

**This document is important and requires your immediate attention.**

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your shares in Consort Medical plc, please pass this document together with the accompanying documents 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.

Notice of the 2010 Annual General Meeting of Consort Medical plc to be held at Suite D, Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire HP2 4TZ on Wednesday 15 September 2010 at 2pm, is set out at the end of this circular.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received not less than 48 hours before the time of the holding of the Annual General Meeting.

Directors:

Peter Fellner  
Jonathan Glenn  
Chris Banks  
Jim Dick  
Williams Jenkins  
George Kennedy CBE  
Toby Woolrych

Registered Office:

Suite D  
Breakspear Park  
Breakspear Way  
Hemel Hempstead  
Hertfordshire  
HP2 4TZ  
11 August 2010

## Notice of Annual General Meeting

Dear Shareholder,

I am pleased to advise you of details of our 2010 Annual General Meeting ("annual general meeting") which we are holding at our head office, Suite D, Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4TZ at 2pm on Wednesday 15 September 2010. The formal notice of the annual general meeting is set out on pages 3 to 6 of this document.

The resolutions which shareholders will be asked to consider and approve are set out on pages 3 to 4 of the enclosed Notice of Annual General Meeting.

Explanatory notes on the various resolutions including items of Special Business to be conducted at the annual general meeting are set out on pages 7 to 8 of the Notice of Annual General Meeting. As part of the Company's review of employee incentive arrangements, it is proposed as one item of Special Business to adopt an HMRC-approved Company Share Option Plan. This would provide potential income tax benefits for participants and savings of National Insurance contributions for both participants and the Company. To utilise these potential benefits and savings the Company intends to link awards made under the existing Long Term Incentive Plan to grants made under the Company Share Option Plan. Resolution 11 sets out the proposals for the adoption of the new plan, the principal terms of which are summarised in the Appendix to the Notice of the Annual General Meeting.

Action to be taken

Whether or not you are able to attend the annual general meeting, the directors urge you to exercise your right to vote as a shareholder of the Company, and to complete and return the enclosed reply-paid Form of Proxy to Capita Registrars so as to arrive no later than 48 hours before the time of the meeting or any adjournment of the meeting.

Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the annual general meeting (in substitution for your proxy vote) should you subsequently decide to do so.

If you have any issues or concerns arising from the business proposed to be conducted at the annual general meeting, please do not hesitate to write to me at the address set out below. The final proxy vote on each resolution will be available at the annual general meeting and posted on the Company's website.

The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

Yours sincerely

**Peter Fellner**  
Chairman

**Notice of Annual General Meeting**  
**Consort Medical plc**  
(the "Company")

Notice is hereby given that the 51st Annual General Meeting ("annual general meeting") of Consort Medical plc will be held at Suite D, Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire HP2 4TZ at 2pm on Wednesday 15 September 2010. The business of the annual general meeting will be as follows:

**Ordinary business**

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive and consider the Company's accounts for the year ended 30 April 2010 (the "Accounts") and the directors' and the auditors' reports on those Accounts and on the audited section of the directors' remuneration report.
2. To approve the directors' remuneration report contained in the Accounts.
3. To declare a final dividend of 12.1p per ordinary share, payable on 22 October 2010 to holders of ordinary shares appearing on the Register of Members at close of business on 24 September 2010.
4. To re-elect Jon Glenn as a director.
5. To re-elect Chris Banks as a director.
6. To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of next year's annual general meeting and to authorise the directors to set their remuneration.

**Special business**

To consider and, if thought fit, to pass the following resolutions, of which resolutions 7 and 11 will be proposed as ordinary resolutions and resolutions 8, 9 and 10 as special resolutions:

7. That

- (a) the directors be generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 ("CA 2006"), to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:
  - (i) up to a maximum nominal amount of £955,150 (such amount to be reduced by the nominal amount of any equity securities (as defined in section 560 of the CA 2006) allotted under paragraph (ii) below in excess of £955,150); and
  - (ii) comprising equity securities (as defined in section 560 of the CA 2006) up to a maximum nominal amount of £1,910,300 (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:
    - (A) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
    - (B) to 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 make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter;

- (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, on 30 October 2011;
- (c) the Company may, before this authority expires, make an offer or agreement which would or might require shares to be allotted or rights to be granted after it expires and the directors may allot shares or grant rights in pursuance of such offer or agreement as if this authority had not expired; and
- (d) all previously unutilised authorities under section 80 of the Companies Act 1985 ("CA 1985") and section 551 of the CA 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to section 551(7) of the CA 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).

8. That

- (a) the directors be given power:
  - (i) subject to the passing of Resolution 7, to allot equity securities (as defined in section 560 of the CA 2006) for cash pursuant to the authority conferred on them by that resolution under section 551 of the CA 2006; and

- (ii) to allot equity securities as defined in section 560(3) of the CA 2006 (sale of treasury shares) for cash, in either case as if section 561 of the CA 2006 did not apply to the allotment but this power shall be limited:
  - (A) to the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under Resolution 7(a)(ii) by way of a rights issue only) to or in favour of:
    - (i) holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
    - (ii) 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 make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter; and

- (B) to the allotment of equity securities pursuant to the authority granted under Resolution 7(a)(i) and/or by virtue of section 560(3) of the CA 2006 (in each case otherwise than under paragraph (A) above) up to a maximum nominal amount of £144,720;
- (b) this power shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, on 30 October 2011;
  - (c) all previous unutilised authorities under section 95 of the CA 1985 and sections 570 and 573 of the CA 2006 shall cease to have effect; and
  - (d) the Company may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted after it expires and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.
9. That, pursuant to Article 46 of the Company's Articles of Association, the Company be and is hereby generally and unconditionally authorised for the purposes of section 693 of the CA 2006 to make one or more market purchases (within the meaning of section 693(4) of the CA 2006) of ordinary shares of 10p each in the capital of the Company on such terms and in such manner as the directors may determine provided that:
- (i) the Company does not purchase under this authority more than 2,894,392 ordinary shares;
  - (ii) the Company does not pay for each such ordinary share less than the nominal amount of such ordinary share at the time of purchase; and
  - (iii) the Company does not pay for each such ordinary share more than the higher of an amount equal to 105% of the average closing mid-market prices of the ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Company agrees to buy the share concerned and that stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003 (exclusive of expenses payable by the Company in connection with the purchase).

This authority will continue for the period ending on the earlier of 30 October 2011 and the conclusion of the next annual general meeting unless renewed before that time, save that if the Company has agreed, before this authority expires, to purchase ordinary shares where the purchase will or may be executed after this authority expires (either wholly or in part), the Company may complete such purchase as if this authority had not expired.

- 10. That a general meeting of the Company (other than an annual general meeting of the Company) may be called on not less than 14 days' notice.
- 11. That the rules of the Consort Medical plc Company Share Option Plan 2010 ("CSOP"), as produced in draft to the meeting and initialled by the Chairman for the purposes of identification, and of which a summary is found in the Appendix to this Notice of Annual General Meeting, are hereby approved and adopted and the directors are hereby authorised to do all acts and things necessary to carry the CSOP into effect.

By order of the Board  
**John Slater**  
Company Secretary  
**11 August 2010**

Registered Office:  
Consort Medical plc  
Breakspear Park  
Breakspear Way  
Hemel Hempstead  
Hertfordshire  
HP2 4TZ  
Registered No. 00406711

## Documents available for inspection

Copies of the directors' service contracts (other than contracts expiring or determinable within one year by the Company without payment of compensation) and non-executive directors' letters of appointment will be available for inspection at the Registered Office of the Company during normal business hours on any weekday (public holidays excepted). Copies of these documents and the draft rules of the CSOP will also be available at Taylor Wessing, 5 New Street Square, London, EC4A 3TW during normal business hours on any weekday (public holidays excepted) from the date of this Notice until the conclusion of the annual general meeting.

## Notes

1. Members 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 meeting instead. A shareholder 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 shareholder. A proxy need not be a member of the Company. Members wishing to vote by proxy should use the Form of Proxy enclosed. To appoint more than one proxy, the Form of Proxy may be photocopied and completed for each proxy holder. The proxy holder's name should be written on the Form of Proxy together with the number of shares in relation to which the proxy is authorised to act. The box on the Form of Proxy must also be ticked to indicate that the proxy instruction is one of multiple instructions being given.
2. To be valid, the instrument appointing a proxy should be received by the Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time of the meeting. Completion of the Form of Proxy does not preclude a member from attending and voting at the meeting if they so wish.
3. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only shareholders registered in the Register of Members of the Company as at close of business on 13 September 2010 (or, in the event of an adjournment of the annual general meeting, 6pm on the date which is two days before the time of the adjourned meeting) shall be entitled to attend and vote, whether in person or by proxy, at the annual general meeting in respect of the number of shares registered in their name at that time. Changes to entries in the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the annual general meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST-sponsored members, and those CREST members who have appointed a 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.
5. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 RA10) by 2pm on 13 September 2010. 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.
6. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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, 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 system 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).
7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
8. Any member attending the annual general meeting is entitled pursuant to section 319A of the Companies Act 2006 to ask any question relating to the business being dealt with at the meeting. The Company will answer any such questions unless (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; or (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
9. As at 3 August 2010 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 28,943,922 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 3 August 2010 are 28,943,922.
10. A copy of this Notice and other information required by section 311A of the CA 2006 will be available on the Company's website and can be accessed at [www.consortmedical.com](http://www.consortmedical.com)

11. A form to be used for appointing a proxy or proxies for this meeting to vote on your behalf has been included in this mailing.
12. In order to attend and vote at this meeting you must comply with the procedures set out in notes 1 to 14 of this Notice by the dates specified in those notes.
13. If you are a person who has been nominated under section 146 of the CA 2006 to enjoy information rights (a "Nominated Person"):
  - You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (the "Relevant Member") to be appointed or to have someone else appointed as a proxy for the annual general meeting.
  - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
  - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

The statement of rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to a Nominated Person.

14. Under section 527 of the CA 2006 members 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 auditors' report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) 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 in accordance with section 437 of the CA 2006. 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 required 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 a website.

## Notes on Resolutions

### Resolution 1 – Annual Report and Accounts

Shareholders will be asked to receive the Annual Report and Accounts for the year ended 30 April 2010 (the “Accounts”). This is a legal requirement after the directors have approved the Accounts and the directors’ report and the auditors have prepared their report.

### Resolution 2 – Remuneration Report

Listed companies are required to prepare a directors’ remuneration report and put a resolution to approve the report to the shareholders at the annual general meeting. Shareholders will be asked to approve the Remuneration Report of the Board as set out on pages 26 to 30 of the Accounts.

### Resolution 3 – Final Dividend

A final ordinary dividend of 12.1p has been recommended by the Board as detailed on page 23 of the Accounts and will be payable to all members on the register at the close of business on 24 September 2010. The payment date will be 22 October 2010.

### Resolutions 4 and 5 – Re-election of Directors

Biographical details of the two directors seeking re-election are given on page 21 of the Accounts.

At a meeting of the Board held on 15 June 2010 the Board considered the performance and ability of the directors standing for re-election at the forthcoming annual general meeting. Each director concerned was considered to be an effective member of the Board and to display the requisite level of commitment. Hence, the Board recommends their re-election as directors.

### Resolution 6 – Re-appointment and Remuneration of Auditors

At each meeting at which Accounts are laid before the members, the Company is required to appoint auditors to serve from the conclusion of that meeting until the conclusion of the next such meeting. Resolution 6 proposes the re-appointment of PricewaterhouseCoopers LLP as the Company’s auditors and authorises the directors to set their remuneration for the forthcoming year. The remuneration will then be disclosed in the next Accounts of the Company.

### Resolutions 7 and 8 – Authorities to Allot Shares

Under the Companies Act 2006, the directors of a company may only allot shares if they are authorised by the shareholders in general meeting to do so. A resolution was passed at last year’s annual general meeting and it is proposed to renew this authority to authorise the directors under section 551 of the CA 2006 to allot shares or grant rights to subscribe for or convert any security into shares in the Company. Except as referred to below in relation to Resolution 11, the directors have no present intention of exercising the authority conferred by Resolution 7.

Paragraph (a)(i) of Resolution 7 will allow the directors to allot ordinary shares up to a maximum nominal amount of £955,150 representing approximately one-third (33.33%) of the Company’s existing issued share capital and calculated as at 3 August 2010 (being the latest practicable date prior to publication of this document). In accordance with the latest institutional guidelines issued by the ABI, paragraph (a)(ii) of Resolution 7 will allow directors to allot, including the ordinary shares referred to in paragraph (a)(i) of Resolution 7, further 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 £1,910,300, representing approximately two-thirds (66.67%) of the Company’s existing issued share capital calculated as at 3 August 2010. The directors have no present intention of exercising this authority. However, if they do exercise the authority, the directors intend to follow emerging best practice as regards its use (including, where appropriate, the directors standing for re-election) as recommended by the ABI.

The authority will expire on the earlier of 30 October 2011 and the conclusion of the next annual general meeting of the Company.

If equity securities are to be allotted using the authority given by Resolution 7 above, section 561 of the CA 2006 requires that those securities are offered first to existing shareholders in proportion to the number of ordinary shares they each hold at that time. There may be circumstances, however, when it is in the interests of the Company for the directors to be able to allot new equity securities other than by way of a strict rights issue. The directors will, therefore, seek renewal of their authority to allot shares in certain circumstances for cash in accordance with the CA 2006, without the requirement to offer them first to existing shareholders.

The authority given by Resolution 8 will empower the directors to modify the position with regard to offers by way of rights so that they may apply such exclusions or other arrangements as they deem necessary or expedient in relation to treasury shares, fractional entitlements or legal or practical problems arising under the laws or requirements of any recognised regulatory body or any stock exchange or otherwise in any overseas territories. Resolution 8 further authorises the directors to allot equity securities pursuant to any share scheme and also, more generally, for cash in other circumstances, but limited to equity securities having a maximum aggregate nominal value of £144,720, being approximately 5% of the Company’s issued ordinary share capital at 3 August 2010. This amount includes the sale for cash, on a non pre-emptive basis, of any shares the Company may hold in treasury.

The authority will expire on the earlier of 30 October 2011 and the conclusion of next year's annual general meeting.

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 shareholders.

#### **Resolution 9 – Share Buy-back**

Authority is sought to purchase up to 10% of the ordinary issued share capital of the Company, continuing the authority granted by shareholders last year. This authority will be used only if the directors are satisfied that any purchase will increase earnings per share and would be in the best interests of the Company and its shareholders generally. Any purchases of ordinary shares made pursuant to this authority would be made by way of market purchases through the London Stock Exchange and made out of distributable profits.

The proposed authority would enable the Company to purchase up to a maximum of 2,894,392 ordinary shares (being 10% of the Company's issued share capital as at 3 August 2010) with a stated upper and lower limit on the price payable. The authority will expire on 30 October 2011 or, if earlier, at the conclusion of the Company's annual general meeting in 2011 unless renewed, varied or revoked at that, or any earlier, general meeting of the Company's shareholders.

Shares purchased under this authority may be held by the Company as treasury shares for possible future use rather than immediate cancellation, within the limits allowed by law. The Company is required to disclose sales and transfers of shares into and out of treasury and place a limit on the discount to market price at which shares can be sold out of treasury for cash not subject to shareholder pre-emption rights.

For information, at 3 August 2010 there were options outstanding over 1,623,231 shares representing approximately 5.6% of the issued share capital of the Company at that date. If the full authority being sought to buy back shares were to be exercised, then such number of options to subscribe for shares would represent approximately 6.2% of the reduced share capital.

#### **Resolution 10 – General Meetings on 14 Days' Notice**

The Companies (Shareholders' Rights) Regulations 2009 has increased the required notice period for general meetings of the Company to 21 days. The Company is currently able to call general meetings (other than an annual general meeting) on 14 clear days' notice and would like to preserve this ability. In order to be able to do so after 3 August 2009, shareholders must have approved the calling of meetings on 14 days' notice. Resolution 10 seeks such approval. 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 to the advantage of the shareholders as a whole. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Regulations before it can call a general meeting on 14 days' notice.

#### **Resolution 11 - Adoption of Consort Medical plc Company Share Option Plan 2010**

The effect of this resolution is to give the directors authority to adopt the CSOP and operate it in accordance with the rules of the CSOP. A detailed summary of the principal terms of the CSOP is set out in the Appendix which forms part of the Notice of the Annual General Meeting.

The CSOP is an HM Revenue & Customs-approved option plan which means that there will potentially be income tax benefits for participants and savings of National Insurance contributions for both participants and the Company provided certain conditions are satisfied.

As an HM Revenue & Customs-approved option plan, the CSOP is subject to certain statutory limitations, including a limit on the maximum value of options available.

**Consort Medical plc**  
Breakspear Park  
Breakspear Way  
Hemel Hempstead  
Hertfordshire  
HP2 4TZ

## Appendix

### The Consort Medical plc Company Share Option Plan 2010 (“CSOP”)

#### Status of the CSOP

The CSOP is designed to be capable of approval by HM Revenue & Customs (“HMRC”) under Schedule 4 of the Income Tax (Earnings & Pensions) Act 2003. The summary of the key terms of the CSOP outlined below is subject to any amendments required by HMRC in order to comply with the relevant legislation.

#### Eligibility

Employees (including full-time executive directors) of Consort Medical plc (the “Company”) and any of its subsidiaries may be granted options over shares in the Company (“Ordinary Shares”) under the CSOP provided that they are not prohibited under the relevant legislation relating to HMRC-approved company share option plans from being granted an option by virtue of having, or having had, a material interest in the Company.

#### Grant

The Remuneration Committee has absolute discretion to select the persons to whom options are to be granted and, subject to the limits set out below, in determining the number of Ordinary Shares subject to each option.

No options may be granted unless and until the CSOP has been formally approved by HMRC under Schedule 4 of the Income Tax (Earnings & Pensions) Act 2003.

Options may be granted during the period of 42 days commencing on: (a) the date on which the CSOP receives written approval from HMRC; (b) the dealing day immediately following the date of the preliminary announcement of the Company’s annual results or the announcement of its half-yearly results in any year (provided that if the Ordinary Shares continue to be admitted to the Official List of the UK Listing Authority (“Official List”) at the time in question, no option shall be granted during the first two dealing days following the date of any such announcement); or (c) any other time fixed by the Remuneration Committee where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of options.

If the grant of an option on any of the above days would be prohibited by virtue of the model code on directors’ dealings as set out in the Listing Rules of the UK Listing Authority (“Model Code”) or any statute or regulation or any order made pursuant to such statute, then such option may be granted during the period of 40 days commencing immediately after the second dealing day following the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of an option.

#### Scheme Limits

On any date, no option may be granted under the CSOP if, as a result, the aggregate nominal value of Ordinary Shares issued or issuable pursuant to options granted during the previous ten years under the CSOP or any other employees’ share scheme, profit sharing scheme or employee share ownership plan adopted by the Company would exceed 10% of the nominal value of the share capital of the Company in issue on that date.

For the avoidance of doubt, any Ordinary Shares already in issue when placed under option or subject to an option which has lapsed shall be disregarded for the purpose of the above limits.

#### Individual Limit

Each individual’s participation is limited so that the aggregate market value of Ordinary Shares subject to all options (calculated as at the date of grant of each option) held by that individual and granted under the CSOP or any other HMRC-approved company share option plan operated by the Company or any associated company, shall not exceed £30,000 (or such other amount as may be permitted by HMRC from time to time).

#### Exercise Price

The exercise price per Ordinary Share under an option is determined by the Remuneration Committee at the time of grant but may not be less than the greater of (i) the market value of an Ordinary Share as at the date of grant and (ii) in the case of an option to subscribe for Ordinary Shares, the nominal value of an Ordinary Share.

The exercise price (as well as the number of Ordinary Shares under option and their nominal value) may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of Ordinary Shares pursuant to the exercise of an option given to the shareholders of the Company to receive shares in lieu of a dividend) or rights offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital. Any such adjustment will require the prior approval of HMRC.

## **Performance Conditions**

The exercise of options granted under the CSOP will, in normal circumstances, be conditional upon the achievement of an objective performance target set at the time of grant. Such performance target shall be measured over a performance period (determined by the Remuneration Committee at the time of grant but which shall not be less than three years) ("Performance Period"). The option will become capable of exercise following a date ("Vesting Date") specified at the time of grant which occurs after the expiry of the relevant Performance Period. The Vesting Date for an option may not occur before the third anniversary of the date of grant.

In relation to the initial grant of options under the CSOP, it is intended that the Performance Period will be three years.

If events occur which cause the Remuneration Committee reasonably to consider that a different or amended target would be a fairer measure of performance, the Remuneration Committee may waive or amend the original performance target in such manner as it deems fit provided that any such amended target is not materially more difficult to achieve than the original performance target.

It should also be noted that a performance target, applying to an option, may be measured over an abbreviated period less than the Performance Period in circumstances where an employee ceases to be an employee of the group of companies of which the Company forms part ("Group") before the end of the relevant Performance Period or certain corporate events occur (such as a change of control of the Company) before the end of the relevant Performance Period. In these circumstances such performance target may be modified in such manner as the Remuneration Committee thinks fit so as to be applied over such abbreviated period.

## **Exercise of Options**

Normally, an option may only be exercised following the occurrence of the Vesting Date to the extent that the performance target has been satisfied and the participant is still an employee within the Group.

No option is capable of exercise more than ten years after its date of grant and will lapse on the tenth anniversary of its date of grant.

Options may not be exercised during any prohibited period specified by the Model Code.

In certain circumstances, options may be exercisable for a limited period of time if the option holder ceases to be an employee of the Group. In particular, options may be exercised for a period of six months following the Vesting Date if the option holder ceases to be employed within the Group by reason of injury, ill health or disability (evidenced to the satisfaction of the Remuneration Committee), redundancy or retirement on or after reaching the age of 55 or upon the sale or transfer out of the Group of the company or undertaking employing him. In the event of cessation of employment of the option holder by reason of his death, his personal representatives will be entitled to exercise the option within 12 months following the date of his death. Where an option holder ceases to be employed within the Group for any other reason, options may also become exercisable for a limited period at the discretion of the Remuneration Committee.

Exercise of options is possible earlier than the Vesting Date in the event of a takeover, a scheme of arrangement under Part 26 of the Companies Act 2006 being sanctioned by the court or the voluntary winding up of the Company. In the case of a takeover of the Company or the transfer out of the Group of the undertaking employing the option holder concerned, the Remuneration Committee may allow the option to be exercised immediately before, but with effect from, the takeover or the transfer of the undertaking concerned.

In all of these circumstances allowing for early exercise of an option prior to the Vesting Date, the option may not be exercised unless (subject to any modification of the performance target in accordance with the rules of the CSOP) the performance condition, if any, to which it is subject has been satisfied. Where an option is exercised before the occurrence of the Vesting Date, the maximum number of Ordinary Shares over which any option is capable of exercise shall, subject to the discretion of the Remuneration Committee, be pro-rated down on a time apportioned basis by reference to the time that has elapsed from the relevant date of grant to the relevant event giving rise to the early exercise of the option.

In relation to the pro-rating mechanism outlined above, the Remuneration Committee has a discretion, having full regard to all the circumstances surrounding the early exercise of an option, to ignore the prescribed pro-rating of the Ordinary Shares over which such option may be exercised.

In the event of a takeover of the Company, an option holder may be allowed to exchange his option for a new option over shares in the acquiring company, provided that the acquiring company agrees to such exchange and the rights under the new option are equivalent to those under the old option.

## **Other Option Terms & Issues of Ordinary Shares**

The CSOP provides the facility for the exercise of an option to be satisfied by either the issue of Ordinary Shares, the transfer of Ordinary Shares held by an existing shareholder who has agreed to satisfy the exercise of the option or by the transfer of Ordinary Shares held in treasury.

Options are not capable of transfer or assignment.

Until options are exercised, option holders have no voting or other rights in relation to the Ordinary Shares subject to those options.

Ordinary Shares allotted pursuant to the exercise of an option will rank *pari passu* in all respects with the Ordinary Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of such allotment. Ordinary Shares transferred on the exercise of an option shall be transferred without the benefit of any rights attaching to the Ordinary Shares by reference to a record date preceding the date of that exercise. For so long as the Company's Ordinary Shares are listed on the Official List, the Company will use its best endeavours to procure that the Ordinary Shares issued following exercise of any options are admitted to the Official List as soon as practicable after allotment.

Benefits obtained under the CSOP are not pensionable.

#### **Administration & Amendment**

The CSOP is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the CSOP. However, no amendment to a key feature of the CSOP shall have effect until HMRC has approved such amendment. Furthermore, the rules of the CSOP which relate to:

- the persons to whom Ordinary Shares are provided under the CSOP;
- the limits on the number of Ordinary Shares which may be issued under the CSOP;
- the maximum entitlement of any option holder;
- the basis for determining an option holder's entitlement to Ordinary Shares or options; and
- the basis for determining the adjustment of any option granted under the CSOP following any increase or variation in the share capital of the Company

cannot be amended to the advantage of any option holder or potential option holder without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the CSOP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or any Group company.

#### **Termination**

The CSOP may be terminated at any time by resolution of the Board of directors of the Company and shall in any event terminate on the tenth anniversary of its adoption so that no further options can be granted under the CSOP after such termination. Termination shall not affect the outstanding rights of existing option holders.

