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## This document is important and requires your immediate attention

If you are in any doubt about its contents or as to the action you should take, you are recommended to consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all your shares in IMI plc, please pass this document and the accompanying proxy form to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.

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The Annual General Meeting will be held at 10am on Thursday 7 May 2015  
at the Hilton Birmingham Metropole Hotel, National Exhibition Centre, Birmingham.



IMI plc  
Lakeside  
Solihull Parkway  
Birmingham Business Park  
Birmingham  
B37 7XZ

24 March 2015

*To shareholders and, for information only,  
to participants in the IMI employees' share schemes*

Registered in England and Wales  
No. 714275

Dear Shareholder

## **Notice of Annual General Meeting**

I have pleasure in inviting you to the Annual General Meeting of IMI plc (the 'Company'), which will be held at the Hilton Birmingham Metropole Hotel, National Exhibition Centre, Birmingham on Thursday 7 May 2015 commencing at 10am. The formal Notice of Meeting is set out on pages 6 to 9 of this letter and a summary of the business of the meeting is set out below.

As we announced on 18 March 2015, the search for a new Chairman has been completed and Lord Smith of Kelvin will be my successor with effect from my retirement at the conclusion of the Annual General Meeting. He has been appointed a director from 7 May and will stand for election at the Annual General Meeting.

Lord Smith of Kelvin has significant relevant high level board credentials and extensive international, industrial and mergers and acquisitions experience. As the Company moves into the next phase of its development and focuses on delivering accelerated top and bottom line growth, I am sure that he is the right person to succeed me. I wish him, Mark and everyone at IMI much success in the future. Further information about him is set out below.

Lord Smith of Kelvin currently is Chairman of the UK Green Investment Bank plc, Chairman of SSE plc, a role he has undertaken for the past 10 years and from which he is stepping down on 23 July 2015 and a non-executive Director of Standard Bank Group Ltd, a role he is stepping down from on 28 May 2015. He is Chairman of Forth Ports, the private ports owner operator and Clyde Gateway the urban regeneration company.

He was previously Chairman of The Weir Group plc for 11 years, Chairman of Stakis plc and has served as a non-executive Director on the boards of 3i plc, Bank of Scotland plc and Network Rail.

He chaired Glasgow 2014 Limited, the organising committee of the Glasgow 2014 Commonwealth Games and the Smith Commission to oversee the process of devolving more powers to the Scottish Parliament.

He was formerly Chairman and Chief Executive of Morgan Grenfell Private Equity and was Chief Executive of Morgan Grenfell Asset Management from 1996 until 2000 before becoming Vice Chairman of Deutsche Asset Management between 2000 and 2002.

He is a Chartered Accountant and a past President of The Institute of Chartered Accountants of Scotland. He was knighted in 1999 for services to the National Museums of Scotland, became a member of the House of Lords in 2008 as an Independent Crossbench Peer, and in 2013 was appointed to the Order of the Thistle.

## **Approval of the Annual Report and Accounts, the Remuneration Report and the new Remuneration Policy (ordinary resolutions 1, 2 and 3)**

Ordinary resolution 1 provides for the Annual Report and Accounts for the year ended 31 December 2014 ('Annual Report 2014'), to be approved and adopted.

The Remuneration Report, included in the Annual Report 2014 on pages 57 to 79, excluding the proposed new Remuneration Policy on pages 59 to 67 of the Annual Report 2014, will also be put to shareholders for approval at the Annual General Meeting (ordinary resolution 2). This vote is advisory, and the directors' entitlement to remuneration is not conditional on it.

Shareholders are also asked to approve a new Remuneration Policy, details of which are set out in full in the Remuneration Report and appear on pages 59 to 67 of the Annual Report 2014 (ordinary resolution 3). Once the new Remuneration Policy is approved the Company will not be able to make a remuneration payment to a current or future director or a payment for loss of office to a current or past director, unless that payment is consistent with such policy or has been approved by shareholders. If the proposed new Remuneration Policy is not approved by shareholders the Company will, in line with applicable legislation, continue to operate its current remuneration policy as approved by shareholders at last year's Annual General Meeting.

# Chairman's Letter to Shareholders

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## **Dividend (ordinary resolution 4)**

The directors are recommending the payment of a final dividend of 24p per share on the ordinary shares in respect of the year ended 31 December 2014 which, if approved by shareholders, will be payable on 22 May 2015 to shareholders on the register at the close of business on 10 April 2015.

## **Election and re-election of directors (ordinary resolutions 5 to 12)**

The Company's articles of association require that a director shall retire from office if he or she has been appointed by the Board since the previous Annual General Meeting or if it is the third Annual General Meeting following that at which he or she was elected or last re-elected. However, in accordance with the UK Corporate Governance Code, which recommends that all directors of FTSE 350 companies seek election by shareholders on an annual basis, the directors currently in office will all retire and those wishing to serve again will seek election or re-election at the Annual General Meeting. A separate resolution will be proposed for each director.

Lord Smith of Kelvin will be standing for election at the Annual General Meeting.

All of the current executive directors are standing for election or re-election as appropriate, with the exception of Douglas Hurt who, as announced on 23 September 2014, will retire from the Board at the end of the Annual General Meeting. Douglas has been with IMI for over 8 years and was Finance Director until 1 March 2015. Daniel Shook is seeking election as a director by the shareholders for the first time at the Annual General Meeting. Daniel was appointed on 1 January 2015 as Finance Director Designate and became Finance Director on 1 March 2015. From 2007 to 2015 he was Chief Financial Officer and a member of the Executive Board at Borealis AG, the international chemical and plastics producer. Prior to joining Borealis, he spent 12 years at The BOC Group plc, the former FTSE 100 industrial gases company, where he served in a number of senior finance and management roles, including Finance Director of the Industrial & Special Products division and Group Treasurer. Daniel's appointment follows a comprehensive search process led by the Nominations Committee. The Board recommends Daniel's election, as it believes that his considerable experience, as described above, will be of great benefit to the Board and the Company.

All of the current non-executive directors are standing for election or re-election, as appropriate, at the Annual General Meeting except for Roberto Quarta and Anita Frew. Anita retires at the end of the Annual General Meeting after nine years as a non-executive director including the last two as senior independent director.

Ross McInnes will be seeking election as a director by the shareholders for the first time at the Annual General Meeting. Ross was appointed on 1 October 2014 as a non-executive director and as chairman elect of the Audit Committee succeeding Phil Bentley who stepped down as chairman of the Audit Committee and from the Board on 31 December 2014. Ross has been the Chairman of the Audit Committee since 1 January 2015. Ross has over 30 years' finance experience. Currently he is Deputy Chief Executive of Safran SA, the international aerospace, defence and security group, which he joined in 2009 as Chief Financial Officer. Previously he held a number of senior finance roles including Chief Financial Officer of PPR, the French luxury group and Chief Financial Officer of Thales, the aerospace and defence business. The Board regards Ross as an independent director in terms of the UK Corporate Governance Code and recommends the election of Ross, as it believes that his considerable experience, as described above, will be of great benefit to the Board and the Company.

In proposing the re-election of all other non-executive directors, I, as Chairman confirm that, following formal performance evaluations, each of them continues to make an effective and valuable contribution to the Board and the committees on which they sit and each continues to demonstrate commitment to their role. Details of the Board evaluation process can be found on page 48 of the 2014 Annual Report.

Biographical details of all directors can be found on pages 44 and 45 of the 2014 Annual Report save for Lord Smith of Kelvin whose details are set out above and whose appointment was made after the date of the Annual Report.

## **Auditor (ordinary resolutions 13 and 14)**

The Company is required to appoint an external auditor at each general meeting at which accounts are laid before its shareholders to hold office until the conclusion of the next such meeting. The Audit Committee has reviewed the effectiveness, independence and objectivity of the external auditor, Ernst & Young LLP, on behalf of the Board, who now recommend its re-appointment. Resolutions 13 and 14, respectively, propose the re-appointment of Ernst & Young LLP as the Company's auditor and authorise the Audit Committee on behalf of the Board to set its remuneration.

### **Authority to allot securities (ordinary resolution 15)**

Authority was granted to the directors at the Annual General Meeting of the Company held on 8 May 2014 under section 551 of the Companies Act 2006 ('CA 2006') to allot ordinary shares or grant rights to subscribe for or convert any security into shares in the Company for a period expiring at the conclusion of the Annual General Meeting to be held in 2015 or, if earlier, on 1 July 2015. The directors consider it appropriate to renew this authority at the forthcoming Annual General Meeting and to authorise the directors under section 551 of the CA 2006 to allot ordinary shares or grant rights to subscribe for or convert any security into shares in the Company for a period expiring at the conclusion of the Annual General Meeting to be held in 2016 or, if earlier, on 1 July 2016.

Paragraph (a)(i) of resolution 15 will allow the directors to allot ordinary shares up to a maximum nominal amount of £25,885,710, representing approximately one third (33.33%) of the Company's existing issued share capital (excluding shares held in treasury), calculated as at 20 March 2015 (being the latest practicable date prior to publication of this Notice). In accordance with institutional guidelines issued by The Investment Association (and previously the Association of British Insurers), paragraph (a)(ii) of resolution 15 will allow the directors to allot, including the ordinary shares referred to in paragraph (a)(i) of resolution 16, additional ordinary shares in connection with a pre-emptive offer by way of a rights issue to ordinary shareholders up to a maximum nominal amount of £51,779,187 representing approximately two thirds (66.67%) of the Company's existing issued share capital (excluding shares held in treasury), calculated as at 20 March 2015.

The proposed new authority will expire at the conclusion of the 2016 Annual General Meeting of the Company or, if earlier, on 1 July 2016. It is the current intention to renew this authority annually. The directors have no present intention of exercising this authority. However, if they do exercise it, they intend to follow best practice as regards its use, as recommended by The Investment Association.

As at 20 March 2015, the Company's issued share capital amounted to £81,735,993 comprising 286,075,976 ordinary shares of 28 4/7p each and the Company held 14,248,836 ordinary shares in treasury, representing approximately 5% of the Company's issued share capital.

Resolution 15 will be proposed as an ordinary resolution.

### **Authority to make political donations and incur political expenditure (ordinary resolution 16)**

The CA 2006 prohibits the Company and its subsidiaries from making political donations of more than £5,000 in any 12 month period or from incurring political expenditure, unless they have been authorised by the Company's shareholders. The resolution in this connection passed at last year's Annual General Meeting is due for renewal.

Neither the Company nor any of its subsidiaries has any intention of making any political donation or incurring any political expenditure under the terms of the proposed resolution. However, the CA 2006 defines 'political party', 'political organisation', 'political donation' and 'political expenditure' widely and grey areas remain which lead many UK public limited companies to seek shareholder approval for what may inadvertently amount to a political donation.

Accordingly, in line with best practice, the Company wishes to ensure that neither it nor its subsidiaries risks any breach of the CA 2006 through the undertaking of routine activities, which would not normally be considered to result in the making of political donations and political expenditure being incurred. The proposed authority will expire at the conclusion of the 2016 Annual General Meeting of the Company or, if earlier, on 1 July 2016.

### **Approval of the IMI Incentive Plan (ordinary resolution 17)**

Following a review of executive remuneration, which was highlighted in our 2014 directors' remuneration policy, and in light of the expiry in 2015 of both the Company's current Performance Share Plan and its Share Matching Plan, it is proposed to introduce the IMI Incentive Plan (the 'IIP') to act as the Company's sole senior executive long-term incentive plan. The IIP will also act as an umbrella plan which will allow the Company to grant different types of award to different employee groups in an efficient way. A summary of the principal terms of the IIP can be found on pages 10 to 12.

### **Approval of the IMI Sharesave Plan (ordinary resolution 18)**

The Company has operated a sharesave plan since 1984 in order to encourage wider employee share ownership. The Company's previous plan expired in May 2014 and the purpose of the Sharesave Plan is simply to replace the previous plan. The Sharesave Plan requires shareholder approval because executive directors are eligible to participate and awards may be satisfied by newly issued shares and treasury shares. If approved, and like the previous plan, the Sharesave Plan will enable employees to be granted share options at a discounted exercise price which will be funded from the proceeds of savings arrangements entered into by the employees when their options are granted to them. A summary of the principal terms of the Sharesave Plan can be found on pages 12 to 13.

## Chairman's Letter to Shareholders

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### **Authority to allot equity securities for cash (special resolution A)**

It is proposed to seek renewal of the authority that was granted to the directors at the 2014 Annual General Meeting to allot equity securities for cash without first being required to offer such securities to existing shareholders (such securities could be new shares or shares held in treasury, as further explained below). If approved, this resolution will authorise the directors in accordance with sections 570 and 573 of the CA 2006 to issue shares in connection with a rights issue or other pre-emptive offer and otherwise to issue shares for cash up to a nominal value of £4,086,800 which includes the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. This amount represents just under 5% of the total ordinary share capital in issue at 20 March 2015 (being the latest practicable date prior to publication of this Notice). The authority will expire at the conclusion of the 2016 Annual General Meeting of the Company or, if earlier, on 1 July 2016. It is the current intention to renew this authority annually.

The directors do not intend to issue more than 7.5% of the issued share capital of the Company for cash on a non pre-emptive basis in any rolling three-year period without prior consultation with the shareholders and the Investment Committees of The Investment Association and the National Association of Pension Funds.

Resolution A will be proposed as a special resolution.

### **Purchase by the Company of its own shares (special resolution B)**

Renewal of the authority for the Company to purchase its own shares will be sought at the Annual General Meeting. If approved, the new authority gives power to effect market purchases of ordinary shares up to a maximum aggregate number of 40,774,071, which represents just under 15% of the total share capital (excluding shares held in treasury) as at 20 March 2015 (being the latest practicable date prior to publication of this Notice). Should the Company's issued share capital as at the date of the Annual General Meeting be lower than the issued share capital as at 20 March 2015 (being the latest practicable date prior to publication of this Notice) the directors will limit the Company's use of this authority to under 15% of the total ordinary share capital (excluding shares held in treasury) as at the date of the Annual General Meeting.

The price paid for the shares will not be less than the nominal value of 28 4/7p per share nor more than the higher of 105% of the average of the middle market prices of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the day of purchase and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003 (in each case, exclusive of expenses). The directors believe it would be advantageous to have the flexibility this authority will provide. However, the directors would only exercise this authority if they were satisfied that any purchase is in the interests of shareholders and will result in an increase in earnings per share of the ordinary share capital in issue after the purchase.

The directors would also give careful consideration to the gearing levels of the Company and its general financial position. The purchase price would be paid out of distributable profits. This authority would expire at the conclusion of the 2016 Annual General Meeting of the Company or, if earlier, on 1 July 2016. It is the current intention to renew this authority annually.

The CA 2006 enables certain listed companies to hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under employee share schemes. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares. Accordingly, if the directors exercise this authority to purchase shares, the Company will have the option of holding those shares in treasury. Following a purchase of own shares by the Company, the directors may consider holding them in treasury.

The total number of ordinary shares in respect of which there are options or warrants or awards that are outstanding under the Company's share schemes and which are to subscribe for ordinary shares or which could result in the subscription of ordinary shares as at 20 March 2015 (being the latest practicable date prior to publication of this Notice) was 422,466. The proportion of issued ordinary share capital (excluding treasury shares) that the options represented on this date was approximately 0.16% and the proportion of issued ordinary share capital (excluding treasury shares) that they will represent if the full authority to purchase shares (existing and being sought) is used is approximately 0.22%.

Resolution B will be proposed as a special resolution.

### **Notice of general meetings (special resolution C)**

The CA 2006 provides that the notice period required for general meetings of the Company is 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days (Annual General Meetings must always be held on at least 21 clear days' notice). It is proposed to seek renewal of the authority that was granted to the directors at the Annual General Meeting in 2014 to call general meetings other than an Annual General Meeting on not less than 14 clear days' notice. The authority granted by this resolution, if passed, will be effective until the Company's next Annual General Meeting,

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when it is intended that a similar resolution will be proposed. The flexibility offered by this resolution will be used where, taking into account the circumstances (and noting the recommendations of the UK Corporate Governance Code 2014), the directors consider this appropriate in relation to the business of the meeting and in the interests of the Company and shareholders as a whole.

Resolution C will be proposed as a special resolution.

### **Adoption of Financial Reporting Standard (FRS) 101 – Reduced Disclosure Framework**

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, which is currently UK GAAP, for its financial year commencing 1 January 2015. The Board considers that it is in the best interests of the Group for the Company to adopt FRS 101 ‘Reduced Disclosure Framework’. No disclosures in the current UK GAAP financial statements would be omitted on adoption of FRS 101. A shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in the Company may on or before 6 May 2015 object to the use of the disclosure exemptions by notice in writing addressed to the Secretary of the Company at its registered office shown at the top of this letter.

### **Action to be taken**

It is important to the Company that shareholders have the opportunity to vote even if they are unable to attend in person. A proxy form is enclosed for use by shareholders so that they can nominate someone else to attend the meeting and vote on their behalf. One option is to nominate the Chairman of the meeting as proxy to vote on the shareholder’s behalf at the meeting in the manner they direct or at his discretion.

Please complete and return the proxy form in accordance with the instructions on the form in order that it may be received by Equiniti as soon as possible and, in any event, not later than 48 hours before the time fixed for the meeting or any adjournment thereof. Completion and return of a proxy form will not prevent you from attending and voting in person at the meeting should you so wish.

We are also pleased to be able to offer our shareholders the opportunity to appoint their proxies electronically using the internet, rather than using the paper proxy form. If you wish to submit your proxy appointment electronically, please visit [www.sharevote.co.uk](http://www.sharevote.co.uk) where full details of the procedure are given. You are advised to read the terms and conditions of use carefully and your instructions must be received not later than 48 hours before the time fixed for the meeting or any adjournment thereof.

### **Voting this year**

Similarly to previous years and in line with best practice, voting shall be on a poll at the Annual General Meeting, rather than on a show of hands. Poll voting at the meeting will again be conducted using the electronic VoteNow system provided by Equiniti, the Company’s Registrar. The Board believes that voting on a poll will result in the most accurate reflection of the views of shareholders by ensuring that every vote is recognised, including all votes of shareholders who are unable to attend the meeting but who appoint a proxy for the meeting. On a poll, each shareholder has one vote for every share held.

### **Recommendation**

Your directors consider that all the resolutions to be put to the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Your directors unanimously recommend shareholders to vote in favour of the resolutions as they intend to do in respect of their own shareholdings.



Yours faithfully

**Roberto Quarta**  
Chairman

## Notice of Meeting

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Notice is hereby given that the fifty third Annual General Meeting of IMI plc will be held at the Hilton Birmingham Metropole Hotel, National Exhibition Centre, Birmingham on 7 May 2015 at 10am for the following purposes:

To consider and, if thought fit, to pass the following resolutions, which will be proposed as **ordinary resolutions**:

1. That the Annual Report and Accounts for the year ended 31 December 2014 be approved and adopted.
2. That the Directors' Remuneration Report for the year ended 31 December 2014 (excluding the Directors' Remuneration Policy set out on pages 59 to 67 of the Annual Report and Accounts for the year ended 31 December 2014) be approved.
3. That the Directors' Remuneration Policy the full text of which is contained in the Directors' Remuneration Report, as set out on pages 59 to 67 of the Annual Report and Accounts for the year ended 31 December 2014, be approved and adopted.
4. That a final dividend at the rate of 24p per share on the ordinary share capital of the Company be declared for the year ended 31 December 2014 payable on 22 May 2015 to shareholders on the register at the close of business on 10 April 2015.
5. That Carl-Peter Forster be re-elected as a director of the Company.
6. That Ross McInnes be elected as a director of the Company.
7. That Birgit Nørgaard be re-elected as a director of the Company.
8. That Mark Selway be re-elected as a director of the Company.
9. That Daniel Shook be elected as a director of the Company.
10. That Lord Smith of Kelvin be elected as a director of the Company.
11. That Bob Stack be re-elected as a director of the Company.
12. That Roy Twite be re-elected as a director of the Company.
13. That Ernst & Young LLP be re-appointed as the Company's auditor until the conclusion of the next Annual General Meeting of the Company.
14. That the Audit Committee on behalf of the Board be authorised to determine the auditor's remuneration.
15. That:
  - (a) the directors be authorised to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company;
  - (i) in accordance with article 7 of the Company's articles of association, up to a maximum nominal amount of £25,885,710 (such amount to be reduced by the nominal amount of any equity securities (as defined in article 8 of the Company's articles of association) allotted under paragraph (ii) below in excess of £25,885,710); and
  - (ii) comprising equity securities (as defined in article 8 of the Company's articles of association), up to a maximum nominal amount of £51,779,187 (such amount to be reduced by any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue (as defined in article 8 of the Company's articles of association);
- (b) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, or, if earlier, at the close of business on 1 July 2016; and
- (c) all previous unutilised authorities under section 551 of the Companies Act 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).
16. That, in accordance with section 366 of the Companies Act 2006, the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect be and are hereby authorised to:
  - (a) make political donations to political parties or independent election candidates not exceeding £100,000 in total;
  - (b) make political donations to political organisations other than political parties not exceeding £100,000 in total; and
  - (c) incur political expenditure not exceeding £100,000 in total;
 during the period beginning with the date of the passing of this resolution and ending at the conclusion of the next Annual General Meeting of the Company or 1 July 2016, whichever is the earlier, provided that the aggregate amount of any such donations and expenditure shall not exceed £100,000. For the purposes of this resolution the terms 'political donations', 'political parties', 'independent election candidates', 'political organisations' and 'political expenditure' shall have the meanings set out in sections 363 to 365 of the Companies Act 2006.
17. That the rules of the IMI Incentive Plan (the 'IIP') produced to the Annual General Meeting and initialled by the Chairman for the purpose of identification be approved and the directors of the Company be authorised to:



- (a) make such modifications to the IIP as they may consider appropriate, to take account of best practice and for the implementation of the IIP, and to adopt the IIP as so modified and to do all such other acts and things as they may consider appropriate to implement the IIP; and
- (b) establish further plans based on the IIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any ordinary shares made available under such plans are treated as counting against the limits on individual participation and the overall dilution limits applicable to the IIP.

**18.** That the rules of the IMI Sharesave Plan (the 'Sharesave Plan') produced to the Annual General Meeting and initialled by the Chairman for the purpose of identification be approved and the directors of the Company be authorised to:

- (a) make such modifications to the Sharesave Plan as they may consider appropriate, to take account of any requirements of HM Revenue & Customs and/or best practice and for the implementation of the Sharesave Plan, and to adopt the Sharesave Plan as so modified and to do all such other acts and things as they may consider appropriate to implement the Sharesave Plan; and
- (b) establish further plans based on the Sharesave Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any ordinary shares made available under such plans are treated as counting against the limits on individual participation and the overall dilution limit applicable to the Sharesave Plan.

To consider and, if thought fit, to pass the following resolutions, which will be proposed as **special resolutions**:

**A.** That:

- (a) in accordance with article 8 of the Company's articles of association, the directors be given power to allot equity securities for cash;
- (b) the power under paragraph (a) above (other than in connection with a rights issue, as defined in article 8 (b) (ii) of the Company's articles of association) shall be limited to the allotment of equity securities having a nominal amount not exceeding in aggregate £4,086,800;
- (c) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 1 July 2016; and
- (d) all previous unutilised authorities under sections 570 and 573 of the Companies Act 2006 shall cease to have effect.

**B.** That, in accordance with the Companies Act 2006, the Company is generally and unconditionally authorised to make market purchases (within the meaning of section 693 of the Companies Act 2006) of ordinary shares of

28 4/7p each in the capital of the Company ('ordinary shares') on such terms and in such manner as the directors of the Company may from time to time determine provided that:

- (a) the maximum aggregate number of ordinary shares that may be purchased under this authority is 40,774,071;
- (b) the minimum price which may be paid shall be 28 4/7p per ordinary Share (exclusive of expenses, if any, payable by the Company in connection with the purchase);
- (c) the maximum price (exclusive of expenses, if any, payable by the Company in connection with the purchase) which may be paid for an ordinary share purchased under this authority shall not be more than the higher of:
  - (i) 105% of the average of the middle market prices shown in the quotations for ordinary shares in the London Stock Exchange Daily Official List for the five business days before the day on which that ordinary Share is purchased; and
  - (ii) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;
- (d) the authority hereby conferred shall expire on 1 July 2016 or, if earlier, at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution unless renewed before that time save that the Company may make a contract or contracts to purchase Ordinary shares under this authority before its expiry which will or may be executed wholly or partly after the expiry of this authority, and may make a purchase of ordinary shares in pursuance of any such contract; and
- (e) all existing authorities for the Company to make market purchases of ordinary shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and which has or have not yet been executed.

**C.** That, in accordance with the Company's articles of association, 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

**John O'Shea**  
Company Secretary

24 March 2015

Registered Office:  
Lakeside, Solihull Parkway,  
Birmingham Business Park,  
Birmingham B37 7XZ

**www.imiplc.com**

## Notes

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### Notes:

1. A member may appoint a proxy to exercise all or any of his/her rights to attend and to speak and vote on his/her behalf at the meeting. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
2. To be valid, any proxy form or other instrument appointing a proxy and power of attorney or other authority, if any, under which it is signed or a notorially certified or office copy of such power or authority must be received by post or (during normal business hours only) by hand by Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA not later than 48 hours before the time fixed for the meeting or any adjournment thereof. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting instead of the proxy if you so wish. A member must inform the Company's Registrars in writing of any termination of the authority of a proxy.
3. As an alternative to completing and returning the printed form of proxy, you may submit your proxy appointment electronically by accessing [www.sharevote.co.uk](http://www.sharevote.co.uk) where full details of the procedure are given. For security purposes, members will need their voting ID, task ID and shareholder reference number as printed on the form of proxy in order to validate the submission of their proxy appointment online. Any such proxy appointment must be received not later than 48 hours before the time fixed for the meeting or any adjournment thereof.
4. If a member has more than one holding registered in his/her name he/she should receive no more than one copy of the Annual Report and one form of proxy which will be valid in respect of all his/her shareholdings. A form of proxy is enclosed. If you do not have a form of proxy and believe that you should, or if you require additional forms, please contact Equiniti on 0871 384 2916 (from overseas +44 121 415 7047. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays)). Calls to this number are charged at 8p per minute plus network extras.
5. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 ('CA 2006') to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have the right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
6. The statement of rights of shareholders in relation to the appointment of proxies in notes 1, 2 and 3 above to this Notice of Annual General Meeting does not apply to Nominated Persons. The rights described in these sections can only be exercised by the shareholders of the Company. Nominated Persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.
7. The Company specifies that only those shareholders registered in the register of members of the Company as at 6pm on 5 May 2015 (or, in the event of any adjournment, at 6pm on the date which is two days before the time of the adjourned meeting) shall be entitled to attend (in person or by proxy) or vote at the meeting or any adjourned meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members made after the relevant deadline shall be disregarded in determining the rights of any person to attend or vote at the meeting.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 7 May 2015 and any adjournment(s) thereof by using the procedure described in the CREST manual. 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 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's specifications and must contain the information required for such instructions as described in the CREST manual (available at [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or relates to 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 RA19) by the latest time(s) for receipt for proxy appointments specified in the Notice of Meeting. 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 Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.  
  
CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland 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 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/her 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 sponsor(s) or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system 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.

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9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the same powers as the corporation could exercise if it were an individual member provided that they do not do so in relation to the same shares.
  10. As at 20 March 2015 (being the last practicable business day prior to the publication of this Notice) the Company's issued share capital consists of 286,075,976 ordinary shares, carrying one vote each of which 14,248,836 are held in treasury. Therefore, the total exercisable voting rights in the Company as at 20 March 2015 are 271,827,140.
  11. Copies of the service contracts of executive directors and letters of appointment for non-executive directors and the draft rules of both the IIP and the Sharesave Plan are available for inspection at the Company's registered office on each business day during normal business hours and will also be available at the place of the Annual General Meeting from at least 15 minutes prior to the meeting and until the conclusion of the meeting. In addition, the draft rules of the IIP and Sharesave Plan will be available for inspection at the offices of Pinsent Masons LLP, 30 Crown Place, Earl Street, London, EC2A 4ES from the date of this Notice until the date of the Annual General Meeting.
  12. It is possible that, pursuant to requests made by members of the Company under section 527 of the CA 2006, the Company may be required to publish on its website a statement setting out any matter relating to: (a) 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 Annual General Meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the CA 2006. Where the Company is requested to place a statement on a website under section 527 of the CA 2006 it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the CA 2006 to publish on its website.
  13. A member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting in accordance with section 319A of the CA 2006. The Company must cause to be answered any such question but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
  14. In accordance with section 311A of the CA 2006, the contents of this Notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting, the total voting rights members are entitled to exercise at the Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice can be found at [www.imiplc.com](http://www.imiplc.com).
  15. Members who have general queries about the meeting should address such questions, in the first instance, to the Company's Registrars, Equiniti 0871 384 2916 (from overseas +44 121 415 7047. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays)). Calls to this number are charged at 8p per minute plus network extras. You may not use any electronic address provided in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than those expressly stated.
  16. Under section 338 and section 338A of the CA 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authenticated by the person or persons making it, must be received by the Company not later than 25 March 2015, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

# Appendix 1

## Summary of the main provisions of the IMI Incentive Plan (the 'IIP')

### 1. Administration

The IIP will be administered by the Remuneration Committee of the Board of Directors of the Company (the 'Committee') which consists entirely of non-executive directors.

### 2. Eligibility

Employees (including executive directors) of the Company or of any of its subsidiaries will be eligible to participate in the IIP.

### 3. Nature of plan and form of awards

#### Overview

The IIP is an 'umbrella' or 'omnibus' arrangement which, to give the Committee maximum flexibility, allows various types of award to be granted.

#### Annual grants

It is intended that the IIP will be used annually to grant 'Performance Share Awards' in respect of ordinary shares to the executive directors and other members of senior management. Performance Share Awards must be granted subject to performance conditions.

Performance Share Awards may be granted in the form of:-

- nil (or nominal) cost options to acquire ordinary shares; or
- contingent rights to receive ordinary shares; or
- cash-based awards.

It is also intended that the IIP will be used annually to grant 'Bonus Share Awards' below board level. Executive directors of the Company are expressly prohibited from receiving Bonus Share Awards. Bonus Share Awards will not be subject to performance conditions. Bonus Share Awards may be granted in the same form as Performance Share Awards. No individual may receive a Bonus Share Award in the same financial year that they receive a Performance Share Award.

#### Other awards

The IIP also gives the Company the ability to grant:

- 'Restricted Stock Unit Awards' (or 'RSU Awards'), which may be granted in the same form as Performance Share Awards; and
- 'Share Options', which may be granted either as options over ordinary shares or as cash-based awards. The exercise price of any Share Option must be equal to the market value of an ordinary share at the time of grant.

It is currently intended that RSU Awards and Share Options will only be granted in response to specific business requirements. RSU Awards and Share Options may only be granted to executive directors of the Company to effect the buy-out of pre-existing incentive awards in connection with the recruitment of an executive director of the Company and only then in a manner consistent with the Company's shareholder approved Directors' Remuneration Policy.

### 4. Individual limits

#### Plan rules

The IIP contains an overarching individual limit which provides that the maximum number of ordinary shares that may be awarded to a participant in any financial year under all forms of award may not exceed 400 per cent of basic salary.

This limit may, however, be exceeded in circumstances where the Committee grants an RSU Award and/or a Share Option in a manner consistent with the Company's shareholder approved directors' Remuneration Policy to effect the buy-out of pre-existing incentive awards in connection with the recruitment of an executive director of the Company.

### Intended approach

Subject to shareholder approval of the proposed new Directors' Remuneration Policy set out on pages 59 to 67 of the Annual Report and Accounts for the year ended 31 December 2014, it is currently intended that:

- the value of ordinary shares awarded under Performance Share Awards each year will not exceed 250 per cent of basic salary; and
- the value of ordinary shares awarded under Bonus Share Awards each year will not exceed 50 per cent of basic salary.

### 5. Source of ordinary shares and Dilution limit

Awards may be satisfied by newly issued ordinary shares, ordinary shares purchased in the market by an employees' trust (which is the Company's standard practice in respect of long-term incentive awards) or by the transfer of ordinary shares held in treasury.

The number of new ordinary shares issued or remaining capable of being issued pursuant to awards under the IIP and all of the Company's other employee share schemes in any period of 10 years will not exceed 10 per cent of the ordinary share capital of the Company in issue from time to time.

The number of new ordinary shares issued or remaining capable of being issued pursuant to awards under the IIP and the Company's other executive share schemes in any period of 10 years will not exceed 5 per cent of the ordinary share capital of the Company in issue from time to time.

If awards are to be satisfied by a transfer of existing ordinary shares, the percentage limit stated above will not apply. Insofar as it is necessary to ensure compliance with the guidelines issued from time to time by institutional investors, the percentage limits will apply to awards satisfied by the transfer of ordinary shares held in treasury.

### 6. Grant of share awards

Awards may be granted during the period of six weeks following shareholder approval of the IIP. Thereafter, awards may only be granted:

- during the period of six weeks beginning with the dealing day following the announcement of the Company's results for any period;
- within 28 days of a person first joining the Company's group; or
- subject to the Model Code and other relevant restrictions on dealings in ordinary shares, on any other day which the committee determines that exceptional circumstances exist.

No awards may be made more than ten years after the approval of the IIP by shareholders. No payment will be required for the grant of an award.

### 7. Performance conditions

As noted in section 3 above, Performance Share Awards will always be subject to performance conditions.

The first grant of Performance Share Awards will be made shortly after the AGM, subject to shareholder approval of both the IIP and the proposed new Directors' Remuneration Policy set out on pages 59 to 67 of the Annual Report and Accounts for the year ended 31 December 2014. Those awards will be subject to performance conditions relating to profit before tax ('PBT'), total shareholder return ('TSR') and return on capital employed ('ROCE'). Each of the performance conditions will assess performance over three financial years, which in the case of the first grant of Performance Share Awards will be the financial years ending 31 December 2015, 31 December 2016 and 31 December 2017. Further details of the performance conditions are as follows:

### **The PBT Performance Condition**

50% of each Performance Share Award will be subject to the 'PBT Performance Condition'. That part of each Performance Share Award subject to the PBT Performance Condition shall vest as follows:

Average annual PBT growth of 2.5% would trigger the threshold level of vesting of 25%, with the level of vesting increasing on a straight-line basis such that awards are eligible to vest in full for average annual PBT growth of 7.5%.

### **The TSR Performance Condition**

25% of each Performance Share Award will be subject to the 'TSR Performance Condition'. For the purposes of the TSR Performance Condition, the Company's total shareholder return will be measured against that of a comparator group comprising the following companies:

Atlas Copco; BBA Aviation; Bodycote; Cobham; Eaton; Emerson Electric; Flowserve; GKN; Halma; Honeywell International; IDEX; Ingersoll-Rand; Meggitt; Metso; NSK; Parker-Hannifin; Pentair; Rotork; Sandvik; SKF B; SMC; Smiths Group; Spectris; Spirax-Sarco; Tyco International; Vesuvius and Weir Group.

That part of each Performance Share Award subject to the TSR Performance Condition shall vest as follows:

Median ranking of the three year TSR of the Company relative to the TSR of the members of the comparator group would trigger the threshold level of vesting of 25%, with the level of vesting increasing on a straight-line interpolated basis such that awards are eligible to vest in full for an upper quartile ranking.

### **The ROCE Performance Condition**

25% of each Performance Share Award will be subject to the 'ROCE Performance Condition'. That part of each Performance Share Award subject to the ROCE Performance Condition shall vest as follows:

ROCE of 40.0% in the final financial year of the performance period would trigger the minimum level of vesting, increasing on a straight-line basis such that awards are eligible to vest in full for ROCE of 50.0% or above in the final financial year of the performance period.

Notwithstanding the above, the Committee may reduce (including, for the avoidance of doubt, to zero) the number of ordinary shares which would otherwise vest to ensure that the vesting outcome is appropriate in light of the health and safety performance of the Company's group.

In addition to the health and safety underpin described above, the Committee also has the discretion to adjust the number of ordinary shares which would otherwise vest to ensure that the vesting outcome is appropriate in light of the underlying business performance of the Company's group.

The Committee may amend a performance condition if it reasonably considers that the existing condition should be amended to ensure that the revised criteria will then be a fairer measure of performance, the amended performance condition will afford a more effective incentive to the awardholder and the amended performance condition shall be no more or less demanding to satisfy than the original performance condition was when first set.

## **8. Vesting of awards**

Performance Share Awards will normally vest on the third anniversary of grant, subject to the satisfaction of the performance conditions.

Bonus Share Awards will normally vest on the second anniversary of grant.

RSU Awards and Share Options will vest at such time(s) as the Committee may specify on grant, subject to the satisfaction of any performance conditions.

## **9. Leaving employment**

If a participant leaves the Company's group his award will normally lapse.

However, if the reason for leaving is death, injury, ill-health, disability, redundancy, retirement, the sale of the employing business or Company, or otherwise at the discretion of the Committee, then:

- Performance Share Awards shall vest on the date on which they would have vested had the cessation not occurred subject to the performance conditions being satisfied and, unless the Committee determines otherwise, taking into account a time pro-rata reduction to reflect the period of time between grant and cessation relative to three years. The Committee may, alternatively, allow Performance Share Awards to vest on cessation subject, unless the Committee determines otherwise, to the satisfaction of the performance conditions and taking into account a time pro-rata reduction as described above;
- Bonus Share Awards shall vest on the date on which they would have vested had the cessation not occurred, unless the Committee allows them to vest on cessation;
- RSU Awards shall vest subject to the same terms of Performance Share Awards described above (except that any time pro-rata reduction will reflect the length of the relevant vesting period); and
- Share Options shall vest on the date of cessation subject, unless the Committee determines otherwise, to the satisfaction of any performance conditions and taking into account a time pro-rata reduction to reflect the period of time between grant and cessation relative to the length of the vesting period.

## **10. Malus and Clawback**

The IIP contains malus and clawback provisions which the Committee may operate if:

- the Company has misstated its financial results for any reason;
  - there has been an error or miscalculation as to the number of ordinary shares placed under or received pursuant to an award;
  - the awardholder commits an act (or acts) amounting to gross misconduct
- or in such other circumstances as it sees fit.

If the Committee decides to exercise the malus and clawback provisions it may then:

- reduce the amount of any future annual bonus; and/or
- reduce the number of ordinary shares under any share award; and/or
- require the awardholder to make a payment to the Company.

The Committee may also reduce the number of ordinary shares under an award granted under the IIP to give effect to any other malus and/or clawback provision contained in any other incentive plan operated by the Company's group.

## Appendix 1

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### 11. Corporate events

In the event of a takeover or winding up of the Company, awards shall vest early on the following basis:

- Performance Share Awards shall vest subject, unless the Committee determines otherwise, to the satisfaction of the performance conditions and taking into account a time pro-rata reduction to reflect the period of time between grant and the relevant event relative to three years;
- Bonus Share Awards shall vest in full; and
- RSU Awards and Share Options shall vest in full subject, unless the Committee determines otherwise, to the satisfaction of any performance conditions.

In the event of a demerger, delisting, special dividend or other event which, in the opinion of the Committee, may affect the current or future value of an award the Committee may allow awards to vest on the basis described above.

On an internal reorganisation, replacement awards would normally be offered.

### 12. Dividend equivalents

An award may be made on terms that the participant will be entitled to receive additional ordinary shares with a value equal to the aggregate dividends in respect of which the record date occurred between the award date and the date of vesting on the vested number of ordinary shares as if the participant had been the legal owner of such ordinary shares during that time. The calculation of the number of ordinary shares to be so received may assume the reinvestment of dividends.

Alternatively, the Committee may decide to deliver the dividend equivalent in cash.

### 13. Adjustment of share awards

If there is any variation of the Company's ordinary share capital, or in the event of a demerger or payment of a special dividend or similar event which would otherwise materially affect the value of a share award, the Committee may adjust the number of ordinary shares subject to share awards and the exercise price (if any).

### 14. Rights attaching to ordinary shares and transferability

Ordinary shares allotted or transferred under the IIP will rank alongside shares of the same class then in issue. The Company will apply to the Financial Conduct Authority for the listing of any newly issued ordinary shares.

Awards are not transferable (except on death) and are not pensionable benefits.

### 15. Amendment

The Committee may amend the IIP in any respect. However, the provisions governing eligibility, equity dilution, individual participation limits, the basis for determining the rights of participants to acquire ordinary shares or to receive cash and the adjustments that may be made following a variation of capital cannot be altered to the advantage of existing or new participants without the prior approval of shareholders in general meeting. There is an exception for minor amendments to benefit the administration of the IIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the IIP or for any member of the Company's group.

### 16. Overseas plans

The Committee may at any time (and without further reference to shareholders) establish further plans based on the IIP, provided that any ordinary shares made available under such plans are treated as counting against the limits on individual participation and the overall dilution limits applicable to the IIP.

**This summary does not form part of the rules of the IIP and should not be taken as affecting the interpretation of their detailed terms and conditions. The Committee reserves the right up to the time of the Annual General Meeting to make such amendments and additions to the rules of the IIP as may be necessary to take account of comments of the Financial Conduct Authority acting in its capacity as the UK Listing Authority and/or as it otherwise sees fit provided that such amendments do not conflict in any material respect with this summary.**

## Appendix 2

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### Summary of the main provisions of the IMI Sharesave Plan (the 'Sharesave Plan')

#### 1. Administration

The Sharesave Plan will be administered by the Remuneration Committee of the Board of Directors of the Company (the 'Committee') which consists entirely of non-executive directors.

The Sharesave Plan will be registered with HM Revenue and Customs within the relevant time limits and will be a tax-advantaged Schedule 3 SAYE option scheme for the purposes of UK tax legislation.

#### 2. Eligibility

Any UK based employee (including any full-time director) of the Company or other participating subsidiary who has been employed for a qualifying period of such length as the Committee may determine from time to time (but not exceeding five years) and any other employee who is nominated by the Committee is eligible to participate in the Sharesave Plan.

#### 3. Issue of invitations

Invitations to apply for options will normally be issued within a period of 42 days following the announcement of the Company's results for any period. No options may be granted more than ten years after the approval of the Sharesave Plan by shareholders.

#### 4. Exercise price

The exercise price of any Sharesave Plan option will be determined by the Committee before options are granted on any occasion. It must not be less than the higher of:

- 80 per cent of the market value of an ordinary share when invitations are issued to participants; and
- in the case of options to subscribe for new ordinary shares, the nominal value of an ordinary share.

## 5. Monthly savings

Any employee who applies for an option under the Sharesave Plan must enter into a HMRC approved 'save as you earn' contract (the 'Savings Contract'). The employee agrees to enter a Savings Contract for a period of three or five years and make monthly savings contributions of a fixed amount, currently of not less than £10 or more than £500, over three or five years. Upon expiry of the Savings Contract, the employee will be entitled to receive a tax free bonus in addition to repayment of the savings contributions. The employee may elect to apply the proceeds of the Savings Contract to exercise the option and acquire ordinary shares. Alternatively, the employee may choose to withdraw the proceeds of the Savings Contract.

## 6. Exercise of options

Options under the Sharesave Plan will normally be exercised only during the period of six months from the maturity of the Savings Contract.

## 7. Leaving employment

If a participant leaves the Company's group his option will normally lapse.

Early exercise is, however, permitted following death or cessation of employment by reason of injury, disability, redundancy, retirement, a TUPE business transfer, the employer Company ceasing to be an 'Associated Company', or where the business or part of the business, which employs the participant is transferred to a company outside of the Company's group.

In such cases, options may be exercised within six months of leaving to the extent that the funds then available in the employee's Savings Contract permit. In the case of death, personal representatives may normally exercise at any time within twelve months of the date of death or, if the death occurs within 6 months after the maturity date of the Sharesave Plan at any time within 12 months following such date.

## 8. Corporate events

Early exercise of options is permitted in the event of a takeover or voluntary winding-up of the Company.

If the ordinary shares no longer meet the requirements of the legislation following a change of control, the plan provides for options to be exercised up to 20 days following the change of control.

Alternatively, the Company (by agreement with the acquiring company) may offer optionholders the opportunity to release their options in consideration of the grant of options in the acquiring company.

The Sharesave Plan also provides for options to be exercised up to 20 days before certain corporate events, provided that any such exercise is conditional on the relevant event occurring.

## 9. Source of ordinary shares and dilution limit

Sharesave Plan options may be satisfied by newly issued ordinary shares (which is the Company's standard practice in relation to sharesave options), ordinary shares purchased in the market by an employees' trust or by the transfer of ordinary shares held in treasury.

The number of new ordinary shares issued or remaining capable of being issued pursuant to awards under the Sharesave Plan and all of the Company's other employee share schemes in any period of 10 years will not exceed 10 per cent of the ordinary share capital of the Company in issue from time to time.

If awards are to be satisfied by a transfer of existing ordinary shares, the percentage limit stated above will not apply. Insofar as it is necessary to ensure compliance with the guidelines issued from time to time by institutional investors, the percentage limits will apply to awards satisfied by the transfer of ordinary shares held in treasury.

## 10. Rights attaching to ordinary shares and transferability

Ordinary shares allotted or transferred under the Sharesave Plan will rank alongside shares of the same class then in issue. The Company will apply to the Financial Conduct Authority for the listing of any newly issued ordinary shares.

Options are not transferable (except on death) and are not pensionable benefits.

## 11. Adjustment of options

If there is a variation of the Company's ordinary share capital, the Committee may adjust the number of ordinary shares subject to any option and the exercise price, provided that the market value and exercise price must be substantially the same before and after the variation in capital.

## 12. Amendment

The Committee may amend the Sharesave Plan in any respect. However, they may not make any alteration to the advantage of existing or new optionholders in respect of provisions relating to (i) eligibility, (ii) overall limitations on the number of shares which may be issued under the Sharesave Plan, (iii) individual limits on the grant of options under the Sharesave Plan, (iv) the basis on which shares may be acquired and (v) the adjustment of options following a variation in share capital without the prior approval by ordinary resolution of Shareholders unless the alteration is necessary to comply with the requirements of Schedule 3, to take account of any change in legislation, to obtain and maintain favourable tax, exchange control or regulatory treatment for existing or new optionholders, any member of the Group or any Associated Company, or it is a minor amendment to benefit the administration of the Sharesave Plan.

## 13. Overseas plans

The Committee may at any time (and without further reference to shareholders) establish further plans based on the Sharesave Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any ordinary shares made available under such plans are treated as counting against the limits on individual participation and the overall dilution limit applicable to the Sharesave Plan.

**This summary does not form part of the rules of the Sharesave Plan and should not be taken as affecting the interpretation of their detailed terms and conditions. The Committee reserves the right up to the time of the Annual General Meeting to make such amendments and additions to the rules of the Sharesave Plan as may be necessary to ensure the Sharesave Plan complies with applicable legislation and guidance or to take account of comments of the Financial Conduct Authority acting in its capacity as the UK Listing Authority and/or as it otherwise sees fit provided that such amendments do not conflict in any material respect with this summary.**

# Directions to the Annual General Meeting

**Travelling north on the M1**, exit west at Junction 19 onto the M6 to Birmingham. Continue to Junction 4 and exit south towards Solihull onto the M42. Leave at Junction 6 and follow the signs to NEC. Then follow signs to hotel.

**Travelling south on the M1**, exit west at Junction 21 onto the M69 towards Coventry. Continue to the Junction with the M6 and exit towards Birmingham. Follow directions on the M6 as above.

**Travelling south on the M6**, exit at Junction 4 and follow signs to NEC.

Free parking is available at the hotel by ensuring that your parking ticket is validated on registration for the Annual General Meeting.

