Group plc (the 'Company') will be held at 12.00 noon on Thursday, 12 November 2015 at the Andaz Hotel, 40 Liverpool Street, London EC2M 7QN for the following purposes:

Ordinary business

1. To consider and receive the accounts for the year ended 30 June 2015.
2. To approve the remuneration report set out on pages 84 to 106 (inclusive) of the Company's annual report and accounts for the year ended 30 June 2015 (other than the summary of the directors' remuneration policy set out on pages 98 to 106 (inclusive)). **See note 1.**
3. To declare a final dividend of 36.0p per share in respect of the year ended 30 June 2015. **See note 2.**
4. To elect Mr J R Atkinson as a director of the Company. **See note 3.**
5. To elect Mr N P Brook as a director of the Company. **See note 3.**
6. To elect Mr B E J Dew as a director of the Company. **See note 3.**
7. To elect Mr N A Turner as a director of the Company. **See note 3.**
8. To elect Mr C Veritiero as a director of the Company. **See note 3.**
9. To re-elect Mrs A K Bashforth as a director of the Company. **See note 4.**
10. To re-elect Mr R C Bailey as a director of the Company. **See note 4.**
11. To re-elect Mrs A J Mellor as a director of the Company. **See note 4.**
12. To re-elect Mr H J Mursell as a director of the Company. **See note 4.**
13. To re-elect Mr P M White as a director of the Company. **See note 4.**
14. To re-elect Mr N P Winser as a director of the Company. **See note 4.**
15. To re-appoint PricewaterhouseCoopers LLP as auditor of the Company to hold office from the conclusion of the Meeting until the conclusion of the next meeting at which accounts are laid before the Company. **See note 5.**
16. To authorise the directors of the Company to agree the remuneration of the auditor.
17. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, pursuant to and in accordance with section 551 of the Companies Act 2006 (the '2006 Act'), the directors be and are generally and unconditionally authorised to use all powers of the Company:

- a. to allot shares in the Company and grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £318,733; and
- b. to allot equity securities (within the meaning of section 560(1) of the 2006 Act) in connection with an offer by way of a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are in proportion (as nearly as may be practicable) to their respective holdings of ordinary shares up to an aggregate nominal amount of £637,467, after deducting from such amount the nominal amount of any shares or Rights allotted under paragraph (a) of this Resolution 17,

provided that this authority shall expire on the date of the next annual general meeting of the Company (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry, make an offer or agreement 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 such offer or agreement notwithstanding that the authority conferred by this Resolution 17 has expired.

This authority is in substitution for all previous authorities conferred on the directors in accordance with section 551 of the 2006 Act. **See note 6.**

18. To consider and, if thought fit, to pass the following resolution as a special resolution:

That, subject to the passing of Resolution 17, pursuant to and in accordance with section 570 of the Companies Act 2006 (the '2006 Act'), the directors be and are generally empowered to allot equity securities (as defined in section 560(1) of the 2006 Act) wholly for cash pursuant to the authority conferred by Resolution 17, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

- a. in connection with an offer of such securities by way of rights issue, open offer or other pre-emptive offer to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical issues under the laws of any territory or the requirements of any regulatory body or stock exchange; and
- b. otherwise than pursuant to paragraph (a) of this Resolution 18, up to an aggregate nominal amount of £95,620,

provided that this authority shall expire on the date of the next annual general meeting of the Company (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry, make an offer or agreement 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 notwithstanding that the power conferred by this Resolution 18 has expired. **See note 7.**

Special business

19. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That,

- a. the rules of the Kier Group plc Sharesave Scheme 2016 (the 'Sharesave Scheme'), the principal features of which are summarised in the Appendix to this notice and a copy of which is produced in draft to the Meeting, be approved and the directors be authorised to do all things necessary to operate the Sharesave Scheme in accordance with its rules; and
- b. the directors be authorised to establish such further plans for the benefit of overseas employees based on the Sharesave Scheme, subject to such modifications as may be appropriate or necessary to take account of overseas securities laws, exchange controls and tax legislation, provided that any ordinary shares of the Company made available under any such further plan(s) are treated as counting against any limits on individual or overall participation in the Sharesave Scheme. **See note 8.**

20. To consider and, if thought fit, to pass the following resolution as a special resolution:

That, as permitted by section 307A of the Companies Act 2006, a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days' notice, provided that the authority granted pursuant to this Resolution 20 shall expire at the conclusion of the next annual general meeting of the Company after the passing of this Resolution 20. **See note 9.**

By order of the Board

H E E Raven
Company Secretary
Kier Group plc

9 October 2015

Registered office:
Tempsford Hall
Sandy
Bedfordshire
SG19 2BD

Registered number: 2708030
www.kier.co.uk

Notes Relating to Resolutions:

- Resolution 2 – remuneration report:** the remuneration report is set out on pages 84 to 106 (inclusive) of the 2015 report and accounts and provides details of the remuneration received by each of the directors for the year ended 30 June 2015. The remuneration policy was approved by the shareholders at the 2014 annual general meeting and remains unchanged. A summary has been included on pages 98 to 106 (inclusive) of the 2015 report and accounts for ease of reference. The full remuneration policy can be found on pages 69 to 76 of the 2014 report and accounts. This vote is advisory and therefore will not affect the remuneration or benefits received by each director.
- Resolution 3 – declaration of final dividend:** if approved, the final dividend of 36.0p per share will be paid on 27 November 2015 to shareholders on the register of members at the close of business on 25 September 2015.
- Resolutions 4 to 8 (inclusive) – election of directors:** the following individuals were appointed to the board of directors of the Company (the 'Board') with effect from the following dates:

Name	Date of appointment
Mr J R Atkinson	1 October 2015
Mr N P Brook	6 March 2015
Mr B E J Dew	1 January 2015
Mr N A Turner	6 March 2015
Mr C Veritiero	6 March 2015

Under the Company's articles of association, these individuals hold office until the annual general meeting following their appointment and, accordingly, they are required to be elected as directors of the Company at the Meeting. Biographical information relating to each of these individuals, other than Mr J R Atkinson, is set out on pages 64 to 66 of the report and accounts.

Mr Atkinson was the Chief Executive of Keller Group plc ('Keller') from April 2004 to May 2015, when he retired from Keller's board of directors. Previously, Mr Atkinson had been Keller's Finance Director and its Chief Operating Officer. He trained and qualified as an accountant with Deloitte Haskins & Sells, now part of PwC, and spent the early part of his career with Thomson Reuters, before joining Keller in 1990. Mr Atkinson is also a member of the Audit Committee of The National Trust.

Mr Atkinson is a member of the Company's Risk Management and Audit Committee, Remuneration Committee, Safety, Health and Environment Committee and Nomination Committee and is considered by the board of directors of the Company to be independent.

The Board believes that each of the directors to be elected brings a range of skills and experience that complements those of the other directors and, accordingly, recommends their election as directors.

- Resolutions 9 to 14 (inclusive) – re-election of directors:** biographical information relating to each of these individuals is set out on pages 64 and 66 of the report and accounts.

The Board considers that each non-executive director who is proposed for re-election has appropriate and relevant skills, experience, independence and knowledge of the Company to enable him or her to discharge the duties and responsibilities of a director effectively. Following a formal performance evaluation, the chairman of the Board considers that the performance of each of the non-executive directors continues to be effective and that each such individual continues to demonstrate appropriate commitment to the role.

- Resolution 15 – re-appointment of PricewaterhouseCoopers LLP as auditor:** the Company is required to re-appoint its auditor at each general meeting at which accounts are laid, which will normally be at each annual general meeting. This resolution proposes the auditor's reappointment.
- Resolution 17 – directors' authority to allot new shares:** section 549 of the 2006 Act prevents directors from allotting unissued securities without the authority of shareholders (granted in accordance with section 551 of the 2006 Act). Paragraph (a) of this resolution will, if approved, give the directors a general authority to allot additional share capital, within certain constraints. It will permit the directors to allot shares in the Company and grant rights to subscribe for, or to convert any security into, shares in the Company up to a maximum aggregate nominal amount of £318,733 representing approximately one-third of the total issued ordinary share capital of the Company as at 8 October 2015, the latest practicable date before publication of this notice.

In line with guidance issued by The Investment Association, paragraph (b) of this resolution will, if approved, give the directors additional authority in the case of a rights issue to allot ordinary shares in favour of shareholders up to an aggregate nominal amount of £637,467, less the nominal amount of any shares or Rights issued under paragraph (a) of this resolution. This amount (before any such reduction) is approximately two-thirds of the total issued ordinary share capital of the Company as at 8 October 2015, the latest practicable date before publication of this notice.

The directors have no present plans to allot shares, other than in connection with employee share schemes and the scrip dividend alternative. It is the Company's policy to seek renewal of these authorities annually. If the additional authority in paragraph (b) of this resolution is used, the directors intend to follow The Investment Association guidance that all of the directors will stand for re-election at the next annual general meeting. The Company does not hold any of its equity securities in treasury.

- 7. Resolution 18 – disapplication of pre-emption rights:** section 561(1) of the 2006 Act provides that 'equity securities' (including shares) must not normally be issued for cash without first offering them to existing shareholders in proportion to their existing shareholdings at the time of the offer. Paragraph (a) of this resolution will, if approved, enable the directors to overcome certain practical difficulties that could arise in the context of a pre-emptive offering where it is in the interests of the Company for the directors to issue shares otherwise than strictly in compliance with those requirements.

Paragraph (b) of this resolution will, if approved, provide the directors with an authority consistent with section 570 of the 2006 Act to disapply section 561(1) of the 2006 Act and, therefore, a limited authority to issue equity securities for cash without first offering them to existing shareholders. Paragraph (b) of this resolution is in line with the Pre-Emption Group's Statement of Principles which were revised in March 2015 (the 'Principles'). The Principles have increased companies' supported authority to issue shares for cash otherwise than in connection with a pre-emptive offer from 5% to 10% provided that the additional 5% authority is used in connection with an acquisition or specified capital investment. Paragraph (b) of this resolution, if approved, will enable the directors to allot equity securities for cash up to a maximum aggregate nominal amount of £95,620, representing approximately 10% of the existing issued ordinary share capital of the Company as at 8 October 2015, the latest practicable date before publication of this notice.

The directors confirm that shares representing more than 5% of the issued ordinary share capital of the Company (excluding treasury shares), will only be allotted for cash pursuant to the authority referred to in paragraph (b) of this resolution where that allotment is in connection with an acquisition or specified capital investment (as described in the Principles) 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.

It is the Company's policy to seek renewal of the authorities referred to in Resolution 17 and 18 annually. The directors currently have no intention to allot shares other than in connection with employee share schemes and the scrip dividend alternative. The directors also confirm that, in line with the Principles, the Company does not intend to issue more than 7.5% of its total issued share capital on a non-pre-emptive basis over a three-year rolling period without prior consultation with its shareholders, other than in connection with an acquisition or specified capital investment in the circumstances described above.

- 8. Resolution 19 – Kier Group plc Sharesave Scheme 2016:** in line with good practice, the Company is seeking shareholder approval for the continued operation of its sharesave scheme, which was last approved by shareholders in 2006. The terms of the new sharesave scheme have been updated to reflect current market practice, but are otherwise on substantially the same as the terms of the sharesave scheme currently operated by the Company.

The principal features of the sharesave scheme are summarised in the Appendix to this notice.

Copies of the draft rules of the sharesave scheme may be inspected at the offices of Linklaters LLP, One Silk Street, London, EC2Y 8HQ during normal business hours on any weekday (public holidays excluded) from the date of this Notice until the close of the Meeting from at least 15 minutes prior to, and until the conclusion of, the Meeting.

- 9. Resolution 20 – notice of general meetings:** under the 2006 Act, the notice period required for general meetings of the Company is 21 clear days unless shareholders approve a shorter notice period, which cannot be less than 14 clear days, and the Company offers a facility for shareholders to vote by electronic means. Annual general meetings will continue to be held on at least 21 clear days' notice.

The Company would like to be able to call general meetings other than an annual general meeting on 14 clear days' notice and this resolution seeks the approval of shareholders to do so. If granted, the approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. Electronic voting is provided by the Company's Registrars via www.kier.co.uk/vote.

Recommendation

The directors believe that all the resolutions to be proposed at the Meeting are in the best interests of its shareholders as a whole and unanimously recommend that all shareholders vote in favour of such resolutions, as they themselves intend to do in respect of their aggregate holding of ordinary shares in the capital of the Company (amounting to approximately 0.12% of the issued share capital of the Company as at 8 October 2015, the latest practicable date before publication of this notice).

General Notes:

1. Following the publication of FRS 100 'Application of Financial Reporting Requirements' by the Financial Reporting Council, the Company is required to change its accounting framework for its entity financial statements, currently UK GAAP, for its financial year which commenced on 1 July 2015. The Board considers that it is in the best interests of the Company and its group for the Company to adopt FRS 101 'Reduced Disclosure Framework' since this will enable the streamlining and simplification of reporting procedures. No material disclosures in the current UK GAAP financial statements would be omitted upon the adoption of FRS 101. A shareholder or shareholders holding in aggregate 5% or more of the total allotted or issued shares in the Company may serve an objection to the use of the disclosure exemptions on the Company, in writing, to its registered office (Tempsford Hall, Sandy, Bedfordshire, SG19 2BD) by no later than 31 December 2015.
2. At the Meeting, votes will be taken by poll rather than on a show of hands. All votes cast at the meeting will be added to those that were validly lodged with the registrars prior to the Meeting.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered in the register of members of the Company at 6.00 p.m. on Tuesday, 10 November 2015 will be entitled to attend and vote at the Meeting in respect of the shares registered in their name at that time or, if the Meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries in the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
4. A shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend, speak and vote on its behalf, provided that each proxy is appointed in respect of a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. Appointing a proxy does not prevent a shareholder from attending and voting at the Meeting. If a shareholder appoints a proxy but attends the Meeting in person, the proxy appointment will be automatically terminated.
5. In order to be valid, a completed and signed form of proxy must be lodged with the Company's Registrars, Capita Asset Services, by no later than 12.00 noon on Tuesday, 10 November 2015 (ignoring any part of a day that is not a working day), or not less than 48 hours before the time appointed for holding any adjourned meeting, along with any power of attorney under or pursuant to which the proxy is appointed by using the enclosed pre-paid envelope which is addressed to PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF. A form of proxy will be sent to shareholders. The form can be lodged by post, electronically or, for CREST members, via the CREST electronic proxy appointment service.
6. Any corporate shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its power as a member provided that they do not do so in relation to the same shares.
7. Shareholders may submit their proxy vote electronically via www.kier.co.uk/vote. Enter 'Kier Group plc' into the search box and click search. Click on the Company's name to be taken to the login page. From there, shareholders can log into their Capita share portal account or register for the Capita share portal by following the on-screen instructions.

8. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between them and the shareholder by whom they were nominated, have a right to be appointed (or have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment or does not exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in note 4 above does not extend to Nominated Persons.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment thereof by using the procedures described in the CREST manual. The CREST manual can be found at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST proxy instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ('EUI') specification and must contain the information required for such instructions, as described in the CREST manual. All messages regarding the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so as to be received by Capita Asset Services (ID RA10) by no later than 12.00 noon on Tuesday, 10 November 2015. 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 apply in relation to the input of CREST proxy instructions. It is therefore the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.
10. In the case of joint shareholders, where more than one of the joint shareholders purports to appoint a proxy, only the appointment submitted by the most senior shareholder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members, the first-named being the most senior.
11. Shareholders may change their proxy instructions by submitting a new proxy appointment using the methods set out or referred to above. The cut-off times for receipt of proxy appointments set out above also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where a shareholder has appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, they should contact the Company's Registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

If more than one valid proxy appointment is submitted, the appointment received last before the latest time for the receipt of proxies will take precedence.

12. In order to revoke a proxy instruction, a shareholder will need to inform the Company by sending a signed hard copy notice clearly stating its intention to revoke its proxy appointment to the Company's Registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by no later than 12.00 noon on Tuesday, 10 November 2015. If a shareholder attempts to revoke its proxy appointment but the revocation is received after the time specified then the original proxy appointment will remain valid.

Termination of proxy appointments made through CREST must be made in accordance with the procedures described in the CREST manual.

13. CREST members and, where applicable, their CREST sponsors or voting service providers, are directed to those sections of the CREST manual concerning the practical limitations of the CREST systems and timings. 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.

- 14.** As at 8 October 2015 (the latest practicable date before publication of this notice), the total number of ordinary shares of 1p in the capital of the Company in issue was 95,620,056 shares, with each share carrying the right to one vote. The total number of voting rights in the Company as at such date was therefore 95,620,056. There are no shares held in treasury.
- 15.** Copies of the following documents are available for inspection at the Company's registered office during normal business hours on any weekday (public holidays excluded) from the date of this notice until the close of the Meeting and at the place of the Meeting from at least 15 minutes prior to, and until the conclusion of, the Meeting:
- a. the service contracts of the executive directors of the Company;
 - b. the letters of appointment of the non-executive directors of the Company; and
 - c. the rules of the Kier Group plc Sharesave Scheme 2016 (which are also available at the offices of Linklaters LLP, One Silk Street, London, EC2Y 8HQ); and
 - d. this notice.
- 16.** From the date of this notice and for the next two years the following information will be available on the Company's website (www.kier.co.uk) and can be accessed via the Investor Relations section of such website:
- a. the matters set out in this notice;
 - b. the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the Meeting; and
 - c. the total of the voting rights that members are entitled to exercise at the Meeting.
- Any members' statements, members' resolutions and members' matters of business received by the Company after the date of this notice will be added to the information already available on the website as soon as reasonably practicable and will also be made available for the following two years.
- 17.** Pursuant to section 319A of the 2006 Act, any member attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting, but no such answer need be given: (i) if to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information or (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 Meeting that the question be answered.
- 18.** Pursuant to Chapter 5 of Part 16 of the 2006 Act, where requested by either a member or members meeting the threshold requirements set out in section 527 of that Chapter 5, the Company must publish on its website a statement setting out any matter that such member or members propose(s) to raise at the Meeting relating to 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 Meeting.
- Where the Company is required to publish such a statement on its website, it may not require the members making the request to pay any expenses incurred by the Company in complying with the request. It must forward the statement to the Company's auditor no later than the time the statement is made available on the Company's website and the statement may be dealt with as part of the business of the Meeting.
- 18.** A member may not use any electronic address provided either in this notice or in any related documents to communicate with the Company for any purpose other than those expressly stated in this notice or in such other related documents.
- 19.** Persons who are not shareholders of the Company will not be admitted to the Meeting unless prior arrangements are made with the Company.

APPENDIX

Summary of the principal features of the Kier Group plc Sharesave Scheme 2016

A summary of the principal features of the Kier Group plc Sharesave Scheme 2016 (the 'Sharesave Scheme') is set out below. The following is a summary only and should be read in conjunction with the rules of the Sharesave Scheme. In the event of any inconsistency between the following summary and the rules of the Sharesave Scheme, the latter will prevail.

Introduction

The Sharesave Scheme is an all-employee plan under which employees may be invited to apply for options to acquire shares in the Company. The number of shares over which the options are granted is determined by the amount which the employee commits to save under a savings contract. The Sharesave Scheme is designed to meet the requirements of tax legislation which provides favourable tax treatment for participants who are employees of participating companies and are subject to income tax in the United Kingdom.

Administration

The Sharesave Scheme will be administered by the remuneration committee of the Company, a duly authorised person(s) or a committee of the board of directors (the 'Committee').

Eligibility

All employees and executive directors of the Company or any of its participating subsidiaries are eligible to participate in the Sharesave Scheme if they have been employed for a qualifying period (which may not exceed five years) and are subject to UK income tax. Other employees may be invited to participate on a discretionary basis.

Timing of operation

Options under the Sharesave Scheme will normally only be granted within 42 days of a shareholder meeting or the announcement of the Company's results for any period.

Grant and exercise of options

The option price must not be less than 80% of the market value of a share, calculated as at the date of grant or an earlier date agreed with HMRC. The savings contract may run over a period of three or five years and must not permit savings of more than (currently) £500 per month.

Options are normally exercisable during the six months after the end of the savings contract.

Leaving employment

Options will normally lapse when the participant ceases to be employed. However, if employment ends because of injury, disability, redundancy, retirement or a sale of the employing company or business, options immediately become exercisable to the extent of the related savings. Options will remain exercisable for six months and then lapse.

Takeovers

In the event of a change of control of the Company, options become exercisable to the extent of the related savings. In the event of a takeover, options will remain exercisable for up to six months from the date of the event and then lapse, unless the Committee decides to the contrary.

Satisfying options

In any 10-year period, not more than 10% of the issued ordinary share capital of the Company may be issued or issuable under the Sharesave Scheme and all other employees' share plans operated by the Company. This limit does not include options which have lapsed or been surrendered.

Options may also be satisfied using treasury shares. If such shares are used, the Company will, so long as required under the guidelines of The Investment Association, count them towards the dilution limit set out above.

Where options are satisfied using shares purchased on-market, the dilution limit set out above will not apply. An employee trust may operate in connection with the Sharesave Scheme.

Variation in share capital

Options may be adjusted following any variation in the share capital of the Company provided that the adjustment does not cause the Sharesave Scheme to cease to comply with relevant tax legislation.

Issue of shares

Any shares issued on the exercise of options will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

Amending the Sharesave Scheme

The Committee has the power to amend the provisions of the Sharesave Scheme in any way. However, the provisions relating to: the participants; the limit on the number of shares which may be issued; the maximum contributions which may be made; the option price; the basis for determining a participant's entitlement to shares or the adjustments of options in the event of a variation of capital; and the amendment rule cannot be altered to the advantage of participants without prior approval of shareholders in general meeting (except for minor amendments to benefit the administration of the Sharesave Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the Sharesave Scheme or for the Company or any other members of its group).

General

Options are personal to the participant and may generally not be transferred or assigned. Options under the Sharesave Scheme are granted for no consideration and are not pensionable.

The Sharesave Scheme may be terminated at any time and, in any event, options under the Sharesave Scheme may not be granted after the 10th anniversary of the approval by shareholders.