

**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 advice from a stockbroker, solicitor, accountant, or other independent professional adviser.

If you have sold or otherwise transferred all of your shares in RSM Tenon Group 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.

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## **RSM Tenon Group PLC**

(incorporated and registered in England and Wales with registered number 3931297)

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**Notice of the Annual General Meeting of RSM Tenon Group PLC** to be held on Tuesday 13 December 2011 at 10.00am at the offices of Macfarlanes LLP, 20 Cursitor Street, London EC4A 1LT is set out on pages 2 to 3 of this document.

The board considers that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Accordingly the board (other than, in the case of resolutions 4 to 7, the director proposed for re-election or election in each resolution) unanimously recommends, that shareholders vote in favour of each resolution.

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.

## Notice of Annual General Meeting 2011

NOTICE IS HEREBY GIVEN that the Annual General Meeting 2011 ('AGM') of RSM Tenon Group PLC ('the Company') will be held at the offices of Macfarlanes LLP, 20 Cursitor Street, London EC4A 1LT at 10.00am on Tuesday 13 December 2011 for the purpose of considering and, if thought fit, passing the following resolutions, in the case of resolutions 1 to 11 inclusive as ordinary resolutions and in the case of resolutions 12 to 14 inclusive as special resolutions:

### Ordinary resolutions

1. To receive and adopt the accounts and the reports of the directors and the auditors for the year ended 30 June 2011.
2. To approve the directors' remuneration report for the year ended 30 June 2011.
3. To declare a final dividend of 0.55p per ordinary 10p share in the capital of the Company ('Ordinary Share') payable to shareholders on the register of members of the Company at the close of business on 9 December 2011.
4. To re-elect Bob Morton, who retires voluntarily from the board by rotation and offers himself for re-election in accordance with the Company's articles of association, as a director of the Company.
5. To re-elect John Newman, who retires voluntarily from the board by rotation and offers himself for re-election in accordance with the Company's articles of association, as a director of the Company.
6. To elect Adrian Gardner, who was appointed to the board during the year and retires in accordance with Article 53, as a director of the Company.
7. To elect Michael Findlay, who was appointed to the board during the year and retires in accordance with Article 53, as a director of the Company.
8. To re-appoint PricewaterhouseCoopers LLP as auditor of the Company until the conclusion of the Company's next AGM.
9. To authorise the directors to determine the remuneration of the auditor.
10. To approve the adoption of the RSM Tenon Group PLC Long Term Incentive Plan (the 'Plan'), a copy of which is produced to the meeting initialled by the chairman for the purposes of identification and which is summarised in Appendix 2, and to authorise the directors to (a) do all acts and things they may consider necessary or expedient to carry the Plan into effect and (b) establish such other employees' share option or share incentive schemes for the benefit of employees within the Company's group who are based outside the United Kingdom, any such plan to be similar to the Plan, but modified to take account of local tax, exchange control or securities laws, provided that any Ordinary Shares issued or which might be issued under such further schemes will be treated as counting against the individual and overall maximum limitations on the issue of new Ordinary Shares specified in the Plan.
11. THAT, the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company:
  - a. to allot Ordinary Shares in the Company and to grant rights to subscribe for, or to convert any security into, Ordinary Shares in the Company ('Relevant Securities'), up to a maximum aggregate nominal amount of £10,750,830; and further
  - b. to allot Relevant Securities comprising equity securities (within the meaning of section 560 of the Act) up to an aggregate nominal amount of £10,750,830 in connection with an offer by way of a rights issue in favour of holders of Ordinary Shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of Ordinary Shares, but subject to such exclusions or other arrangements as the directors deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;

for a period expiring (unless previously revoked, varied or renewed) on the earlier of 15 months after the passing of this resolution and the conclusion of the next AGM of the Company, but the Company shall be entitled to make any offer or agreement before the expiry of this authority which would or might require Relevant Securities to be allotted after such expiry and the directors may allot Relevant Securities pursuant to such offer or agreement as if such authority had not expired.

## Special resolutions

12. THAT, subject to the passing of resolution 11 above, the directors be generally empowered pursuant to section 570 and section 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash, pursuant to the authority conferred by resolution 11 as if section 561(1) of the Act did not apply to such allotment, provided that this power shall expire on the earlier of 15 months after the passing of this resolution and the conclusion of the next AGM of the Company. This power shall be limited to the allotment of equity securities:
- a. in connection with an offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement save that in the case of an allotment pursuant to the authority conferred by paragraph (b) of resolution 11, such offer shall be by way of rights issue only) in favour of holders of Ordinary Shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of Ordinary Shares but subject to such exclusions or other arrangements as the directors deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
  - b. otherwise than pursuant to paragraph (a) above, up to an aggregate nominal amount of £1,612,624 but the Company may make, before such expiry, an offer or agreement which would or might require equity securities to be allotted after this power expires and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired. This power applies in relation to the sale of Ordinary Shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if in the first paragraph of this resolution the words 'pursuant to the authority conferred by resolution 11' were omitted.
13. THAT, the Company be unconditionally and generally authorised pursuant to section 701 of the Act to make market purchases (as defined by section 693(4) of the Act) of its Ordinary Shares on such terms and in such manner as the directors shall determine, provided that:
- a. the maximum number of Ordinary Shares which may be so acquired is 32,252,490 or 10% of the number of shares in issue immediately following the passing of this resolution;
  - b. the minimum price which may be paid for each Ordinary Share shall be 10p (exclusive of all expenses);
  - c. the maximum price which may be paid for each Ordinary Share shall not exceed 5% over the average of the closing middle market price of an Ordinary Share (as derived from The Stock Exchange Daily Official List) for the 5 business days immediately preceding the date on which the Company agrees to buy the Ordinary Shares concerned (exclusive of all expenses); and
- this authority (unless previously revoked, varied or renewed) shall expire on the earlier of 15 months after the passing of this resolution and the next annual general meeting of the Company, except in relation to the purchase of Ordinary Shares, the contract for which was concluded before such date and which will or may be executed wholly or partly after such date.
14. THAT, general meetings (other than any annual general meeting) of the Company may be called on not less than 14 clear days' notice.

By order of the board



**Christopher Crouch**  
Company Secretary  
31 October 2011

Registered office: 66 Chiltern Street, London W1U 4GB

### **Notes to the notice of Annual General Meeting 2011**

#### **Rights to appoint a proxy**

1. Members of the Company are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at a meeting of the Company. A proxy does not need to be a member of the Company. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different Ordinary Share or Shares held by that member.
2. A proxy form which may be used to make such appointment and give proxy directions accompanies this notice. If you do not receive a proxy form and believe that you should have one, or if you require additional proxy forms in order to appoint more than one proxy, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network charges; lines are open Mon-Fri 9.00am to 5.00pm).

#### **Procedure for appointing a proxy**

3. To be valid, the proxy form must be received by post or (during normal business hours only) by hand at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 48 hours before the meeting. It should be accompanied by the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority.
4. The return of a completed proxy form or any CREST Proxy Instruction (as described in note 13 below) will not preclude a member from attending the AGM and voting in person if he or she wishes to do so.

#### **Changing or revoking proxy instructions**

5. To change your proxy instructions simply submit a new proxy appointment. Any amended proxy appointment must be received no later than the time referred to in note 3 above.
6. If you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network charges) and ask for another proxy form.
7. If you submit more than one valid proxy appointment in respect of the same share for the purposes of the same meeting, the appointment last delivered or received shall prevail in conferring authority on the person named in it to attend the meeting and speak and vote.
8. In order to revoke a proxy instruction you will need to inform the Company by sending notice in writing clearly stating your intention to revoke your proxy appointment to the address referred to in note 3 (accompanied by the power of attorney or other authority (if any) under which the revocation notice is signed or a notarially certified copy of such power or authority). The revocation notice must be received no later than 48 hours before the meeting.

In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

9. If you attempt to revoke your proxy appointment but the revocation is received after the time specified above then your proxy appointment will remain valid.

#### **Nominated persons**

10. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a 'Nominated Person') may, under an agreement between him or her and the member by whom he or she was nominated, have a right 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 member as to the exercise of voting rights.
11. The statement of the rights of members in relation to the appointment of proxies in notes 1, 2 and 3 above does not apply to Nominated Persons. The rights described in those notes can only be exercised by members of the Company.

#### **Record date**

12. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 6.00pm on 11 December 2011 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the right of any person to attend and vote at the meeting.

### **CREST proxy appointments**

13. 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 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.

So that a CREST proxy appointment or instruction to a proxy can be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in compliance with Euroclear UK & Ireland Limited's specifications and must contain the necessary information, as described in the CREST Manual (available at [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so that Capita Registrars RAIO receives it by no later than 48 hours before the meeting. 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 Capita Registrars is able to retrieve the message by enquiry to CREST in the manner required by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Euroclear UK & Ireland Limited 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) Uncertificated Securities Regulations 2001.

### **Corporate representatives**

14. 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 Ordinary Shares.

### **Total voting rights**

15. As at 28 October 2011 (being the last business day prior to the publication of this notice) the Company's issued share capital comprised 322,524,903 Ordinary Shares. Each Ordinary Share carries the right to one vote on a poll at a general meeting of the Company and, therefore, the total voting rights in the Company as at that date are 322,524,903. As at 28 October 2011, the Company held no Ordinary Shares as treasury shares.

### **Publication on website**

16. Under section 527 of the Act, 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: (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, 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 Act to publish on a website.
17. A copy of this notice, and other information required by section 311A of the Act, can be found on the website at [www.rsmtenon.com](http://www.rsmtenon.com)

## Notice of Annual General Meeting continued

### **Other rights of members**

18. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

### **Explanatory notes**

19. Explanatory notes on the resolutions can be found in Appendix 1.

20. Explanatory notes on the RSM Tenon Group Long Term Incentive Plan can be found in Appendix 2.

### **Communications**

21. Members who have general enquiries about the meeting should call our members' helpline on 020 7535 1468/1451. No other means of communication will be accepted.

22. You may not use any electronic address provided in this notice of AGM for communicating with the Company for any purposes other than those expressly stated.

### **Documents available for inspection**

23. Copies of the following documents may be inspected at the offices of Macfarlanes LLP, 20 Cursitor Street, London EC4A 1LT during normal business hours on weekdays (public holidays excepted) up to and including the day of the AGM:

- (i) service contracts of the directors and appointment letters of non-executive directors; and
- (ii) the RSM Tenon Group PLC Long Term Incentive Plan.

## **Appendix 1**

### **Explanatory notes on the AGM resolutions**

Resolutions 1 to 11 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 12, 13 and 14 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Ordinary resolutions cover the adoption of and are connected with the Annual Report and Accounts 2011. These resolutions include approving the remuneration report, the re-appointment of PricewaterhouseCoopers LLP as auditor of the Company, the re-election of Bob Morton and John Newman and the appointments of Adrian Gardner and Michael Findlay. Information providing biographical details and related matters can be found in the Annual Report and Accounts 2011 on pages 32, 39 and 40. Additional information on the remaining resolutions is as follows:

### **Adoption of the RSM Tenon Group PLC Long Term Incentive Plan (the 'Plan') - resolution 10**

The Plan forms part of the revised remuneration arrangements for executive directors for the financial year 2011/12 details of which can be found in the 'Directors' remuneration report' on pages 42 to 51 of the Annual Report and Accounts 2011. A summary of the Plan can be found in Appendix 2.

### **Authority to allot Ordinary Shares - resolution 11**

This resolution grants authority under section 551 of the Act to the directors to allot Ordinary Shares in accordance with the ABI's Investment Committee guidelines. The amounts of issued ordinary share capital detailed in this resolution relate to the issued ordinary share capital of the Company as at 28 October 2011 being the latest practicable date before publication of this notice. This authority, if granted, would expire at the earlier of 12 March 2013 or the conclusion of the AGM of the Company held in 2012.

#### **PART 11a**

To grant authority to allot Ordinary Shares up to a maximum aggregate nominal amount of £10,750,830 (representing 107,508,300 Ordinary Shares).

#### **PART 11b**

To grant authority to allot Ordinary Shares up to a maximum aggregate nominal amount of an additional £10,750,830 (representing, if both 11a and 11b are used 215,016,600 Ordinary Shares) in connection with a rights issue in favour of shareholders as reduced by the nominal amount of any Ordinary Shares issued under part 11a.

The directors have no present intention to allot shares other than on the exercise of share options under the Company's employee share option schemes. However, the directors believe it to be in the best interests of the Company that they should continue to have these authorities so that such allotments can take place to finance appropriate business opportunities that may arise. If they do exercise the authorities, the directors intend to follow ABI recommendations concerning their use (including the whole board standing for re-election at the next AGM).

### **Authority to disapply pre-emption rights - resolution 12**

To grant authority under section 571 of Act to disapply shareholder pre-emption rights, in accordance with corporate governance guidelines, so that Ordinary Shares may be allotted for cash, other than by way of a rights issues up to an aggregate nominal value of £1,612,624 (representing 16,126,245 Ordinary Shares being approximately 5% of the issued ordinary share capital of the Company as at 28 October 2011, the latest practicable date prior to publication of this notice. The directors consider that this authority is desirable in order to give the Company the flexibility to issue Ordinary Shares or other equity securities, for example to finance business opportunities.

The Company intends to adhere to the provisions in the Pre-Emption Group Statement of Principles regarding cumulative usage of authorities within a rolling 3 year period, so that usage in excess of 7.5% of the Company's issued share capital will not take place without prior consultation with shareholders. This authority, if granted, would expire at the earlier of 12 March 2013 or the conclusion of the AGM of the Company held in 2012.

**Authority to make market purchases - resolution 13**

To grant authority to the Company, in accordance with corporate governance guidelines, to make market purchases (as defined by section 693 of the Act) of up to 32,252,490 of the Company's Ordinary Shares (being approximately 10% of the issued ordinary share capital as at 28 October 2011, the latest practicable date prior to the publication of this notice). The maximum and minimum amount that would be paid if this authority were used are detailed at 13b and 13c respectively.

The Company will only exercise this authority if to do so would result in an increase in total return per Ordinary Share and is in the best interests of shareholders generally. Ordinary Shares purchased pursuant to this authority are intended to be cancelled and not to be held as treasury shares. The authority to make market purchases existing at the date of this notice is detailed on page 54 of the Annual Report and Accounts 2011.

Information regarding outstanding warrants and options, as at 30 June 2011, can be found at note 24 of the financial statements on pages 92 to 95 of the Annual Report and Accounts 2011.

The total number of options outstanding represents 12.36% of the Company's issued ordinary share capital at 14 October 2011. If the Company bought back the maximum number of Ordinary Shares permitted under this resolution the total number of options to subscribe for equity shares outstanding at that date would represent 13.73% of the issued share capital as reduced following those repurchases.

Details of any Ordinary Shares purchased using this authority would be notified to a Regulatory Information Services of the London Stock Exchange in accordance with its regulations. Details will also be included in the Company's Annual Report and Accounts in respect of the financial period in which any such purchase takes place.

**General meetings - resolution 14**

In order to be able to continue to hold general meetings, other than annual general meetings, on 14 days' notice, it is necessary for a Company listed in the premium section of the Official List/Main Market, such as RSM Tenon Group PLC, to pass this resolution on an annual basis.

The Company will only exercise this authority where the directors consider use of it to be merited by the business of the meeting and in the best interests of the shareholders generally. It will not be used as a matter of routine for such meetings.

## **Appendix 2**

### **Summary of the principal terms of the RSM Tenon Group PLC Long Term Incentive Plan (the 'Plan'):**

#### **Operation**

The remuneration committee of the board of directors of the Company (the 'Committee') will supervise the operation of the Plan.

#### **Eligibility**

Any employee (including an executive director) of the Company and its subsidiaries will be eligible to participate in the Plan at the discretion of the Committee. It is the current intention that initial awards under the Plan will be made to executive directors only. It is anticipated that the long-term incentive policy will be cascaded down to senior executives in the future.

#### **Grant of awards**

The Committee may grant awards to acquire Ordinary Shares in the Company within 6 weeks following the Company's announcement of its results for any period. The Committee may also grant awards within 6 weeks of shareholder approval of the Plan or at any other time when the Committee considers there are exceptional circumstances which justify the granting of awards. It is intended that the first awards will be made shortly after the adoption of the Plan.

The Committee may grant awards as conditional shares or as nil cost options or other rights to receive Ordinary Shares. The Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so. The Committee currently intends to grant awards in the form of nil cost options.

An award may not be granted more than 10 years after shareholder approval of the Plan.

No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

#### **Individual limit**

An employee may not receive awards in any financial year over Ordinary Shares having a market value in excess of 100% of his/her annual base salary in that financial year. In exceptional circumstances, such as recruitment or retention, this limit is increased to 150% of an employee's annual base salary. Initial awards (outside of new recruits) and ongoing award levels under the Plan will be limited to 50% of salary.

#### **Performance conditions**

The vesting of awards granted to executive directors and senior executives will be subject to performance conditions set by the Committee.

For the initial awards to be granted under the Plan, performance will be measured over a period of 3 years. 50% of an award will be based on normalised earnings per share ('EPS') as determined by the Committee and 50% of an award will be based on a total shareholder return ('TSR'), as follows:

- 25% of the EPS-related part of an award will vest for average annual EPS growth of 3% per annum in excess of the Retail Prices Index ('RPI'), increasing on a straight-line basis to 100% vesting for EPS growth of at least 10% per annum in excess of RPI; and
- 25% of the TSR-related part of an award will vest if the Company's TSR is ranked at the median of the constituents of the FTSE SmallCap (excluding investment trusts) (being the 'Comparator Group') increasing on a straight-line basis to 100% vesting if the Company's TSR is ranked at the upper quartile of the Comparator Group.

In addition to the TSR performance condition, the Committee must also be satisfied that there has been an improvement in the Company's underlying financial performance.

In addition to the EPS performance condition, the Committee must also be satisfied that there has been significant progress in the working capital management of the group.

Performance against each target will be assessed separately.

The Committee can set different performance conditions from those described above for future awards provided that, in the reasonable opinion of the Committee, the new targets are not materially less challenging in the circumstances than those described above.

The Committee may also vary the performance conditions applying to existing awards without shareholder consent if an event has occurred which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

#### **Clawback**

Awards are subject to a clawback period of up to 3 years from the date the performance target is satisfied. During this time, the value of vested awards may be clawed back from participants if any accounts used to assess the performance target are materially corrected, or there is other objective evidence that the relevant performance was materially worse than believed when the performance target was assessed.

#### **Vesting of awards**

Awards normally vest 3 years after grant to the extent that the applicable performance conditions (see above) have been satisfied and provided the participant is still employed in the Company's group. Awards in the form of options will normally be exercisable up until the 10th anniversary of grant unless they lapse earlier.

#### **Dividend equivalents**

The Committee may decide that participants will receive a payment (in cash and/or shares) on or shortly following the vesting or exercise of their awards, of an amount equivalent to the dividends that would have been paid on those Ordinary Shares between the time when the awards were granted and the time when they vest. This amount may assume the reinvestment of dividends.

#### **Leaving employment**

An award will normally lapse upon a participant leaving the employment of the RSM Tenon Group. However, in the event of cessation of employment because of death, awards will vest early, subject to performance measured up to the date of cessation of employment. Also, awards may vest in the event of disability, injury, redundancy, retirement (at any age with the agreement of the Committee) or in other circumstances at the discretion of the Committee. In these cases the award will normally vest on the normal vesting date (i.e. the 3rd anniversary of date of grant) to the extent determined by the performance conditions (measured over the full performance period). The Committee may, at its discretion, permit awards to vest in such circumstances at the time of cessation of employment, in which case awards would normally be subject to the performance condition as measured over the shorter period. In either case, there will also be a pro-rata reduction in the size of an award to reflect the time between grant and cessation of employment (unless the Committee determines that it would be inappropriate to apply a pro-rata reduction).

#### **Corporate events**

In the event of a takeover, scheme of arrangement or winding up of the Company (not being an internal corporate reorganisation) all awards will vest early subject to: (i) the extent that the performance conditions have been satisfied at that time; and (ii) the pro-rating of the awards to reflect the reduced period of time between their grant and vesting, although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation awards will be replaced by equivalent new awards over shares in a new holding Company unless the Committee decides that awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Ordinary Shares to a material extent, or in the event a scheme of arrangement which does not effect a change of control of the Company is sanctioned by the Court, then the Committee may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

#### **Participants' rights**

Awards of conditional shares and options will not confer any shareholder rights until the awards have vested or the options have been exercised and the participants have received their shares.

#### **Rights attaching to shares**

Any Ordinary Shares allotted when an award vests or is exercised will rank equally with shares then in issue (except for rights arising by reference to a record date prior to their allotment).

**Variation of capital**

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the shares, or in the event a scheme of arrangement which does not effect a change of control of the Company is sanctioned by the Court, the Committee may make such adjustment as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any).

**Overall Plan limits**

The Plan may operate over new issue shares, treasury shares or shares purchased in the market. The Company is establishing an employee benefit trust to be used in conjunction with the Plan.

In any 10 calendar year period, the Company may not issue (or grant rights to issue) more than 15% of the issued ordinary share capital of the Company under the Plan and any other employee share plan adopted by the Company. Further information on the Company's dilution limits can be found on page 46 of the Annual Report and Accounts 2011.

Treasury shares will count as new issue shares for the purposes of these limits unless in the opinion of the board institutional investors generally consider that they need not count.

**Alterations to the Plan**

The Committee may, at any time, amend the Plan in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the shares or cash to be acquired and the adjustment of awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made 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 any Company in the Company's group.

**RSM Tenon Group PLC**

is registered in England and Wales with its registered office at:

66 Chiltern Street  
London  
W1U 4GB

T: 020 7535 5775

F: 020 7935 7192

E: [registeredoffice@rsmtenon.com](mailto:registeredoffice@rsmtenon.com)

[www.rsmtenon.com](http://www.rsmtenon.com)

Registered no.3931297

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