

**THIS DOCUMENT IS IMPORTANT and requires your immediate attention. If you are in any doubt about its contents or the action you should take, you are recommended to seek your own personal financial advice from your stockbroker or other independent professional adviser who, if you are taking advice in the United Kingdom, is authorised under the Financial Services and Markets Act 2000.**

**If you have sold or otherwise transferred all your shares in London Stock Exchange Group plc, please forward this document, together with the accompanying documents, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.**

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**London**  
Stock Exchange Group

12 June 2014

Dear Shareholder,

### **Annual General Meeting 2014**

I am pleased to send you details of the annual general meeting (the “**AGM**”) of London Stock Exchange Group plc (the “**Company**”), together with the annual report and accounts for the year ended 31 March 2014 (the “**Report and Accounts**”).

The AGM will be held on 16 July 2014 at Haberdashers’ Hall, 18 West Smithfield, London EC1A 9HQ and will start at 12.00 noon. Shareholder registration will be available from 11.00 a.m.. Due to security arrangements, we suggest you leave a little extra time to register. Please read Note 18 to the Notice of AGM for further information about the security and admissions arrangements in place for the AGM. **A map showing how to get to Haberdashers’ Hall is set out at the end of my letter.**

The following documentation is enclosed with this letter:

- Notice of AGM, which sets out the details of the resolutions to be proposed at the AGM;
- Pink Form of Proxy (and prepaid envelope); and
- Blue AGM Shareholder Admission Card (please bring this with you to the AGM to ensure admission).

Please be informed that the Report and Accounts are available to view and to download electronically at [www.londonstockexchange.com/investor-relations/investor-relations.htm](http://www.londonstockexchange.com/investor-relations/investor-relations.htm). Details of how to access the Report and Accounts are set out in Note 17 to the Notice of AGM.

If you have previously indicated that you would prefer to receive hard copies of the Report and Accounts, then you will also find a copy of the Report and Accounts enclosed.

As announced on 27 March 2014 and effective 1 April 2014, the Company has changed its accounting reference date from 31 March to 31 December. Accordingly, the Company’s next following annual report and accounts will be for the nine months ended 31 December 2014 and published in April 2015.

### **Ordinary Resolutions**

#### **Resolution 1**

The Directors must present the report of the Directors and the accounts of the Company for the year ended 31 March 2014 to shareholders at the AGM. The report of the Directors, the accounts, and the report of the Company’s auditors on the accounts and on those parts of the Directors’ remuneration report that are capable of being audited are contained within the Report and Accounts. Shareholders are being asked to receive the Report and Accounts.

## **Resolution 2**

A final dividend can only be paid after the shareholders at a general meeting have approved it. Shareholders are being asked to approve a final dividend of 20.7 pence per ordinary share in respect of the year ended 31 March 2014. If you approve the recommended final dividend, it will be paid on 19 August 2014 to all shareholders on the register of shareholders at the close of business on the record date, which will be 25 July 2014.

## **Resolution 3**

This Resolution seeks to approve the Annual Report on Remuneration, which may be found on pages 86 to 97 of the Report and Accounts and which gives details of your Directors' remuneration for the year ended 31 March 2014 and the annual statement of the Chairman of the Remuneration Committee (the "**Statement**"), which may be found on pages 70 to 71, in each case in accordance with s439 of the Companies Act 2006.

## **Resolution 4**

This Resolution seeks to approve the Directors' Remuneration Policy which may be found on pages 72 to 85 of the Report and Accounts and sets out the Company's forward-looking policy on Executive and Non-Executive Directors' remuneration, in accordance with section 439A of the Companies Act 2006. The vote on the Directors' Remuneration Policy is a binding vote. If Resolution 4 is passed, it will take effect from the date of the AGM. If the Directors' Remuneration Policy is approved, the Company will not, from the effective date, be able to make a remuneration payment to a current or prospective director or a payment for loss of office to a current or past director, unless that payment is consistent with the policy or has been approved by a resolution of the shareholders. If approved by the shareholders, the Directors' Remuneration Policy will be subject to a binding shareholder vote by ordinary resolution at least every three years, except in the event that a change to the Directors' Remuneration Policy is proposed or the advisory vote on the Statement and the Annual Report on Remuneration is not passed in any year subsequent to the approval of the Directors' Remuneration Policy in which case the Directors' Remuneration Policy will be subject to a binding shareholder vote by ordinary resolution at the following AGM.

## **Resolutions 5 to 16**

In line with the UK Corporate Governance Code, all of the Directors of the Company will retire and the following will be proposed for re-election at the AGM: Jacques Aigrain, Chris Gibson-Smith, Paul Heiden, Raffaele Jerusalmi, Stuart Lewis, Andrea Munari, Stephen O'Connor, Xavier Rolet, Paolo Scaroni, Massimo Tononi, David Warren and Robert Webb. Resolutions 5 to 16 seek your approval to re-elect these individuals as Directors of the Company.

Following formal performance evaluation, the Board considers that each of these Directors continues to be effective and to demonstrate commitment to the role, including commitment of time for Board and committee meetings and any other duties. The Board is content that each of the Non-Executive Directors offering themselves for re-election is independent in character and there are no relationships or circumstances which are likely to affect their character or judgement.

## **Resolutions 17 and 18**

Sherry Coutu CBE and Joanna Shields OBE have been appointed as Directors since last year's annual general meeting and Resolutions 17 and 18 propose their re-appointment as required by the Company's Articles of Association.

Biographies of the Directors seeking election or re-election are set out in Appendix 1 to this document. All of the Directors offering themselves for election or re-election have wide business knowledge and bring valuable skills and experience to the Board.

## **Resolution 19**

The auditors of a company must be re-appointed at each general meeting at which accounts are laid. On 18 December 2013, the Company announced its decision to conduct a tender process for the position of external auditor of the Company in light of the increasing diversification, scale and reach of the Company and also in line with good corporate governance. A number of firms were approached to tender for the

audit. On the recommendation of the Audit Committee, the Board appointed Ernst & Young LLP as auditor of the Company to fill a casual vacancy following a competitive tender process and the subsequent resignation of PricewaterhouseCoopers LLP with effect from 12 June 2014. In accordance with s519 of the Companies Act 2006, PricewaterhouseCoopers LLP have made the following statement in connection with their resignation as auditor of the Company:

“12 June 2014

Dear Sirs

**Statement of Circumstances connected with ceasing to hold office as Auditors**

In accordance with Section 519 of the Companies Act 2006, we set out below the circumstances connected with our ceasing to hold office as auditors of London Stock Exchange Group plc, registered no: 5369106 (the Company) effective from 12 June 2014.

We state that the reason we resigned was that the Company undertook a tender process for the position of statutory auditor and Ernst & Young LLP’s proposal was accepted.

Yours faithfully

PricewaterhouseCoopers LLP”

This Resolution seeks your approval to re-appoint Ernst & Young LLP as auditors of the Company, to hold office until the conclusion of the next annual general meeting of the Company at which accounts are laid.

**Resolution 20**

Shareholders are being asked to authorise the Directors to determine Ernst & Young LLP’s remuneration as auditors.

**Resolution 21**

The Directors may only allot shares or grant rights to subscribe for, or convert any security into, shares if authorised to do so by shareholders. The authority conferred on the Directors at last year’s annual general meeting under section 551 of the Companies Act 2006 to allot shares or grant rights to subscribe for, or convert any security into, shares in the share capital of the Company expires on the date of the AGM. Paragraph (A) of this Resolution will, if passed, authorise the Directors to allot the Company’s shares or grant rights to subscribe for, or convert any security into, shares in the Company up to a maximum nominal amount of £6,280,000. This amount represents 33.3 per cent. of the Company’s existing issued ordinary share capital (excluding treasury shares) as at 9 June 2014, being the latest practicable date prior to publication of the Notice of AGM. Paragraph (B) of this Resolution authorises the Directors to allot, including the shares referred to in paragraph (A) of this Resolution, further of the Company’s unissued shares up to an aggregate nominal amount of £12,560,000 (representing 66.6 per cent. of the Company’s existing issued ordinary share capital (excluding treasury shares) as at 9 June 2014, being the latest practicable date before publication of the Notice of AGM) in connection with a pre-emptive offer to existing shareholders by way of a rights issue (with exclusions to deal with fractional entitlements to shares and overseas shareholders to whom the rights issue cannot be made due to legal and practical problems). This is in accordance with the most recent institutional guidelines published by the Association of British Insurers.

This authority will expire (unless previously unconditionally renewed, varied or revoked) on the conclusion of the annual general meeting of the Company next year. As announced on 13 May 2014 and 20 May 2014 in response to press speculation linking the Company with a potential acquisition of Frank Russell Corporation, the Company is in exclusive discussions with Northwestern Mutual Life Insurance Company, the parent company of Frank Russell Corporation, with respect to a possible transaction. As noted in those announcements, there can be no certainty that a transaction will be forthcoming. The Company would, if implemented, intend to part fund an acquisition through an equity raise pursuant to which this authority (or a renewed authority) would, in part, be used. Such transaction will, if appropriate, be subject to shareholder approval in accordance with the requirements of the Listing Rules. It is noted that all Directors will, consistent with the Company’s current practice, be submitted for re-election at the 2015 annual general meeting irrespective of whether the above authority is used.

The Company currently holds no shares in treasury.

## **Resolution 22**

This Resolution seeks to grant the authority for the Company and its subsidiaries to make political donations to political parties, to other political organisations and to independent election candidates and to incur political expenditure.

It is not the policy of the Company to make political donations of this type and the Directors have no intention of changing that policy or of using the authority for this purpose. However, as a result of the wide definitions in the Companies Act 2006 of matters constituting political donations, normal expenditure (such as expenditure on organisations concerned with matters of public policy, law reform and representation of the business community) and business activities (such as communicating with the government and political parties at local, national and European level on matters vital to the Company's business interests) might be construed as political expenditure or as a donation to a political party, other political organisation or an independent election candidate and fall within the restrictions of the Companies Act 2006.

This Resolution does not purport to authorise any particular donation or expenditure but is expressed in general terms as required by the Companies Act 2006 and is intended to avoid inadvertent infringement of the statute by the Company. The Directors do not intend to use this authority to make political donations within the normal meaning of that expression. If passed, this Resolution would allow the Company and its subsidiaries to make donations to political parties, other political organisations and independent election candidates and to incur political expenditure (as defined in the Companies Act 2006) in accordance with the terms of this Resolution (which include an aggregate limit on such donations and expenditure made or incurred by the Company and its subsidiaries of £100,000 (or the equivalent amount in any other currency)). This Resolution has effect for the period commencing on the date of this Resolution and ending on the conclusion of the Company's next annual general meeting. Any political donation made or political expenditure incurred which is in excess of £2,000 will be disclosed in the Company's annual report and accounts for the year ended 31 December 2014, as required by the Companies Act 2006.

## **Resolution 23**

Shareholders are asked to approve a new Long Term Incentive Plan 2014 (the **Plan**) to replace the existing plan which was approved by shareholders at an annual general meeting in July 2004 for a period of 10 years. The Plan is intended to link executive reward to the achievement of long term performance targets and is aligned to shareholder interests and to ensure that the total reward potential for executive directors and senior executives in the group globally, is competitive. A summary of the principal provisions of the Plan is set out in Appendix 2 to this Notice of AGM.

## **Special Resolutions**

### **Resolution 24**

This Resolution seeks to renew the authority conferred on the Directors at last year's annual general meeting to allot ordinary shares, or grant rights to subscribe for, or convert securities into, ordinary shares, or sell treasury shares for cash (other than pursuant to an employee share scheme) without application of the pre-emption rights pursuant to section 561 of the Companies Act 2006. Other than in connection with a rights issue or any other pre-emptive offer concerning equity securities, the authority contained in this Resolution will be limited to the issue of shares for cash up to an aggregate nominal value of £940,000 (which includes the sale on a non pre-emptive basis of any shares held in treasury), which represents 5 per cent. of the issued ordinary share capital of the Company as at 9 June 2014, being the latest practicable date prior to the publication of the Notice of AGM.

In accordance with the Pre-emption Group's Statement of Principles, the Directors confirm their intention that no more than 7.5 per cent. of the issued share capital (excluding treasury shares) will be issued for cash on a non pre-emptive basis during any rolling three year period. A sale of treasury shares will be treated as an issue of shares for the purposes of this Resolution. As noted on page 3, the Company is in discussions with respect to a possible transaction and the Company would, if implemented, intend to part fund that acquisition through an equity raise pursuant to which this authority (or a renewed authority) would, in part, be used. The Directors intend to renew this authority annually.

This authority will expire (unless previously unconditionally renewed, varied or revoked) on the conclusion of the annual general meeting of the Company next year or, if earlier, 15 months from the date of this Resolution.

The Company currently holds no shares in treasury.

## **Resolution 25**

This Resolution replaces the authority given at last year's annual general meeting for the Company to make market purchases of its own ordinary shares as permitted by the Companies Act 2006. The terms of the authority are set out in this Resolution. Approval of this Resolution would enable the Company to purchase up to a maximum of 27,000,000 ordinary shares of 6<sup>79</sup>/<sub>66</sub> pence each in the capital of the Company (representing less than 10 per cent. of the issued ordinary share capital of the Company as at 9 June 2014, being the latest practicable date prior to publication of the Notice of AGM). The price per ordinary share that the Company may pay is set at a minimum amount of the nominal value of each ordinary share and a maximum amount of the higher of: (i) 5 per cent. over the average of the previous five business days' middle market prices and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System (SETS).

The Directors have no present intention of making such purchases but consider it prudent to retain the ability to do so. The Directors will only exercise the authority if the Directors believe that such exercise would in their opinion result in an increase in earnings per share and would be likely to promote the success of the Company for the benefit of its shareholders as a whole.

Any ordinary shares purchased pursuant to the authority conferred by this Resolution may be cancelled or held by the Company as treasury shares, within the limits allowed by law. Such treasury shares may subsequently be cancelled, sold for cash or used to satisfy options issued to employees pursuant to the Company's employee share schemes or otherwise disposed of by the Directors in accordance with the requirements of the relevant legislation and the authority relating to rights of pre-emption granted by the shareholders in general meeting.

This authority will expire (unless previously unconditionally renewed, varied or revoked) on the conclusion of the annual general meeting of the Company next year or, if earlier, 18 months from the date of this Resolution.

During financial year 2014, the Company made no market purchases of its own ordinary shares.

The total number of ordinary shares which may be issued on the exercise of outstanding options as at 9 June 2014, being the latest practicable date prior to publication of the Notice of AGM, is 6,624,720 which represents 2.43 per cent. of the issued ordinary share capital of the Company (excluding treasury shares) as at that date. If the Company were to purchase shares up to the maximum permitted by this Resolution the proportion of ordinary shares subject to outstanding options would represent 2.70 per cent. of the issued ordinary share capital (excluding treasury shares) as at 9 June 2014, being the latest practicable date prior to publication of the Notice of AGM. There are no warrants outstanding.

## **Resolution 26**

This Resolution renews the authority given at last year's annual general meeting for the Company to call general meetings (other than annual general meetings) on 14 clear days' notice. This Resolution is required pursuant to the Companies (Shareholders' Rights) Regulations 2009 which increase the notice period for general meetings of the Company to 21 days, unless shareholders approve the calling of meetings (other than an annual general meeting) on 14 days' notice by an annual special resolution. It is intended that the shorter notice period would not be used as a matter of routine for such meetings, 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. The Company is also required to meet any applicable requirements for electronic voting under the Companies (Shareholders' Rights) Regulations 2009 before it can call a general meeting on 14 days' notice. The approval granted by this Resolution will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

## What to do next

I would ask you to complete the pink Form of Proxy, and return it in the prepaid envelope provided (no postage is required if posted within the UK) to the Company's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to arrive as soon as possible but in any event not later than 12.00 noon on 14 July 2014. Alternatively if you would prefer to appoint a proxy or proxies electronically, you may do so via the website run by Equiniti at [www.sharevote.co.uk](http://www.sharevote.co.uk) using the Voting ID, Task ID and Shareholder Reference Number provided on the pink Form of Proxy or, if you are a CREST member, by following the procedure explained in paragraph 7 of the Notes to the Notice of AGM. This will not prevent you from also attending the AGM and voting in person. Further details relating to voting by proxy are set out in the Notes to the Notice of AGM on pages 13 to 15 of this document.

## Shareholder Helpline

If you have any questions relating to the enclosed documents, please call the Company's Registrars, Equiniti, on 0871 384 2544. Calls to this number cost 8 pence per minute plus network extras. Lines are open from 8.30 a.m. to 5.30 p.m., Monday to Friday. If calling from overseas, please call the following number instead: +44 121 415 7047. The helpline cannot give any financial, legal or tax advice.

## Documents available for inspection

The following documents are available for inspection at the registered office of the Company and at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS during usual business hours on any weekday (public holidays excepted) from the date of the Notice of AGM until the conclusion of the AGM and will also be available for inspection at the AGM venue from at least 15 minutes before the AGM until it ends:

- a copy of the Company's memorandum of association and articles of association;
- copies of the service contracts or letters of appointment of the Directors of the Company
- the Report and Accounts; and
- copies of the rules relating to the London Stock Exchange Group Long Term Incentive Plan 2014.

## Recommendation

**The Directors believe that all the proposed Resolutions to be considered at the AGM are in the best interests of the Company and shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions, as they intend to do in respect of their own beneficial holdings, totaling 439,276 ordinary shares and representing 0.16 per cent. of the issued ordinary share capital of the Company as at 9 June 2014, being the latest practicable date prior to publication of the Notice of AGM.**

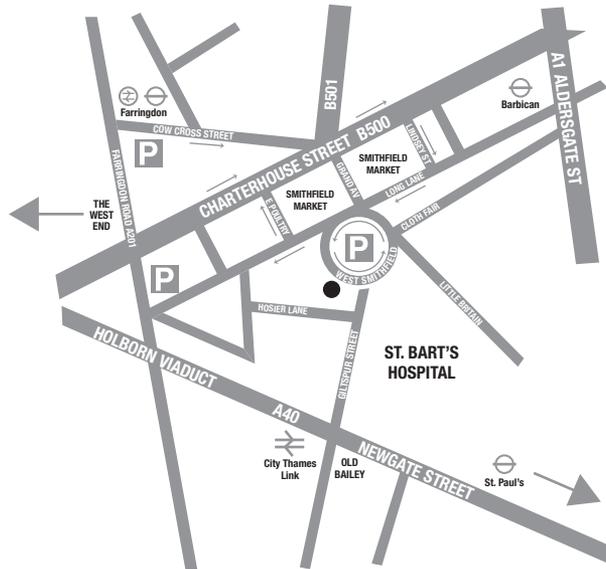
Yours sincerely



**Chris Gibson-Smith**  
*Chairman*

## Directions to Haberdashers' Hall

18 West Smithfield  
London EC1A 9HQ



**Nearest Tube:**  
Farringdon

**Nearest Car Park:**  
Smithfield Car Park  
West Smithfield  
London EC1A 9DS  
0207 236 5276

NOTICE IS HEREBY GIVEN that the 2014 annual general meeting (“**AGM**”) of London Stock Exchange Group plc (the “**Company**”) will be held at Haberdashers’ Hall, 18 West Smithfield, London EC1A 9HQ on 16 July 2014 at 12.00 noon to transact the following business:

### **Ordinary Resolutions**

#### **RESOLUTION 1**

To receive the accounts of the Company for the year ended 31 March 2014 and the reports of the Directors and the auditors thereon.

#### **RESOLUTION 2**

To declare the final dividend for the year ended 31 March 2014 of 20.7 pence per ordinary share in the capital of the Company.

#### **RESOLUTION 3**

To approve the Annual Report on Remuneration and the annual statement of the Chairman of the Remuneration Committee contained in the Company’s Annual Report and Accounts for the year ended 31 March 2014, set out on pages 86 to 97 and 70 to 71 of the Report and Accounts, in accordance with section 439 of the Companies Act.

#### **RESOLUTION 4**

To approve the Directors’ Remuneration Policy, set out on pages 72 to 85 of the Report and Accounts in accordance with section 439A of the Companies Act 2006, to take effect from the date of the AGM.

#### **RESOLUTION 5**

To re-elect Jacques Aigrain as a Director of the Company who retires and, being eligible, offers himself for re-election.

#### **RESOLUTION 6**

To re-elect Chris Gibson-Smith as a Director of the Company who retires and, being eligible, offers himself for re-election.

#### **RESOLUTION 7**

To re-elect Paul Heiden as a Director of the Company who retires and, being eligible, offers himself for re-election.

#### **RESOLUTION 8**

To re-elect Raffaele Jerusalmi as a Director of the Company who retires and, being eligible, offers himself for re-election.

#### **RESOLUTION 9**

To re-elect Stuart Lewis as a Director of the Company who retires and, being eligible, offers himself for re-election.

#### **RESOLUTION 10**

To re-elect Andrea Munari as a Director of the Company who retires and, being eligible, offers himself for re-election.

#### **RESOLUTION 11**

To re-elect Stephen O’Connor as a Director of the Company who retires and, being eligible, offers himself for re-election.

## **RESOLUTION 12**

To re-elect Xavier Rolet as a Director of the Company who retires and, being eligible, offers himself for re-election.

## **RESOLUTION 13**

To re-elect Paolo Scaroni as a Director of the Company who retires and, being eligible, offers himself for re-election.

## **RESOLUTION 14**

To re-elect Massimo Tononi as a Director of the Company who retires and, being eligible, offers himself for re-election.

## **RESOLUTION 15**

To re-elect David Warren as a Director of the Company who retires and, being eligible, offers himself for re-election.

## **RESOLUTION 16**

To re-elect Robert Webb as a Director of the Company who retires and, being eligible, offers himself for re-election.

## **RESOLUTION 17**

To elect Sherry Coutu CBE as a Director of the Company.

## **RESOLUTION 18**

To elect Joanna Shields OBE as a Director of the Company.

## **RESOLUTION 19**

To re-appoint Ernst & Young LLP as auditors of the Company, to hold office until the conclusion of the next annual general meeting of the Company at which accounts are laid.

## **RESOLUTION 20**

To authorise the Directors to determine Ernst & Young LLP's remuneration as auditors of the Company.

## **RESOLUTION 21**

(a) That the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to:

- (i) allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company:
  - (A) up to an aggregate nominal amount of £6,280,000; and
  - (B) comprising equity securities (as defined in the Companies Act 2006) up to an aggregate nominal amount of £12,560,000 (including within such limit any shares issued or rights granted under paragraph (A) above) in connection with an offer by way of a rights issue:
    - (I) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
    - (II) to people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

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

for a period expiring (unless previously unconditionally renewed, varied or revoked by the Company pursuant to a resolution approved in general meeting) at the end of the next annual general meeting of the Company after the date on which this Resolution is passed; and

- (ii) make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of this authority and the Directors may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired;
- (b) that subject to paragraph (c), all existing authorities given to the Directors pursuant to section 551 of the Companies Act 2006 be revoked by this Resolution; and
- (c) that paragraph (b) shall be without prejudice to the continuing authority of the Directors to allot shares, or grant rights to subscribe for or convert any security into shares, pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

## **RESOLUTION 22**

That the Company and any company which is or becomes a subsidiary of the Company during the period to which this Resolution relates be and are hereby authorised to:

- (a) make political donations to political parties and 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 commencing on the date of this Resolution and ending on the conclusion of the Company's next annual general meeting after the date on which this Resolution is passed, provided that in any event the aggregate amount of any such donations and expenditure made or incurred by the Company and its subsidiaries pursuant to this Resolution shall not exceed £100,000 (or the equivalent amount in any other currency, which shall be converted into Sterling at such rate as the Directors may in their absolute discretion determine to be appropriate).

Any terms used in this Resolution which are defined in Part 14 of the Companies Act 2006 shall bear the same meaning for the purposes of this Resolution.

## **RESOLUTION 23**

That:

- (a) the rules of the London Stock Exchange Group Long Term Incentive Plan 2014 (the Plan), the main features of which are summarised in Appendix 2 to the Notice of AGM and a copy of which is produced to the Meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved and the Directors be and are hereby authorised to do all such acts and things as they may consider necessary or expedient to carry the Plan into effect; and
- (b) the Directors be authorised to establish such schedules to the Plan as they may consider necessary in relation to employees in jurisdictions outside the UK with such modifications as may be necessary to take account of local securities laws, exchange control and tax legislation, provided that any shares made available under such schedules be treated as counting against the relevant limits on individual and overall participation in the Plan.

## **Special Resolutions**

### **RESOLUTION 24**

That subject to the passing of Resolution 21 and in place of all existing powers the Directors be generally empowered pursuant to sections 570 and 573 of the Companies Act 2006 to allot equity securities (as

defined in the Companies Act 2006) for cash, pursuant to the authority conferred by Resolution 21 as if section 561(1) of the Companies Act 2006 did not apply to the allotment. This power:

- (a) expires (unless previously unconditionally renewed, varied or revoked by the Company pursuant to a resolution approved in general meeting) at the end of the next annual general meeting of the Company after the date on which this Resolution is passed or 15 months from the date of this Resolution (whichever is earlier), but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired; and
- (b) shall be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under Resolution 21(a)(i)(B), by way of a rights issue only):
  - (i) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to people who are holders of other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities, and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
- (c) in the case of the authority granted under Resolution 21(a)(i)(A) shall be limited to the allotment of equity securities for cash otherwise than pursuant to paragraph (b) up to an aggregate nominal amount of £940,000.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Companies Act 2006 as if in the first paragraph of this Resolution the words “pursuant to the authority conferred by Resolution 21” were omitted.

## **RESOLUTION 25**

That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own ordinary shares, provided that:

- (a) the maximum number of ordinary shares authorised to be purchased is 27,000,000 in the capital of the Company;
- (b) the minimum price which may be paid for an ordinary share shall not be less than the nominal value of the ordinary shares at the time of purchase (which amount shall be exclusive of expenses);
- (c) the maximum price which may be paid for an ordinary share is, in respect of an ordinary share contracted to be purchased on any day, the higher of:
  - (i) an amount (exclusive of expenses) equal to 105 per cent. of the average of the mid-market quotations for an ordinary share of the Company as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
  - (ii) an amount (exclusive of expenses) equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System (SETS);
- (d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company following the passing of this Resolution or 18 months from the date of this Resolution (whichever is earlier), unless such authority is unconditionally renewed pursuant to a resolution taking effect prior to such time; and
- (e) the Company may conclude a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after such expiry, and may make a purchase of ordinary shares in pursuance of any such contract as if the authority hereby conferred had not expired.

**RESOLUTION 26**

That a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice.

By Order of the Board  
Lisa Condron, Secretary  
12 June 2014

Registered Office:  
London Stock Exchange Group plc  
10 Paternoster Square  
London EC4M 7LS

## Notes to the Notice of AGM

1. The right to attend and vote at the meeting is determined by reference to the Company's register of shareholders. Only a shareholder entered in the register of shareholders at 6.00 p.m. on 14 July 2014 is entitled to attend and vote at the meeting and a shareholder may vote in respect of the number of ordinary shares registered in that shareholder's name at that time. Changes to the entries in the register of shareholders after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

2. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the AGM. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A pink Form of Proxy which may be used to make such appointment and give proxy instructions for use at the AGM is enclosed.

**3. To be valid, a Form of Proxy, duly completed, signed or sealed (as appropriate) and dated must be returned to the Company's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to arrive no later than 12.00 noon on 14 July 2014.**

4. The Form of Proxy must be executed by the shareholder or his or her attorney duly authorised in writing and (in the case of an individual) must be signed by the individual or his or her attorney duly authorised in writing or (in the case of a corporation) be executed either under seal, on its behalf by a duly authorised officer or attorney of the corporation or in any other manner authorised by its constitution.

5. In the case of joint registered holders, the signature of one holder will be accepted and the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority will be determined by the order in which the names stand on the register of shareholders of the Company in respect of the relevant joint holding.

6. Alternatively a shareholder may appoint a proxy or proxies electronically either via the website run by Equiniti at [www.sharevote.co.uk](http://www.sharevote.co.uk) using the Voting ID, Task ID and Shareholder Reference Number provided on the pink Form of Proxy or, if such shareholder is a CREST member, by using the procedure described in paragraph 7 below.

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by using the procedures described in the CREST Manual, which can be viewed at [www.euroclear.com](http://www.euroclear.com). 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's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by no later than 12.00 noon on 14 July 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

8. Any corporation which is a shareholder may appoint one or more corporate representatives who may exercise on its behalf all of its powers, provided that they do not exercise their powers differently in relation to the same shares.

9. Any person to whom the Notice of AGM is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “**Nominated Person**”) may have a right, under an agreement between him or her and the shareholder by whom he or she was nominated, to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

10. The statements of the rights of shareholders in relation to the appointment of proxies in paragraphs 2 to 7 above do not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by shareholders of the Company.

11. As at 9 June 2014, being the latest practicable date prior to the publication of the Notice of AGM, the Company’s issued share capital consists of 272,408,651 ordinary shares of 6<sup>79</sup>/<sub>86</sub> pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 9 June 2014, being the latest practicable date prior to the publication of the Notice of AGM, are 272,408,651.

12. Under section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company’s accounts (including the auditor’s report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the last annual general meeting. 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 Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 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 AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

13. Any shareholder attending the AGM 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 AGM but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the AGM 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 AGM that the question be answered.

14. In accordance with section 311A of the Companies Act 2006, the contents of the Notice of AGM, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members’ statements, members’ resolutions or members’ matters of business received by the Company after the date of the Notice of AGM are available to view and to download on the Company’s website at <http://www.lseg.com/investor-relations/shareholder-services/agm-information>.

15. The results of the voting at the AGM will be announced through a Regulatory Information Service and will appear on our website at <http://www.lseg.com/investor-relations/shareholder-services/agm-information> following the AGM on 16 July 2014.

16. Save as provided above, any communication with the Company in relation to the AGM, including in relation to proxies, should be sent to the Company’s Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. No other means of communication will be accepted. In particular, you may not use any electronic address provided either in the Notice of AGM or in any related documents (including the annual report and accounts for the year ended 31 March 2014, the Form of Proxy or the AGM Shareholder Admission Card) to communicate with the Company for any purposes other than those expressly stated.

17. In order to access shareholder documents from the Company (including the copies of the annual report and accounts for the year ended 31 March 2014) on the website, you will need to have access to a PC or Mac with: (i) Microsoft Internet Explorer version 6.0 (or later version) which can be downloaded from the Microsoft website at: <http://windows.microsoft.com/en-us/internet-explorer/download-ie>, or equivalent alternative web browser software; and (ii) Adobe Acrobat Reader which can be downloaded free from the Adobe website at: <http://get.adobe.com/uk/reader/>.

18. Shareholders' attention is drawn to the following security and admissions arrangements for the AGM. The Company does not permit behaviour that may interfere with the security, safety and good order of the AGM, or with the security or safety of any other attendees of the AGM. Attendees of the AGM will be asked to pass through our security systems before entering the meeting and all bags may be checked. No cameras or recording equipment will be permitted at the AGM. All mobile phones and other electronic communication devices should be switched off during the AGM. Guests are not entitled to attend the AGM as of right, but may be permitted entry at the absolute discretion of the Company. All guests must bring photo identification. Shareholders' co-operation with these arrangements is greatly appreciated. Proxies and corporate representatives should bring copies of the authority or power of attorney under which they have been appointed as well as photo identification.

## Appendix 1

### Biographies of the Directors seeking election or re-election

#### **Jacques Aigrain**

##### **Non-Executive Director (age 60)**

Appointed to the Board in May 2013.

**Skills and experience:** Chairman of LCH.Clearnet Group Limited and a Director of Qatar Financial Centre Authority. Previously, he was a Non Executive Director at Resolution from 2010 to 2012 and CEO of Swiss Re from 2006 to 2009, having joined in 2001 as Head of Financial Services, New York. Prior to this he spent 20 years, from 1981 to 2001, with JP Morgan Chase, working in the New York, London and Paris offices and holding a number of senior roles including Head of Global Health & Chemicals, Co-Head of Global M&A and Co-Head, Client Management.

**Other current appointments:** He is a Supervisory Board Member of Deutsche Lufthansa and Swiss International Airlines. He is also a Supervisory Board Member of LyondellBasell NV, a Non-Executive director of WPP plc and serves as a Senior Advisor at Warburg Pincus.

##### **Committee membership:**

- Audit

#### **Sherry Coutu CBE**

##### **Non-Executive Director (age 50)**

Appointed to the Board with effect from 17 January 2014

**Skills and experience:** Non-Executive Director of Cambridge Temperature Concepts, Cambridge Assessment, Cambridge University Press, Raspberry Pi, and Artfinder. Sherry was an investor and a Director of New Energy Finance from 2006 to 2009, and was a Non-Executive Director and Senior Independent Director of RM Plc from 1998 to 2007, where she also served as Chairman of the Remuneration Committee and a member of the Audit Committee. From 2006 to 2010, Sherry was a Trustee of NESTA National Endowment for Science, Technology and Arts. In 1995, Sherry founded Interactive Investor International and served as CEO and Chairman from 1995 to 2001.

**Other current appointments:** Sherry currently serves on the Advisory Boards of LinkedIn.com, Care.com and is an external member of the University of Cambridge finance committee.

##### **Committee membership:**

- Remuneration

#### **Chris Gibson-Smith**

##### **Chairman of the Company and the Nomination Committee (age 68)**

Appointed to the Board in May 2003.

**Skills and experience:** Chairman of Partnership Assurance Group. He was Chairman of The British Land Company plc from 2007 until 2012, and he was also previously Non-Executive Director of Qatar Financial Centre Authority from 2006 to 2012, Chairman of National Air Traffic Services Ltd from 2001 to 2005, Non-Executive Director of Lloyds TSB plc from 1999 to 2005, Group Managing Director of BP plc from 1997 to 2001, and a past Trustee of the Institute of Public Policy Research and the arts charity Arts & Business.

**Other current appointments:** Chris is Chairman of the Advisory Board of Reform Research Trust.

##### **Committee membership:**

- Remuneration
- Nomination (Chair)

**Paul Heiden****Non-Executive Director and Chairman of the Audit and Risk Committee (age 57)**

Appointed to the Board in June 2010.

**Skills and experience:** Non-Executive Chairman of Intelligent Energy Holdings plc and was previously Chairman of Talaris Topco Limited from 2009 to 2012, Non-Executive Director of United Utilities Group plc from 2006 to 2013 and Chief Executive Officer of FKI plc from 2003 to 2008. Paul was an Executive Director of Rolls Royce plc from 1997 to 1999 and Group Finance Director from 1999 to 2003. He has also had previous senior finance roles at Hanson plc and Mercury Communications and was a Non-Executive Director of Bunzl plc from 1998 to 2005 and a Non-Executive Director of Filtrona plc from 2005 to 2006.

**Other current appointments:** Paul is Non-Executive Director of Meggitt plc.

**Committee membership:**

- Audit (Chair)
- Risk

**Raffaele Jerusalmi****Executive Director (age 53)**

Appointed to the Board in June 2010.

**Skills and experience:** Chief Executive Officer of Borsa Italiana S.p.A., Vice Chairman of Monte Titoli and Director of Capital Markets of London Stock Exchange Group. He is also Vice-Chairman of MTS and CC&G, a Director of Monte Titoli and Institute of the LSEGH (Italy) group of companies. Prior to joining Borsa Italiana in 1998, he was Head of Trading for Italian fixed income at Credit Suisse First Boston from 1993 to 1998. From 1996, he was a member of their proprietary trading group in London. From 1997 to 1998 he was a Director of MTS S.p.A., representing Credit Suisse First Boston and from 1989 to 1993 he was head of trading for the fixed income and derivatives divisions at Cimo S.p.A. in Milan.

**Other current appointments:** Raffaele is a venture partner of the Advisory Committee of Atlantic Capital Partners GmbH.

**Committee membership:**

- Group Executive

**Stuart Lewis****Non-Executive Director (age 48)**

Appointed to the Board in June 2013.

**Skills and experience:** Chief Risk Officer and Member of the Management Board at Deutsche Bank AG, where he previously held senior roles. From 1992 to 1996, he worked at Credit Suisse Financial Products in Credit Risk Management and, from 1990 to 1991, at Continental Illinois National Bank.

**Other current appointments:** None

**Committee membership:**

- Risk

**Andrea Munari****Non-Executive Director (age 51)**

Appointed to the Board in October 2007.

**Skills and experience:** CEO of Credito Fondiario SpA. Andrea was previously General Manager of Banca IMI, the investment arm of Intesa Sanpaolo Group from March 2006 to December 2013. He was also previously Managing Director of Morgan Stanley Fixed Income Division and CEO and General

Manager of Banca Caboto (now Banca IMI). In addition, he was a Director of MTS S.p.A. from 2003 to 2005 and of TLX S.p.A. from January to September 2007.

**Other current appointments:** None

**Committee membership:**

- Risk

**Stephen O'Connor**

**Non-Executive Director and Chairman of the Risk Committee (age 52)**

Appointed to the Board in June 2013.

**Skills and experience:** Chairman of the International Swaps and Derivatives Association, a position held since 2011, having been appointed as a Non-Executive Director in 2009. Previously, he worked at Morgan Stanley in London and New York from 1988 to 2013, where he was a member of the Fixed Income Management Committee and held a number of senior roles including Global Head of Counterparty Portfolio Management and Global Head of OTC Client Clearing. Stephen was a member of the High Level Stakeholder Group for the UK Government's review of the Future of Computer Trading in Financial Markets. He was a Non-Executive Director of OTC DerivNet Ltd from 2001 to 2013 and was Chairman from 2001 to 2011.

**Other current appointments:** Member of the U.S. CFTC Global Markets Advisory Committee, and Vice-Chairman of the Financial Stability Board's Market Participants Group on Financial Benchmark Reform.

**Committee membership:**

- Risk (Chair)

**Xavier Rolet**

**Chief Executive (age 54)**

Appointed to the Board in March 2009 and appointed Chief Executive in May 2009.

**Skills and experience:** Xavier was a senior executive at Lehman Brothers from 2000 to 2008 and, latterly, Chief Executive Officer of Lehman in France. Prior to Lehman Brothers, he held senior positions at Dresdner Kleinwort Benson from 1997 to 2000, Credit Suisse First Boston from 1994 to 1996 and Goldman Sachs from 1984 to 1994.

**Other current appointments:** Xavier is a member of the HM Treasury Financial Services Trade and Investment Board, a member of the Columbia Business School Board of Overseers and an Honorary Fellow of the Chartered Institute for Securities and Investments, FSCI (Hon).

**Committee membership:**

- Group Executive

**Paolo Scaroni**

**Non-Executive Deputy Chairman and Senior Independent Director (age 67)**

Appointed to the Board in October 2007.

**Skills and experience:** Paolo was CEO of eni from May 2005 to May 2014 and was also CEO of Pilkington plc from 1997 to 2002, Non-Executive Director of BAE Systems plc from 2000 to 2004 and of Invensys plc from 2001 to 2002. He was also CEO of Enel from 2002 to 2005, Non-Executive Director of Alliance Unichem plc from 2002 to 2005 and then Chairman from 2005 to 2006.

**Other current appointments:** Paolo is currently Non-Executive Director of Assicurazioni Generali, Veolia Environnement, Fondazione Teatro alla Scala and Member of the Board of Overseers of Columbia Business School.

**Committee membership:**

- Remuneration
- Nomination

**Joanna Shields OBE**

**Non-Executive Director (age 51)**

Appointed to the Board with effect from 17 January 2014

**Skills and experience:** Veteran technology industry executive and entrepreneur. In October 2012, she was appointed by the Prime Minister to lead the UK government's Tech City UK, previously served as its CEO and is now Chairman. She is also UK Ambassador for Digital Industries. Prior to this, she led international expansion for Facebook as Vice President and Managing Director, and she held executive positions at Time Warner/Aol, Inc. including President of People Networks after the acquisition of Bebo where she served as CEO. She was also Managing Director at Google EMEA, Vice President and Managing Director at Decru, Inc., VP and Managing Director, EMEA at RealNetworks and CEO of Veon Inc. a start up she built and led to its acquisition by Philips NV. Joanna started her career in Silicon Valley in 1989 at EFI, Inc and over next decade, held various executive roles.

**Other current appointments:** Joanna is a Non-Executive Director of TalkTalk Telecom Group Plc and serves on the Mayor's London Smart Board.

**Committee membership:** None

**Massimo Tononi**

**Non-Executive Director (age 49)**

Appointed to the Board in September 2010.

**Skills and experience:** Chairman of Borsa Italiana S.p.A. and was previously Partner and Managing Director in the investment banking division of Goldman Sachs from 2008 to July 2010. While at Goldman Sachs, he played a senior role in the business development and the execution of investment banking transactions throughout Europe. From 2006 to 2008, he was Treasury Undersecretary at the Italian Ministry of Economy & Finance in Rome.

**Other current appointments:** Massimo is currently a Non-Executive Director of Sorin S.p.A. and Chairman of Prysman S.p.A..

**Committee membership:**

- Audit
- Nomination

**David Warren**

**Chief Financial Officer (age 60)**

Appointed to the Board in July 2012 as Chief Financial Officer.

**Skills and experience:** Prior to being appointed Chief Financial Officer of London Stock Exchange Group, David was CFO of NASDAQ OMX from 2001 to 2009 and Senior Advisor to the NASDAQ CEO from 2011 to 2012. He was Chief Financial Officer at Long Island Power Authority of New York from 1998 to 2001, Deputy Treasurer of the State of Connecticut from 1995 to 1998 and a Vice President at CS First Boston from 1988 to 1995.

**Other current appointments:** None

**Committee membership:**

- Group Executive

**Robert Webb QC****Non-Executive Director and Chairman of the Remuneration Committee (age 65)**

Appointed to the Board in February 2001.

**Skills and experience:** General Counsel of Rolls-Royce plc. Robert was Chairman of Autonomy Corporation plc from 2009 to 2011 and of BBC Worldwide from 2009 to 2012. He served as General Counsel of British Airways from September 1998 to April 2009 where he was responsible for law, Government affairs, safety, security and risk management. Robert was a Non-Executive Director of Argent Group plc from 2009 to 2012 and of the Emerging Health Threats Forum from 2006 to 2012. He was also Chairman of Sciemus Ltd from 2010 to 2011. He was Head of Chambers and a practising QC at 5 Bell Yard, London from 1988 to 1998.

**Other current appointments:** Non-Executive Director of the Holdingham Group Ltd. He is also a Bencher of the Inner Temple, a Trustee of Comic Relief and of the Migratory Salmon Fund.

**Committee membership:**

- Remuneration (Chair)
- Nomination

## Appendix 2

### Summary of the Principal Provisions of the London Stock Exchange Group Long Term Incentive Plan 2014 (the *Plan*)

#### *Introduction*

The Plan provides for the grant of awards over ordinary shares in the Company (**Shares**) which are made subject to performance conditions. The Plan will replace the Company's existing long term incentive plan which was approved by shareholders in general meeting in July 2004 and will expire on 14 July 2014. The Plan will be overseen and administered by the Company's Remuneration Committee (the **Committee**).

In renewing the arrangements, the Company has taken the opportunity to incorporate a number of best practice features including:

- A simplification of long-term incentives for executive directors so that in the future they will not be able to receive a Matching Award.
- Introduction of malus and clawback provisions, allowing the Committee to reduce subsisting awards and/or require repayment of vested awards in certain circumstances (e.g. material misstatement, gross misconduct).
- Alignment of good leaver policy with best practice. Under the previous arrangements, the default treatment for good leavers was for accelerated vesting subject to pro-rating for time and performance. Under the new Plan awards held by good leavers will normally subsist until the end of the performance period (in line with other award-holders) and vest at that point subject to time pro-rating and performance (although the Remuneration Committee has discretion to apply different treatment where appropriate).

The Plan provides for the grant of performance share awards (**Performance Awards**) which will vest subject to continued employment with the group and to the extent that specified performance conditions are met over a fixed performance period.

The Plan also allows employees (but not executive directors) to be invited to invest their annual cash bonus (or such other income as the remuneration committee may permit), in buying shares (**Invested Shares**) which will then be matched by the grant of a matching award (**Matching Award**) which will vest on the same basis as Performance Awards. Matching Awards will lapse to the extent that any Invested Shares are sold before the vesting date.

The share awards under the Plan may take the form of: (a) a nil cost option to acquire Shares; (b) a contingent right to receive Shares; or (c) beneficial ownership of Shares which are subject to forfeiture if the vesting conditions are not met.

The Plan also allows for phantom share awards (**Phantom Awards**) to be granted to executives which, instead of delivering Shares following vesting, pay out a cash sum to an equivalent value. These types of award would normally only be used for executives in countries where there are unduly onerous legal, tax or other restrictions involved in delivering Shares to individuals.

#### *Eligibility*

Any employee or executive director of the Group will be eligible to participate in the Plan.

#### *Grant of Awards*

Awards may be granted within the period of 42 days following: (a) the day on which the Plan is approved by shareholders; (b) the announcement of the Company's results for any period; or (c) any day on which the Committee resolves that exceptional circumstances have arisen which justify the grant of Awards. No Awards may be granted after the tenth anniversary of the Plan's adoption.

#### *Individual Limits*

The total value of Shares over which a Performance Award (or a Phantom Award) may be granted to any individual in respect of any financial year (other than on recruitment or for specific retention purposes) may not exceed 300 per cent. of the individual's gross annual basic salary although the Committee may in exceptional circumstances grant awards up to 400 per cent of salary. On recruitment of an executive, a Performance Award (or a Phantom Award) may be granted to compensate the individual for any share incentive arrangements that he may forego from a previous employer, although the value of such an

award may not be greater than the value of the awards which are foregone (value for this purpose being determined by the Committee).

The Committee may also, if it considers it appropriate, grant Awards with a value in excess of these limits in order to recruit or retain individuals (not being executive directors of the Company) in connection with any acquisition or disposal of a business.

The total value of Shares over which a Matching Award may be granted to any individual in a financial year may not exceed 300 per cent. of the gross value of the amount paid for the related Invested Shares. The maximum value that may be invested in Shares is 50 per cent of a participant's gross annual basic salary.

#### *Performance Conditions*

Awards will only vest to the extent that specified performance conditions are satisfied.

The performance conditions will typically be measured over the period of three financial years starting with the beginning of the financial year in which the Award is granted or such other period as the Committee considers appropriate.

The Committee will set the performance targets at the time Awards are granted. It currently expects that the first Awards granted under the Plan will be subject to a combination of absolute earnings per share growth targets and total shareholder return targets. Typically, performance conditions will be structured such that 25 per cent. of the Award will vest for threshold level performance. Further details about the Company's policy on the Plan and the performance conditions are set out in the Directors' Remuneration Policy on page 79 of the Report and Accounts. The Committee may amend the performance conditions if events occur which cause it to consider that an amendment is appropriate, provided that the varied conditions are at least as challenging as the original conditions. The Committee may set different performance conditions for Awards.

#### *Vesting of Awards*

The Committee has discretion in specific circumstances to provide for Awards to vest in tranches over the vesting period, although the Company would not expect to grant Awards to its executive directors on these terms.

Awards will usually vest (and where relevant become exercisable) on the third anniversary of the date of grant (or such date or dates as the Committee may specify), subject to the participant remaining employed (and not being under notice) and to the satisfaction of the applicable performance conditions.

Awards that have been granted in the form of options will normally be exercisable for ten years from the date of grant, or such shorter period as the Committee may stipulate on the date of grant.

Once a participant's Award has vested (or where relevant been exercised) the relevant number of Shares (or relevant amount of cash in the case of a phantom award) will be transferred or issued to the participant. All Shares allotted or transferred under the Plan will carry the same rights as all other Shares (except for entitlements arising before the date of acquisition by the participant). Where necessary application will be made for Shares to be admitted to listing by the UK Listing Authority and trading on the London Stock Exchange.

#### *Payment of dividend equivalents*

On vesting of an Award, the participant may receive an amount in cash or Shares equivalent to the dividends which would have accrued in respect of any Shares in respect of which the Award ultimately vests.

#### *Malus and Clawback*

All awards will be subject to "malus" terms which will allow the Committee to exercise a discretion to reduce or cancel any portion of an unvested Award in certain circumstances. The Committee may also decide at the date of grant that certain Awards will be subject to "clawback" terms which will allow the Committee to exercise a discretion in certain circumstances to reclaim, or require the repayment of, an Award that has already vested. Awards granted to executive directors will be subject to both malus and clawback provisions.

The circumstances in which these provisions may apply include, but are not limited to: (i) material misstatement of the results of the Group, (ii) significant reputational damage to the Group; (iii) a material

adverse effect on the Group's business opportunities and prospects for sustained performance or profitability; or (iv) negligence, fraud or serious misconduct by the individual. The Committee may exercise its discretion to clawback Awards for up to three years after the vesting date or such longer period as the Committee may have determined at the date of grant.

#### *Cessation of employment*

Awards held by a participant will generally lapse if the participant leaves employment or gives or receives notice before the vesting date. However, if a participant dies or leaves employment in certain circumstances such as injury, disability, ill-health, redundancy or his employing company, or the business in which he is employed, being transferred out of the group, or for any other reason in the Committee's discretion, a participant will retain his Awards which will vest on the normal vesting date pro rata to the time elapsed between the date of grant and the date of cessation of employment, subject to the satisfaction of the applicable performance conditions measured over the relevant performance period. The Committee may, if it considers it appropriate, permit an Award to vest at such other date at or after cessation of employment to the extent that the performance conditions are met at such date. It may also determine that an Award shall not be subject to time pro rating or that it will be reduced other than on a time pro rated basis.

#### *Change of control*

If there is a change of control of the Company by way of takeover offer or scheme of arrangement, Awards will vest pro rata to the time elapsed between the date of grant and the date of change of control, subject to performance measured on the change of control (or the most practicable earlier date having regard to the relevant performance condition). If the circumstances of the change of control so warrant, the Committee may determine that an Award shall not be subject to time pro rating or that it will be reduced other than on a time pro rated basis. Alternatively Awards may be exchanged for equivalent awards over shares in an acquiring company subject to the consent of that company. The Committee may, in appropriate circumstances, require that Awards automatically be exchanged, rather than vest, on a change of control.

#### *Plan Limits*

No Award may be granted under the Plan which would at the time of grant cause the aggregate number of Shares which have been or may be issued pursuant to that Award and other Awards or rights granted in the previous 10 years: (i) under the Plan and any other discretionary employees' share scheme established by the Company, to exceed 5 per cent. of the ordinary share capital of the Company in issue immediately before that day; and (ii) under the Plan and any other employees' share scheme established by the Company, to exceed 10 per cent. of the ordinary share capital of the Company in issue immediately before that day.

Treasury Shares will be treated for this purpose as if they were issued Shares and will count towards the above limits for as long as institutional shareholder guidance recommends such treatment. Awards may be granted over existing Shares and the percentage limits stated above will not apply to such existing Shares.

#### *Variation of capital*

In the event of any variation of the issued share capital of the Company (such as a rights issue, capitalisation issue or dividend in specie) the Committee may adjust the number of Shares subject to Awards in such manner as it considers appropriate. In the event of a transaction which would affect the value of awards (such as a demerger) the Committee may either adjust Awards or allow Awards to vest on such terms as it considers appropriate in the circumstances.

#### *Amendments*

The Committee may amend the rules of the Plan at any time, provided that no amendment to the advantage of participants may be made to the provisions governing eligibility to participate in the Plan, individual participation limits, plan limits, the basis for determining a participant's entitlement to Shares, the terms of the Shares and the consequences of any capitalisation issue, rights issue, sub-division or any other variation of capital without the prior approval of shareholders in general meeting. Shareholders' approval will not be required for minor amendments to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for the Company or any subsidiary.

Additional schedules to the rules of the Plan can be adopted to operate the Plan in any jurisdictions in which employees are situated. These schedules may vary the rules of the Plan to take account of any tax, exchange control, securities laws or other regulation. The Shares issued under any additional schedule will count towards the overall limit on the number of Shares that may be issued under the Plan.

