

THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY AND FORM OF ELECTION ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (FSMA) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred, or sell or otherwise transfer before 8.00 am on 20 March 2015, your entire holding of Ordinary Shares, please send this document (but not any personalised Form of Proxy or Form of Election) as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such documents must not be forwarded or transmitted in or into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was made.

The B Shares, the C Shares and the Deferred Shares will not be marketed and are not available to the public, in whole or in part, in connection with the proposed Return of Cash.

No application will be made to the UK Listing Authority or to the London Stock Exchange for any of the B Shares, C Shares or Deferred Shares to be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities, nor will they be listed or admitted to trading on any other investment exchange.



PERSIMMON PLC

(Incorporated and registered in England no: 1818486)

**PROPOSED RETURN OF CASH TO SHAREHOLDERS
OF 95 PENCE PER ORDINARY SHARE
BY WAY OF ONE B SHARE OR ONE C SHARE
FOR EACH ORDINARY SHARE
AND
NOTICE OF GENERAL MEETING**

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Persimmon Plc which is set out in Part 2 of this document and which contains a recommendation by the Directors that Shareholders vote in favour of the resolution to be proposed at the General Meeting referred to below. You should note that the Return of Cash is conditional upon the approval by Shareholders of the Resolution.

Notice of a General Meeting of the Company to be held at Persimmon House, Fulford, York YO19 4FE at 3.00 pm on 19 March 2015 is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed with this document. A Form of Election for use in connection with the Return of Cash is also enclosed for Shareholders who hold their Ordinary Shares in certificated form.

Merrill Lynch International, which is authorised and regulated in the United Kingdom by the FCA, is acting as sole financial adviser to Persimmon in relation to the Return of Cash and is not advising any other person and accordingly will not be responsible to anyone other than Persimmon for providing the protections afforded to clients of Merrill Lynch International nor for providing advice in connection with the proposed Return of Cash or the contents of this document or any other matter referred to herein.

None of the B Shares, C Shares or Deferred Shares has been or will be registered under the US Securities Act or the state securities laws of the United States and none of them may be offered or sold in the United States unless pursuant to a transaction which has been registered under the US Securities Act and/or relevant state securities laws or which is not subject to the registration requirements of the US Securities Act or such laws, either because of an exemption therefrom or otherwise.

None of the US Securities and Exchange Commission, any state securities commission in the United States, or any other securities commission or regulatory authority has approved or disapproved of the securities described in this document or determined if this document is truthful, complete or accurate. Any representation to the contrary is a criminal offence in the United States.

The attention of non-UK Shareholders is drawn to Part 3, section 7 of this document.

Shareholders resident or with a registered address in the United States of America, Canada, Australia, Japan, the Republic of South Africa or New Zealand will be deemed to have elected for the Income Option (C Shares) and will automatically receive the C Share Dividend if the Return of Cash is approved by Shareholders. The Capital Option (B Shares) is not being offered to Shareholders resident or with a registered address in any of these jurisdictions.

IMPORTANT NOTICE

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any applicable restrictions or requirements. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This document has been prepared for the purposes of complying with English law and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside England and Wales. The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and the publication of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Persimmon.

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NOTICE OF GENERAL MEETING

PART 1 – EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2015

Latest time and date for receipt of the Form of Proxy or electronic proxy or CREST Proxy Instruction for the General Meeting	3.00 pm on 17 March
General Meeting	3.00 pm on 19 March
Record Date for Share Entitlement	6.00 pm on 19 March
CREST accounts credited with “interim CREST entitlements” in respect of Ordinary Shares	8.00 am on 20 March
Ordinary Shares commence trading ex-Share Entitlement	8.00 am on 20 March
Latest time and date for receipt of Form of Election or USE Instruction	11.00 am on 27 March
B Shares and C Shares allotted	30 March
C Share Dividend becomes payable	2 April
Reclassification of C Shares in respect of which the C Share Dividend is payable, into Deferred Shares.	2 April
Redemption of B Shares issued under the Capital Option	2 April
Despatch of cheques or payment by BACS to mandated accounts (as appropriate) in respect of the C Share Dividend under the Income Option	by 2 April
Despatch of cheques or CREST accounts credited in respect of the redemption of B Shares under the Capital Option	by 2 April

Notes:

- (1) References to time in this document are to London time. All times and dates may be at such other times and dates as the Directors may determine. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement through a Regulatory Information Service.
- (2) All events listed above that follow the holding of the General Meeting are conditional on the passing of the Resolution at such meeting.
- (3) Share certificates will not be issued for B Shares, C Shares or Deferred Shares.

PART 2 – LETTER FROM THE CHAIRMAN



(Incorporated and registered in England no: 1818486)

Registered office:
Persimmon House
Fulford
York
Y019 4FE

24 February 2015

Directors:

Nicholas Wrigley (Chairman)
Jeff Fairburn (Group Chief Executive)
Mike Killoran (Group Finance Director)
Nigel Greenaway (South Division Chief Executive)
David Jenkinson (North Division Chief Executive)
Richard Pennycook (Senior Independent Director)
Jonathan Davie (Non-executive Director)
Mark Preston (Non-executive Director)
Marion Sears (Non-executive Director)

To the holders of Ordinary Shares

Dear Shareholder

Proposed Return of Cash to Shareholders Notice of General Meeting

We announced today that we propose to make a payment to Shareholders of 95 pence per Ordinary Share on 2 April 2015 ("Return of Cash"), bringing forward the payment previously intended to be made on 6 July 2015. This is a proposed total payment to shareholders of c. £291m and, if approved by Shareholders, will make a cumulative total of 240 pence per Ordinary Share returned since the Capital Return Plan was announced in 2012.

Based upon the excellent progress the business has made in 2014, the Board has decided to bring forward the payment date from 6 July 2015 to 2 April 2015. This will also enable the Company to make the Return of Cash through an issue of B Shares and/or C Shares. This will again give Shareholders, other than those who are resident in a Prohibited Territory, a choice of receiving their cash as either a return of capital or as dividend income or any combination of the two.

The Return of Cash requires the approval of Shareholders, which will be sought at a general meeting to be held at 3.00 pm on 19 March 2015. If the Return of Cash is approved, Shareholders on the register at 6.00 pm on 19 March 2015 will receive a payment of 95 pence per Ordinary Share on 2 April 2015. The notice of the General Meeting and the resolution to be proposed, is set out at the end of this document.

Please read the whole of this document, which describes the details of the Return of Cash and not just the summarised information set out in this letter and/or the 'Frequently Asked Questions' in Part 4.

Shareholders are encouraged to attend the General Meeting and vote on the resolution in person. If you are unable to attend the meeting, you are urged to complete a Form of Proxy and return it to the Company's registrars, Computershare Investor Services PLC by post to Corporate Actions 1, Bristol BS99 6AF, online at www.eproxyappointment.com or by submitting a CREST Proxy Instruction, by no later than 3.00 pm on 17 March 2015. The appointment of a proxy will not prevent a shareholder from attending the General Meeting and voting in person if he or she is entitled to do so and so wishes. If the resolution is not passed, no B Shares or C Shares will be created and the Return of Cash will not take effect.

The attention of those Shareholders who are not resident in the United Kingdom or who are citizens or residents of other countries is drawn to the information set out in section 7 of Part 3. The tax consequences of the Return of Cash may vary for overseas Shareholders and accordingly, overseas Shareholders should consult their own independent professional adviser without delay.

The Directors have received financial advice from Merrill Lynch International in relation to the Return of Cash. In providing advice to the Directors, Merrill Lynch International has relied upon the Directors' commercial assessment of the Return of Cash.

The Directors recommend Shareholders vote in favour of the Resolution, as they intend to do in respect of their own beneficial holdings, which as at 17 February 2015 (being the latest practicable date prior to the publication of this document) amounted in aggregate to 943,511 Ordinary Shares, representing approximately 0.3% of the issued share capital of the Company.

Yours faithfully

Nicholas Wrigley
Chairman

PART 3 – DETAILS OF THE PROPOSED RETURN OF CASH

1. Background to the Proposed Return of Cash

In February 2012 the Board announced the adoption of a new long term strategy. This incorporated the delivery of £1.9 billion (£6.20 per share) of surplus capital to Shareholders over a nine and a half year period ending in 2021 (the 'Capital Return Plan') whilst at the same time building a stronger, larger business. The delivery of the strategy will be based upon strong free cash generation, through a combination of achieving excellent levels of operating profitability and well judged land replacement.

As part of the Capital Return Plan, the Company has already returned 145 pence per Ordinary Share (75 pence per Ordinary Share in 2013 and 70 pence per Ordinary Share in 2014).

Under the timetable for the Capital Return Plan, the Company would have returned 95 pence in cash for each Ordinary Share to Shareholders in July 2015. However, based upon the excellent progress the business has made in 2014, the Board has decided to bring forward the payment date from July 2015 and now proposes to return 95 pence on 2 April 2015 for each Ordinary Share held at 6.00 pm on 19 March 2015. This will also enable the Company to provide a choice to Shareholders as to whether to receive the Return of Cash as a return of capital or as dividend income.

Under the Return of Cash proposal, Shareholders will receive a bonus issue of a newly created class of shares, being B Shares or C Shares, pro rata to their holding of Ordinary Shares. Shareholders will be able to elect for either Option, or a combination of the two, in respect of their Share Entitlement as described in section 2 below, provided they are not resident in a Prohibited Territory in which case their attention is drawn to section 7 below. The Return of Cash will be made on 2 April 2015, subject to Shareholders' approval. Unless the Resolution is passed, no B Shares or C Shares will be created and the Return of Cash will not take effect.

It is proposed to capitalise a sum not exceeding £104.3 million standing to the credit of the Company's share premium account and/or other reserve, which will be applied in paying up in full up to a maximum of (1) 109,789,000 B Shares with a nominal value of 95 pence each and (2) 307,500,000 C Shares with a nominal value of 0.0001 pence each.

The B Shares and the C Shares will be issued to Shareholders on the basis of one B Share or one C Share for each Ordinary Share held at the Record Date (6.00 pm on 19 March 2015). The exact number of B Shares and C Shares to be issued will depend on the elections or deemed elections between the Capital Option (B Shares) and the Income Option (C Shares) made by Shareholders but in total will be equal to the number of Ordinary Shares issued at the Record Date.

As at 17 February 2015 (the latest practicable date prior to the publication of this document) there were 306,501,791 Ordinary Shares in issue, the Company did not hold any treasury shares and there are currently options exercisable (or options that will become exercisable by 19 March 2015) under the Persimmon Share Schemes giving rights to subscribe for a total of 151,106 Ordinary Shares. At the closing middle-market price of £16.75 pence per Ordinary Share on 17 February 2015 (being the latest practicable date prior to the publication of this document), the proposed Return of Cash represents approximately 5.7% of the Company's market capitalisation at that date.

The number of B Shares that will be issued is effectively subject to a maximum limit: (1) by reference to the aggregate amount of the Company's share premium account and other reserves; and (2) by virtue of the objective of achieving the intended taxation treatment for certain Shareholders as generally described in section 2 of Part 5 of this document. In order for the redemption proceeds to be taxed as so described, the B Shares must be paid up in full out of amounts standing to the credit of the Company's share premium account and/or other reserves that represent new consideration for tax purposes and have not previously been taken into account in payments to Shareholders. The relevant amount available for this purpose for the Return of Cash is being set at £104.3 million. Given the Company's proposal to return, in aggregate, approximately £291 million to Shareholders under the Return of Cash, it is therefore possible that the number of B Shares in respect to which valid elections are received may exceed the maximum number of B Shares which may be issued. In this event Shareholders electing for B Shares may not receive their full election but will receive some C Shares in lieu, as described in section 2.1 of this Part 3.

The Company does not anticipate paying any dividends in addition to the value of the planned Return of Cash. The Company will review its options for making future returns, whilst maintaining its stated intention to return approximately £1.9 billion of surplus capital to Shareholders over a nine and a half year period ending in 2021.

The Capital Option (B Shares) is not being offered to Shareholders resident in a Prohibited Territory. If you are resident in a Prohibited Territory you will automatically receive a C Share Dividend under the Income Option (C Shares) and you do not need to return a Form of Election. You are, however, encouraged to vote on the Resolution as the Return of Cash will not take effect and Shareholders will not receive cash unless the Resolution is passed.

2. The Options

You may choose between (1) the Capital Option (B Shares), (2) the Income Option (C Shares), or (3) a combination of the two in relation to your Share Entitlement (unless you are resident in a Prohibited Territory). To make your election, you should complete and return your Form of Election or, if your Ordinary Shares are held in CREST, you should give a USE Instruction. Details of how to do so are set out in Part 6 of this document. There are no dealing expenses or commissions which arise in relation to the redemption of B Shares issued under the Capital Option (B Shares).

This structure has been chosen to effect the Return of Cash because it gives Shareholders (other than those resident in a Prohibited Territory) a choice as to how they receive their cash, which is intended to give UK tax-resident Shareholders flexibility in the tax treatment of their proceeds.

Shareholders who are resident in the UK should read Part 5 of this document since the Options are expected to have different UK tax consequences. Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser.

2.1 Capital Option (B Shares)

If you elect for the Capital Option (B Shares) in respect of some or all of your Share Entitlement, you will receive one B Share in respect of each corresponding Ordinary Share held at the Record Date. Where B Shares are issued to satisfy valid elections for the Capital Option (B Shares), it is expected that each such B Share will be redeemed by the Company for 95 pence and that the proceeds from the redemption will be sent to Shareholders, or CREST accounts will be credited, by 2 April 2015. Each such B Share will be cancelled on redemption.

If the number of B Shares in respect of which valid elections are received exceeds the maximum number of B Shares that can be issued, elections for B Shares will be scaled back on a pro rata basis (reduced down to the nearest whole number) and the element of the Capital Option (B Shares) which cannot be satisfied by the allotment of B Shares will instead result in the Shareholder receiving the Income Option (C Shares) for the balance (rounding up accordingly). As a result, Shareholders who make an election for the Capital Option will not necessarily know the exact number of B Shares they will receive until they are allotted.

It is expected that the amounts received upon redemption of the B Shares should generally be taxed as a return of capital for UK tax purposes.

2.2 Income Option (C Shares)

If you elect or are deemed to have elected for the Income Option (C Shares) in respect of some or all of your Share Entitlement, you will receive one C Share in respect of each corresponding Ordinary Share held at the Record Date. A single dividend of 95 pence will become payable on each such C Share on 2 April 2015. It is expected that cheques will be despatched to you or mandated bank accounts will be credited (as appropriate) by 2 April 2015.

It is expected that the C Share Dividend will generally be treated as income for UK tax purposes.

Once the C Share Dividend has been paid, each C Share will be reclassified as a Deferred Share which will carry extremely limited rights and will have negligible value. The Company expects to purchase the Deferred Shares for an aggregate consideration of one penny and then cancel the Deferred Shares in April 2015. In view of the negligible amount of the aggregate consideration for the Deferred Shares, Shareholders will not be entitled to have any part of the aggregate consideration paid to them.

None of the B Shares, C Shares or Deferred Shares will be admitted to trading. Please refer to section 11 below for further details.

Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser.

3. Making Your Choice

The procedure for making elections depends on whether your Ordinary Shares are held in certificated or uncertificated form. Shareholders who hold their Ordinary Shares in CREST will not be provided with, and should not complete, Forms of Election. Such Shareholders may only elect in respect of the Options through CREST and should refer to Part 6, section 2 of this document for further information.

Details of how to complete and return your Form of Election are set out in Part 6, section 1 of this document. Properly completed and returned Forms of Election and elections made through CREST will not become effective until 11.00 am on 27 March 2015 (the Election Deadline).

If you do not properly complete and return your Form of Election, or if you are a CREST holder and you do not send a valid USE Instruction, or you are resident in a Prohibited Territory, you will be deemed to have elected for the Income Option (C Shares) in respect of ALL of your Share Entitlement.

4. Additional terms of the Options

The following terms will apply to the Capital Option (B Shares) and the Income Option (C Shares):

- (1) the Form of Election, any USE Instruction of a Shareholder electing through CREST and all contracts resulting therefrom will be governed by and construed in accordance with English law. Execution by or on behalf of a Shareholder of a Form of Election or any USE Instruction submitted by a Shareholder electing through CREST constitutes their submission, in relation to all matters arising out of or in connection with such form, to the exclusive jurisdiction of the English courts; and
- (2) no authority conferred by or agreed to by execution of the Form of Election or any USE Instruction submitted by a Shareholder electing through CREST shall be affected by, and all such authority shall survive, the death or incapacity of the Shareholder executing such form. All obligations of such Shareholder shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

5. Share rights

The rights and restrictions to be attached to the B Shares, the C Shares and the Deferred Shares are more fully set out in Part 7, Part 8 and Part 9 of this document.

The B Shares, the C Shares and the Deferred Shares will neither be admitted to the Official List nor to trading on the London Stock Exchange's market for listed securities or any other recognised investment exchange.

Holders of Ordinary Shares whose holdings are registered in CREST will automatically have any interim CREST entitlements in respect of any Share Entitlement credited to their CREST account. No share certificates will be issued in respect of B Shares, C Shares or Deferred Shares.

The Company expects to announce the exact number of B Shares and C Shares issued under the proposed Return of Cash on 30 March 2015. This will include the ratio of any scaling back of B Share elections, if applicable.

6. Withdrawal rights

Shareholders should note that any election, whether made by signing a Form of Election or the giving of a USE Instruction, relating to the Share Entitlement may be withdrawn by Shareholders at any time prior to 11.00 am on 27 March 2015. Thereafter, such election is irrevocable and takes effect.

Shareholders wishing to withdraw their election MUST first telephone Computershare on 0870 703 0178 (or +44 (0)870 703 0178, if calling from outside the UK) between 9.00 am and 5.00 pm on any Business Day and, if wishing to re-elect in respect of the Share Entitlement, request a replacement Form of Election or receive instructions on how to re-elect through CREST. Please note that calls to these numbers may be monitored or recorded. Calls from within the UK cost approximately eight pence per minute (excluding VAT) when dialled from a BT line. Other telephone provider costs may vary. Calls to +44 (0)870 703 0178 from outside the UK are charged at applicable international rates.

For a withdrawal of an election to be effective a written instruction signed by the person(s) who signed or, in the case of shares held in uncertificated form, made the relevant election, must:

- (1) be received by Computershare by 11.00 am on 27 March 2015; and
- (2) specify the name(s) and address(es) of the person(s) who tendered the election to be withdrawn, the Shareholder Reference Number (which, for Shareholders who hold their Ordinary Shares in certificated form, appears on the front of the relevant Form of Election) and the exact number of their Share Entitlement in respect of which an election is to be withdrawn; and
- (3) in the case of an election originally made by a USE Instruction, specify the full details of the USE Instruction including the CREST Transaction ID, CREST Participant ID and Member Account ID from which the USE Instruction originated, by no later than 11.00 am on 27 March 2015.

Facsimile, electronic mail or other electronic means of transmission or any form of copy of written notice will not constitute a written instruction of withdrawal. The Company will determine all questions as to the form and validity (including time of receipt) of any instruction of withdrawal, in its discretion, which determination shall be final and binding. The Company also reserves the absolute right to waive any defect or irregularity in the withdrawal by any Shareholder and such determination will be binding on such Shareholder. None of the Company or Computershare Investor Services or any other person will be under any duty to give notification of any defect or irregularity in any instruction of withdrawal or incur any liability for failure to give any such notification or for any reason with regard to withdrawal and re-election.

Withdrawals may not be rescinded but new elections may be made at any time prior to 11.00 am on 27 March 2015. Thereafter, withdrawals and any new elections in respect of any Share Entitlement that are received by Computershare will be deemed invalid. Any Shareholder who withdraws his or her election prior to 11.00 am on 27 March 2015 and does not make a new valid election will be deemed to have elected for the Income Option (C Shares) in respect of all of his or her Share Entitlement.

Shareholders who do not hold their Ordinary Shares in CREST should complete and return a replacement Form of Election by following the instructions in Part 6 of this document. In addition, such Shareholders must tick the box on such replacement Form of Election indicating that the form is a replacement Form of Election.

To be valid, replacement Forms of Election, withdrawal instructions and re-elections through CREST must be returned or submitted by 11.00 am on 27 March 2015. The replacement Form of Election and withdrawal instruction should be sent to Computershare at Corporate Actions 1, Bristol BS99 6AF or delivered by hand (during normal business hours only) to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

7. Overseas Shareholders

If you are resident in a Prohibited Territory you will automatically receive a C Share Dividend under the Income Option (C Shares) and no Form of Election has been provided. You are, however, encouraged to vote on the Resolution as the Return of Cash will not take effect and no cash will be returned to Shareholders unless the Resolution is passed.

The Capital Option (B Shares) is not being offered to Shareholders resident in a Prohibited Territory.

Shareholders who are resident outside the United Kingdom or who are citizens or residents of other countries should consult their professional advisers to ascertain whether the Return of Cash will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Shareholder resident outside the United Kingdom or a citizen or resident of another country wishing to receive the Return of Cash (including having B Shares redeemed and/or receiving the C Share Dividend or otherwise disposing of any shares in the Company) to satisfy himself as to the full observance of the laws of any relevant jurisdiction in connection with the Return of Cash, including obtaining any government, exchange control or other consents which may be required, complying with any other formalities that need to be observed and the payment of any issue, transfer, redemption or other taxes or duties in any such jurisdiction as may be required in the context of the Return of Cash.

The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Neither this document, nor any other document issued or to be issued by or on behalf of the Company in connection with the Return of Cash, constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

Each Shareholder by whom, or on whose behalf, a Form of Election is executed or USE Instruction is given, irrevocably represents, warrants, undertakes and agrees to and with the Company that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any election for either or both Options in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Return of Cash or such Shareholder's election for either or both of the Options or any transaction resulting therefrom.

In the event that the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or the Company would or might be required to make filings or take any other action in any jurisdiction as a result of the Return of Cash (or any part of it) to Shareholders who have registered addresses in any overseas jurisdiction or who are citizens or residents of other countries, it is proposed that the Share Entitlement to which such Shareholders are entitled will nevertheless be allotted to such Shareholders, but their Share Entitlement may be issued to a nominee who will automatically be deemed to have elected for the Income Option (C Shares) in respect of all such Share Entitlement.

The above provisions of this section relating to overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion.

The B Shares, the C Shares and the Deferred Shares have not been, and will not be, registered under the US Securities Act or under the securities laws of any state of the United States or under any applicable securities laws of Australia, Canada, Japan, the Republic of South Africa or New Zealand or any other jurisdiction (other than the UK).

8. Share Certificates

No share certificates will be issued by the Company in respect of any B Shares, C Shares or Deferred Shares.

9. Amendments to the Articles

A number of consequential amendments to the Articles of Association are required in order to implement the Return of Cash and such amendments require Shareholder approval. These amendments are set out in Parts 7 to 9 of this document.

10. Persimmon Share Schemes

It is expected that the Return of Cash will have no impact on existing awards or options granted under the Persimmon Share Schemes.

As participants under the Persimmon Share Schemes are not Shareholders, they will not be eligible to participate in the Return of Cash.

11. Dealings and despatch of documents

The issue of B Shares and/or C Shares will be made by reference to holdings of Ordinary Shares on the Company's register of members as at the Record Date.

Shareholders who hold their Ordinary Shares in CREST will not have their CREST accounts credited with the B Shares and/or C Shares to which they are entitled.

Temporary documents of title will not be issued in respect of B Shares, C Shares or Deferred Shares. Transfers of B Shares or C Shares will be certified against the register of members held by Computershare.

It is expected that Shareholders entitled to receive payments in respect of the proceeds from the redemption of B Shares issued pursuant to the Capital Option (B Shares), will be sent cheques by 2 April 2015, or if Shareholders hold their Ordinary Shares in CREST they will have their CREST accounts credited on 2 April 2015. All payments in respect of the redemption of B Shares will be made in Sterling.

It is expected that Shareholders entitled to receive the C Share Dividend will be sent cheques by 2 April 2015 or, if mandate instructions are held in respect of a Sterling bank account, payments will be made by BACS to mandated accounts in respect of the C Share Dividend on 2 April 2015. All payments in respect of the C Share Dividend will be made in Sterling.

All cheques will be sent by post, at the risk of the Shareholder(s) entitled thereto, to the registered address of the relevant Shareholder (or, in the case of joint Shareholders, to the address of the joint Shareholder whose name stands first in the register of members in respect of such joint shareholding).

12. General Meeting

The General Meeting will be held at Persimmon House, Fulford, York YO19 4FE at 3.00 pm on 19 March 2015. The notice of General Meeting is attached to this document.

You will find enclosed with this document a Form of Proxy for use in respect of the General Meeting.

Whether or not you intend to be present at the General Meeting, you should complete a Form of Proxy and return it to the Company's registrars Computershare Investor Services PLC by post to Corporate Actions 1, Bristol BS99 6AF, online at www.eproxyappointment.com or by submitting a CREST Proxy Instruction, to arrive as soon as possible and, in any event no later than 3.00 pm on 17 March 2015. Submission of a CREST Proxy Instruction or completion and return of the Form of Proxy will not prevent you from attending the General Meeting and voting in person, should you wish to do so.

13. Summary explanation of the Resolution

The Resolution, which will be passed if at least 75% of the votes cast are in favour, sets out the formal mechanics for the implementation of the Return of Cash and amends the Articles of Association.

Paragraph 1.1 of the Resolution proposes the amendments to the Articles of Association in order to incorporate the terms of the B Shares (as set out in Part 7 of this document), the C Shares (as set out in Part 8 of this document) and the Deferred Shares (as set out in Part 9 of this document).

Paragraph 1.2 of the Resolution proposes to authorise the Directors to:

- (1) capitalise a sum not exceeding £104.3 million standing to the credit of the Company's share premium account and/or other reserve to pay up in full the B Shares;
- (2) capitalise a sum not exceeding £308 standing to the credit of the Company's share premium account and/or other reserve to pay up in full the C Shares;
- (3) allot and issue the B Shares up to an aggregate amount of £104.3 million and the C Shares up to an aggregate amount of £308 to Shareholders on the basis of one B Share or one C Share for each Ordinary Share held on the Record Date, and such authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2016 or, if earlier, on 30 April 2016; and
- (4) effect a repurchase and/or transfer of the Deferred Shares resulting from the reclassification of the C Shares.

Paragraph 1.3 of the Resolution proposes to authorise the Company to purchase the Deferred Shares in consideration of the payment of one penny pursuant to a contract for sale, the terms of which will be on display at the Company's registered office and at the General Meeting. If the Resolution is passed, and the contract completed, the Deferred Shares will be treated as cancelled.

PART 4 – FREQUENTLY ASKED QUESTIONS

These questions and answers are aimed particularly at Shareholders who are resident in the UK for tax purposes. They set out some frequently asked questions and provide brief responses. **Please read both the questions and answers below and this document as a whole carefully.** The questions with answers below assume you do not hold shares through CREST unless CREST is specifically mentioned.

Whilst the technical aspects of the Return of Cash may appear complicated, in essence the intention is simple – to return 95 pence to Shareholders for each Ordinary Share that they hold and to give Shareholders a choice of receiving the return either as a return of capital or as income.

1. What is being proposed?

Persimmon proposes to return 95 pence in cash to Shareholders for each Ordinary Share held at 6.00 pm on 19 March 2015. The cash will be returned through the issue of B Shares and/or C Shares.

2. Why is Persimmon returning this cash?

In February 2012, the Board announced the adoption of a new long term strategy designed to deliver approximately £1.9 billion (£6.20 per share) of surplus capital to Shareholders over a nine and a half year period ending in 2021 (the 'Capital Return Plan') whilst at the same time building a stronger, larger business. The delivery of the Capital Return Plan will be based on strong free cash generation, through the combination of achieving excellent levels of operating profitability and well judged land replacement, which will maximise our return on capital employed.

This would be the third payment under the Capital Return Plan. The Company has already returned 145 pence per Ordinary Share to Shareholders (75 pence per Ordinary Share in 2013 and 70 pence per Ordinary Share in 2014).

3. Why is Persimmon returning this cash now?

In accordance with the timetable for the Capital Return Plan, the Company would have returned 95 pence in cash per Ordinary Share in July 2015. However, the Board has decided to bring forward the payment date from 6 July 2015 and the Company now proposes to return 95 pence for each Ordinary Share held at 6.00 pm on 19 March 2015. This has been agreed based on the excellent progress the business has made in 2014. It also provides Shareholders with a choice of receiving their cash as either a return of capital or dividend income.

4. How is this being done?

Persimmon has again chosen a method of returning surplus cash intended to enable Shareholders to elect how they receive the cash for UK tax purposes, known as a B/C share scheme (referred to in this document as the Return of Cash).

In respect of each Ordinary Share that you hold at 6.00 pm on 19 March 2015, you may elect to receive one B Share or one C Share (unless you are a Shareholder resident in a Prohibited Territory, in which case you will automatically receive a C Share Dividend). Each B Share or C Share entitles you to receive 95 pence in cash via one of the Options as explained in question 7 below.

5. Can I continue to trade my Ordinary Shares?

You are still free to buy or sell Ordinary Shares but you will only be entitled to have B Shares or C Shares issued in respect of Ordinary Shares registered in your name at 6.00 pm on 19 March 2015.

6. Do I need to vote at the General Meeting?

Yes, it is important that you vote on the Resolution as the Return of Cash will not take effect and cash will not be returned to Shareholders unless the Resolution is passed.

Your Directors recommend that you vote in favour of the Resolution. Further details and explanations of the Resolution are set out in Part 3, section 13 of this document.

7. What choices do I have?

Persimmon is giving you a choice of intended tax treatment on the Return of Cash. You may choose between:

- (1) the Capital Option (B Shares);
- (2) the Income Option (C Shares); or
- (3) a combination of (1) and (2) above.

Your choice between the Capital Option (B Shares) and the Income Option (C Shares) is likely to depend on your personal tax circumstances. No dealing expenses or commissions will arise on redemption of the B Shares under the Capital Option (B Shares). We have set out some general guidance below (see question 19) to assist you. You are also referred to Part 5 of this document.

You should note that if elections for more than 109,789,000 B Shares are made by Shareholders, elections will be scaled back on a pro rata basis. As a result, if you make an election for the Capital Option, you will not necessarily know the exact number of B Shares you will receive until they are allotted.

If you make no election or your election is invalid you will receive the Income Option (C Shares) in respect of your entire Share Entitlement.

Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser.

If you are resident in a Prohibited Territory you will automatically be deemed to have elected for the Income Option (C Shares) in respect of all of your Share Entitlement and no further election is required by you.

Further information on each of the Capital Option (B Shares) and the Income Option (C Shares) is set out in Part 3, sections 2.1 and 2.2, respectively of this document.

8. Where do I find a Form of Election?

The Form of Election has been enclosed with this document for Shareholders who hold shares in certificated form. A duplicate Form of Election may be obtained by telephoning Computershare on 0870 703 0178 (or +44 (0)870 703 0178, if calling from outside the UK) between 9.00 am and 5.00 pm on any Business Day. Please note that calls to these numbers may be monitored or recorded. Calls from within the UK cost approximately eight pence per minute (excluding VAT) when dialled from a BT line. Other telephone provider costs may vary. Calls to +44 (0)870 703 0178 from outside the UK are charged at applicable international rates.

9. What if I determine that I am indifferent as to the choice to be made?

Each Shareholder must consider the Options available in the light of their own circumstances, and no recommendation can be given by the Directors or the Company in this respect. After consideration, some Shareholders may determine that they are indifferent as to the choice to be made. Such Shareholders should note that to the extent the Income Option (C Shares) is chosen by Shareholders this may assist the Company enabling other Shareholders to choose the Capital Option to receive a return of capital in full and without the Company having to scale back elections for the Capital Option.

10. How do I make my choice?

If your shares are held in a certificated form, you need to complete the Form of Election and sign and send it to Computershare in the prepaid envelope enclosed with this document.

If your shares are held through CREST, you only need to submit a validly authenticated and correctly completed USE Instruction if you wish to choose the Capital Option (B Shares) in respect of ALL your Share Entitlement or a combination of the Capital Option (B Shares) and the Income Option (C Shares).

If a validly completed Form of Election or, in the case of Shareholders electing through CREST, a validly authenticated and correctly completed USE Instruction is NOT received by Computershare by 11.00 am on 27 March 2015, you will be deemed to have elected for the Income Option (C Shares) in respect of all of your Share Entitlement, and you will be sent the C Share Dividend by 2 April 2015.

11. How do I change my election after I have submitted a Form of Election or sent a USE Instruction in CREST?

Shareholders wishing to withdraw their election should telephone Computershare on 0870 703 0178 (or +44 (0)870 703 0178, if calling from outside the UK) between 9.00 am and 5.00 pm on any Business Day and, if wishing to re-elect in respect of their Share Entitlement request a replacement Form of Election or receive instructions on how to re-elect through CREST. Please note that calls to these numbers may be monitored or recorded. Calls from within the UK cost approximately eight pence per minute (excluding VAT) when dialled from a BT line. Other telephone provider costs may vary. Calls to +44 (0)870 703 0178 from outside the UK are charged at applicable international rates.

Please refer to Part 3, section 6 of this document for more details on the requirements for withdrawal and re-election.

If you wish to withdraw your election in respect of your Share Entitlement whether you hold your Ordinary Shares in certificated or uncertificated form, your instruction needs to be sent to Computershare as soon as possible and in any event must be received no later than 11.00 am on 27 March 2015 as set out in Part 6 of this document.

12. What is the Form of Election?

The Form of Election allows you to choose the Capital Option (B Shares) and/or the Income Option (C Shares) in respect of some or all of your Share Entitlement. Your elections will not become effective until 11.00 am on 27 March 2015. If you hold your Ordinary Shares in CREST you will not receive a Form of Election. See Part 6 for more information on completing the Form of Election. **Should you fail to validly complete and return the Form of Election to Computershare, or if you are resident or have a registered address in a Prohibited Territory, you will be deemed to have elected for the Income Option (C Shares) in respect of ALL of your Share Entitlement.**

13. What if I don't get my Form of Election back in time?

If you do not validly complete and return your Form of Election by 11.00 am on 27 March 2015, you will be treated as having chosen the Income Option (C Shares) in respect of all of your Share Entitlement (unless otherwise determined by the Directors) and you will receive C Shares and subsequently be sent a cash payment in respect of the C Share Dividend of 95 pence per C Share by 2 April 2015.

14. What happens if I do nothing?

If you do not return your Form of Election, you will be deemed to have elected for the Income Option (C Shares) and you will receive C Shares and subsequently be sent the C Share Dividend of 95 pence per C Share by 2 April 2015.

15. What if I want to sell my Ordinary Shares before I have received the cash proceeds of my Share Entitlement?

If you sell your entire holding of Ordinary Shares before 8.00 am on 20 March 2015, please send this document (but not any personalised Form of Election) as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was made for onward transmission to the purchaser or transferee. However, such documents must not be forwarded or transmitted in or into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

If you sell only part of your holding of Ordinary Shares before 8.00 am on 20 March 2015, you should retain this document and any personalised Form of Election and consult the stockbroker, bank or other agent through whom the sale or transfer was made.

If you sell some or all of your Ordinary Shares after 8.00 am on 20 March 2015, they will trade ex-entitlement or 'ex-dividend' and you will remain entitled to the Return of Cash. The purchaser or transferee will not receive the Share Entitlement in respect of such Ordinary Shares.

16. Will I get a B Share, C Share or Deferred Share certificate?

No, share certificates will not be issued in respect of the B Shares, C Shares or Deferred Shares.

17. Will the B Shares, C Shares or Deferred Shares be listed?

No, none of the B Shares, C Shares or Deferred Shares will be listed or tradeable on the London Stock Exchange or any other recognised investment exchange.

18. Can I transfer my B Shares, C Shares or Deferred Shares?

The B Shares, C Shares and Deferred Shares will be transferable in accordance with the Articles by an instrument of transfer in usual or common form. Nevertheless, given that neither the B Shares, the C Shares nor the Deferred Shares will be listed or tradeable on the London Stock Exchange there will be no ready market in which you can sell these shares. The Company expects to repurchase all of the Deferred Shares in April 2015.

19. What is my tax position?

If you are a UK resident individual Shareholder then, depending on your circumstances, the tax treatment for each of the options is broadly expected to be as follows:

19.1 Capital Option (B Shares)

It is expected that the issue of the B Shares should not be a taxable event for you and that the proceeds of the redemption of the B Shares should generally be treated as a capital disposal for tax purposes in the tax year ending 5 April 2015.

19.2 Income Option (C Shares)

It is expected that the issue of the C Shares should not be a taxable event for you and that the C Share Dividend should generally be treated as income for tax purposes in the tax year ending 5 April 2015, and that the subsequent repurchase of the Deferred Shares should be treated as a capital disposal for tax purposes in the tax year ended 5 April 2016.

You should note that both the Return of Cash and the payment made in 2014 pursuant to the Capital Return Plan will be made in the tax year ending 5 April 2015.

The above is only a basic guide. We have set out a general guide to taxation for Shareholders resident in the United Kingdom for tax purposes in Part 5 of this document. Please read the relevant paragraphs carefully. If you have a complicated tax position or are otherwise in any doubt about your tax circumstances, or if you are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser.

20. What is my base cost for capital gains tax purposes?

The issue of the B and C Shares is expected to constitute a reorganisation for the purposes of United Kingdom taxation of capital gains tax and corporation tax on chargeable gains. As a result, the base cost (allowable expenditure) of holdings of Ordinary Shares before the bonus issue is apportioned between the Ordinary Shares and the B and/or C Shares arising from the bonus issue. Guidance on the allocation of the base cost is expected to be posted on the Company's website after 2 April 2015.

21. When will I receive the proceeds from the Return of Cash?

It is expected that cheques will be posted and bank and CREST accounts (as appropriate) will be credited by 2 April 2015.

22. Will there be a facility to reinvest the proceeds I receive from the Return of Cash in Persimmon shares?

No, given that the Directors are proposing to return the cash through an issue of B Shares and/or C Shares, there will not be a re-investment facility.

23. What if I hold my Ordinary Shares in an Individual Savings Account (ISA) or in a nominee account?

You should contact your ISA plan manager or nominee account holder who will be able to advise you of the procedure for voting on the Return of Cash at the General Meeting and making an election in respect of the Share Entitlement.

24. What if I am resident outside the United Kingdom?

Shareholders resident outside the United Kingdom or who are citizens of jurisdictions outside the United Kingdom should read the additional information set out in Part 3, section 7 of this document.

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under FSMA.

PART 5 – UNITED KINGDOM TAXATION IN RELATION TO THE RETURN OF CASH

The comments below are intended as a general guide only and are based on current United Kingdom tax law and HM Revenue and Customs practice. The comments below apply only to Shareholders who are resident in the United Kingdom for tax purposes and who hold their Ordinary Shares, B Shares and C Shares beneficially as investments and not on trading account. Such Shareholders are referred to as **'UK Shareholders'** in this Part 5. The UK tax consequences for Shareholders may be different for any future transaction and may alter between the date of this document and the implementation of the Return of Cash.

Shareholders who are in any doubt as to their tax position, who have a complicated tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate professional adviser. In particular, Shareholders who are resident outside the United Kingdom for tax purposes should consult their own tax adviser concerning their tax liabilities on receipt of the B Shares Redemption Amount or the C Share Dividend, as the case may be.

1. Capital reorganisation

- (1) For the purposes of United Kingdom taxation of capital gains and corporation tax on chargeable gains (CGT) the receipt of the B Shares and/or C Shares issued as part of the Return of Cash is expected to be treated as a reorganisation of the share capital of the Company. Accordingly, the B Shares and/or C Shares are expected to be treated as part of the same asset as the UK Shareholder's existing holding of Ordinary Shares, and as having been acquired at the same time as that holding. As a result, a part of each UK Shareholder's original base cost in his or her existing Ordinary Shares is expected to be apportioned between the B Shares and/or C Shares by reference to their respective market values, and the market value of the existing Ordinary Shares, on the first day of trading after the issue of the B Shares and C Shares.
- (2) On the basis that the B Shares and the C Shares will be treated as being paid up for 'new consideration' received by the Company, the issue of the B Shares and the C Shares should not give rise to any liability to United Kingdom income tax (or corporation tax) in a Shareholder's hands.

2. Capital Option (B Shares)

- (1) On redemption of all or any of the B Shares a UK Shareholder who is a natural person may, depending on his individual circumstances, be subject to CGT on the amount of any chargeable gain realised. Any gain will be measured by reference to the excess of the redemption price above that Shareholder's allowable expenditure for the B Shares redeemed. A part of each such Shareholder's allowable expenditure in relation to his existing Ordinary Shares will be apportioned between the B Shares and/or the C Shares as described in section 1 above.
- (2) The amount of CGT, if any, payable by a UK Shareholder who is a natural person in relation to the capital gain, described in paragraph 2(1) above, will depend on his personal tax position. No CGT will be payable on any gain realised on the redemption if the amount of the chargeable gain, when aggregated with other chargeable gains realised by that Shareholder in the year of assessment in question (and after taking account of such other exemptions and allowable losses as may be available in each case), does not exceed the applicable annual exempt amount. Any payment received by a UK Shareholder who is a natural person in 2014 pursuant to the Capital Return Plan may, to the extent that such UK Shareholder had validly elected to receive a return of capital in respect of that payment, give rise to a chargeable gain arising in the same year of assessment as any chargeable gain that may arise under the Capital Option (B Shares).
- (3) Broadly, any CGT gains in excess of the annual exempt amount will be taxed at a rate of 18% for such a Shareholder who pays tax at the basic rate and 28% for such a Shareholder who pays tax at a rate above the basic rate. Where the CGT gains of a UK Shareholder who is a basic rate taxpayer exceed the unused part of his basic rate band that excess is subject to tax at the 28% rate.
- (4) A corporate UK Shareholder is taxable on its chargeable gains (subject to any other exemption or available relief). Corporate UK Shareholders are entitled to indexation allowance up to the date the chargeable gain is realised.
- (5) Subject to sections 4 to 6 below, no part of the proceeds received by a UK Shareholder on redemption should be treated as an income distribution in such Shareholder's hands.

3. Income Option (C Shares)

Income tax

- (1) The Company will not be required to withhold tax at source when paying the C Share Dividend.
- (2) A UK Shareholder who is a natural person will be entitled to a tax credit in respect of the C Share Dividend, currently equal to one-ninth of the cash dividend received, or alternatively stated as 10% of the aggregate of the cash dividend received and the related tax credit (the 'gross dividend'). The related tax credit can be set against that UK Shareholder's liability to income tax on the gross C Share Dividend.

- (3) A UK Shareholder who is a natural person and who is liable to income tax at the starting or basic rate will pay no tax on the C Share Dividend, except to the extent the receipt of the gross dividend takes that Shareholder's total income for the tax year to 5 April 2015 into the higher and/or additional rate tax band. The effective 0% tax rate is the result of the gross dividend being taxed at the rate of 10% but with the benefit of the 10% tax credit.
- (4) A UK Shareholder who is a natural person will be liable to pay tax equal to 25% of the cash dividend received to the extent that the gross dividend, when treated as the top slice of that Shareholder's income, falls above the threshold for higher rate income tax, except to the extent that it takes the Shareholder's total income for the tax year to 5 April 2015 into the additional rate band. The effective 25% tax rate is the result of the gross dividend being taxed at the rate of 32.5% but with the benefit of the 10% tax credit.
- (5) A UK Shareholder who is a natural person will be liable to pay tax equal to 30.55% of the cash dividend received, to the extent that the gross dividend, when treated as the top slice of that Shareholder's income, falls above the threshold for additional rate income tax. The effective 30.55% tax rate is the result of the gross dividend being taxed at the rate of 37.5% but with the benefit of the 10% tax credit.
- (6) UK Shareholders who are not liable to United Kingdom tax on dividends, including pension funds and charities, will not be liable to pay tax on the C Share Dividend.
- (7) A UK Shareholder who is subject to corporation tax will generally not be subject to corporation tax on the C Share Dividend insofar as the dividend constitutes an exempt distribution for that UK Shareholder as referred to in Part 9A of the Corporation Tax Act 2009. Such Shareholders should consult their own tax adviser to ascertain whether the exemption applies to them. In other cases the C Share Dividend will be subject to corporation tax.
- (8) Shareholders who are resident for tax purposes outside the UK will not generally be able to claim repayment from HM Revenue and Customs under any double tax treaty in respect of the UK tax credit attaching to the C Share Dividend. Such Shareholders may, depending on the terms of any applicable double tax treaty, be able to claim a 10% tax credit in relation to the C Share Dividend.
- (9) A Shareholder who is resident outside the United Kingdom for tax purposes may also be subject to foreign taxation on dividend income under laws applicable outside the United Kingdom.

Taxation of chargeable gains

- (10) **For CGT purposes, the C Share Dividend (and the consequent conversion of the C Shares into Deferred Shares) should not be treated as giving rise to a disposal or part disposal of the C Shares.**
- (11) UK Shareholders who receive the C Share Dividend should note that as described in paragraph 1(1) above, a proportion of the base cost of their existing Ordinary Shares will be attributed to the C Shares and this amount will continue to be attributed to those C Shares following their conversion into Deferred Shares (notwithstanding that the Deferred Shares have limited rights or value). Correspondingly, a proportion of the base cost of the original holding of existing Ordinary Shares will not be available on a subsequent disposal of Ordinary Shares.
- (12) A redemption or disposal of the Deferred Shares will be treated as described in paragraph 3(11) above and may result in a UK Shareholder realising a capital loss. However, UK Shareholders who are liable to corporation tax should note that it is possible that section 31 TCGA could be regarded as applying to such a Shareholder on a redemption or disposal of the Deferred Shares. If that provision applies, the consideration received on the redemption or disposal of the Deferred Shares would be treated for the purpose of corporation tax on chargeable gains as increased by such amount as is just and reasonable having regard to the payment of the C Share Dividend. In addition, UK Shareholders that are liable to corporation tax and own 10% or more of the C Shares should note that it is possible that sections 176 and 177 TCGA could be regarded as being applicable to such a Shareholder on the redemption or disposal of the Deferred Shares and so it may not be possible for such Shareholders to realise a capital loss in respect of the Deferred Shares.

4. Chapter 1, Part 13 Income Tax Act 2007 (ITA 2007)

- (1) Under the provisions of Chapter 1, Part 13, ITA 2007 HM Revenue and Customs can in certain circumstances counteract tax advantages arising to individuals in relation to a 'transaction in securities'. If these provisions were to be applied by HM Revenue & Customs to the proposed Return of Cash, in broad terms, those UK Shareholders who elected to receive a capital return might be liable to taxation as if they have received an income amount.
- (2) No application has been made to HM Revenue & Customs seeking clearance that these provisions will not be applied to the Return of Cash. However, Chapter 1 of Part 13 of ITA 2007 only applies in relation to distributions by companies which are 'close companies' (as defined in Chapter 2, Part 10, CTA 2010). Given the Company's shareholder base, the Company should not be treated as a 'close company' for these purposes and the above provisions should not apply.

5. Part 15, Corporation Tax Act 2010 (CTA 2010)

A similar adjusting provision applies to companies under the provisions of Part 15 of the Corporation Tax Act 2010. If these rules were to apply certain corporate UK Shareholders might be liable for corporation tax on chargeable gains as if they had received an income amount on redemption of their B Shares equal to the C Share Dividend per share. The Company and its advisers do not expect Part 15 CTA 2010 to be applicable in respect of the Return of Cash, although they make no representation in this regard. No application for clearance has been made under s.748 CTA 2010 in this regard. Any Shareholder who is in doubt as to their tax position in the light of their own particular circumstances should take appropriate professional advice.

6. General Anti-Abuse Rule ('GAAR')

The Finance Act 2013 introduced a general anti-abuse rule (the 'GAAR') into UK legislation with effect, in general terms, from 17 July 2013. The GAAR is intended to counteract abusive tax arrangements and is, together with the supporting HMRC guidance, extremely widely drawn. It is considered that the tax treatment of the Return of Cash described in this document should not be affected, but as the GAAR is untested a level of uncertainty remains.

7. Stamp Duty and Stamp Duty Reserve Tax

Except in relation to depositary receipt arrangements or clearance services to which special rules apply:

- (1) No stamp duty or stamp duty reserve tax (SDRT) will be payable on the issue of the B Shares or C Shares.
- (2) No stamp duty or SDRT will be payable on the redemption of B Shares.
- (3) There will be no stamp duty or SDRT charge when the C Shares are reclassified as Deferred Shares.
- (4) An agreement to sell B Shares, C Shares or Deferred Shares will normally give rise to liability on the purchaser to SDRT, at the rate of 0.5% of the actual consideration paid. If an instrument of transfer of the B Shares, C Shares or Deferred Shares (as the case may be) is subsequently produced, it will generally be subject to stamp duty at the rate of 0.5% of the actual consideration paid (rounded up, to the nearest £5). When such stamp duty is paid, the SDRT charge will be cancelled and any SDRT already paid will be refunded. Stamp duty is generally the liability of the purchaser.

8. Autumn Statement 2014 / Finance Bill 2015

On 3 December 2014, the Government announced its intention to introduce legislation in the Finance Bill 2015 to change the tax treatment of returns made to certain individual shareholders through B share schemes. Draft legislation was published on 10 December 2014. If enacted, the new legislation would mean that all returns made to such shareholders after 6 April 2015 pursuant to certain 'special purpose' share schemes would be taxed as though they were dividends. On the basis that, as currently drafted, the proposed legislation has effect only from the tax year beginning 6 April 2015, it should not apply to Shareholders participating in the Return of Cash. Shareholders should note, however, that the legislation is in draft form, and there is no guarantee that it will be enacted without amendment.

PART 6 – MAKING AN ELECTION

1. Completing your Form of Election

To make an election, Shareholders who hold Ordinary Shares in certificated form must complete and return the Form of Election enclosed with this document. Shareholders who hold Ordinary Shares in CREST have not been sent a Form of Election and instead should refer to section 2 of this Part 6 for further information.

C Shares will be issued and the C Share Dividend paid automatically in respect of ALL of a Shareholder's Share Entitlement should he or she fail to make a valid election.

Any decisions Shareholders make when choosing between the Options should be based on the information contained in this document.

Name(s) of Shareholder(s)

The Form of Election shows the name of the holder, or (if applicable) the names of joint holders, of Ordinary Shares in respect of which an election can be made. When the Form of Election is completed, the Shareholder, or (if applicable) all joint Shareholders, must sign the Form of Election (in Box 3, as applicable). If the Form of Election is executed under a power of attorney, the original of such power of attorney should be lodged together with the Form of Election.

Number of Ordinary Shares held

The number of Ordinary Shares shown on the form is the number registered in the name(s) of the Shareholder(s) at 6.00 pm on 19 February 2015 and is for information purposes only. The Share Entitlement in respect of which a Shareholder may make an election will be based on the number of Ordinary Shares registered in his or her name on the Record Date, which is 6.00 pm on 19 March 2015. If Shareholders sell, purchase or transfer any Ordinary Shares they should take care to ensure that the election they make in respect of their Share Entitlement corresponds to the number of Ordinary Shares that will be registered in their name(s) at the Record Date.

Elections for B Shares, C Shares or a combination of both

Instructions on how to complete a Form of Election to make an election for B Shares, C Shares or a combination of B Shares and C Shares are set out on the Form of Election. Shareholders should follow the instructions on that form carefully.

The default position if a Shareholder makes an election which in total exceeds his or her holding of Ordinary Shares at the Record Date

If Shareholders enter a number or numbers in the Form of Election which exceeds their holding of Ordinary Shares at the Record Date, or they do not complete the form correctly, they will be deemed to have elected for the Income Option (C Shares) in respect of their entire Share Entitlement.

The default position where a Shareholder makes an election which in total is less than his or her holding of Ordinary Shares at the Record Date.

If Shareholders enter a number in the Form of Election which in total is less than their holding of Ordinary Shares at the Record Date they will be deemed to have elected for the Capital Option (B Shares) on the number of shares they have entered in the relevant box and for the Income Option (C Shares) in respect of the balance of their holding.

Subsequent dematerialisation of Ordinary Shares

If any Shareholders of Ordinary Shares held in certificated form make an election on the enclosed Form of Election and such shares are subsequently dematerialised into uncertificated form before the Record Date, the Form of Election will become invalid. Shareholders who subsequently hold their Ordinary Shares via CREST in uncertificated form will need to give a valid USE Instruction by the Election Deadline in place of the submitted Form of Election.

Sign the Form of Election

All Shareholders named on a Form of Election must sign that form. To be valid, Forms of Election must be returned so as to be received by Computershare Investor Services by 11.00 am on 27 March 2015. If Shareholders do not use the envelope provided, the Form of Election should be sent by post to Computershare, Corporate Actions 1, Bristol BS99 6AF (in which case postage will be payable) or delivered by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

2. CREST

How to elect for the Capital Option (B Shares)

The holders of Ordinary Shares who hold their shares in uncertificated form will, for the purposes of allowing an election in CREST only, be credited at 8.00 am on 20 March 2015 (or such other date as the Directors may determine) with one interim CREST entitlement under the ISIN GB00BVXLNY16 for each Ordinary Share held in uncertificated form at the Record Date. The interim CREST entitlement security will allow CREST holders to elect electronically through the CREST system.

If any Ordinary Shares held by a CREST holder in uncertificated form at the Record Date are rematerialised after the Record Date but before the Election Deadline, such CREST holder will need to contact Computershare for advice on how to make an election or any further action that such holder may need to take in respect of any election already made.

If Shareholders hold their Ordinary Shares in CREST they will not be sent a Form of Election with this document. Such Shareholders should take (or procure to be taken) the action set out below after their CREST accounts have been credited on 20 March 2015 (or such other date as the Directors may determine) with interim CREST entitlements.

If Shareholders are CREST personal members, they should refer to their CREST sponsor before taking any action. CREST sponsors will be able to confirm details of a Shareholder's participant ID and the member account ID under which their Ordinary Shares are held. In addition, only CREST sponsors will be able to give the USE Instruction to Euroclear by which Shareholders make their election.

To make an election for the Capital Option (B Shares), Shareholders should give (or, if they are a CREST personal member, procure that their CREST sponsor gives) a USE Instruction, which must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (1) The number of interim CREST entitlements being elected for the Capital Option (B Shares);
- (2) the participant ID of Computershare, which is 3RA29;
- (3) the member account ID of Computershare, which is PERSICAP;
- (4) the ISIN for the interim CREST entitlements, which is GB00BVXLNY16;
- (5) the corporate action number of the Return of Cash. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- (6) the intended settlement date for the USE Instruction, which should be as soon as possible and in any event not later than the Election Deadline;
- (7) the standard delivery instruction priority of 80; and
- (8) the name and contact number inserted in the shared note field.

How to elect for the Income Option (C Shares)

Shareholders who hold their Ordinary Shares in CREST and who wish to elect for the Income Option (C Shares) in respect of all of their Share Entitlement need take no action. Shareholders who do not give a USE Instruction will automatically receive the Income Option (C Shares) in respect of all of their Share Entitlement.

How to elect for a combination of the Capital Option (B Shares) and the Income Option (C Shares)

Any Shareholder wishing to elect for a combination of the Capital Option (B Shares) and the Income Option (C Shares) should send a USE Instruction which details a number of interim CREST entitlements which in total is less than its holding of Ordinary Shares at the Record Date. This number shall constitute an election for the Capital Option (B Shares), and the balance of the Shareholder's holding of Ordinary Shares at the Record Date will be deemed to constitute an election for the Income Option (C Shares).

Final instructions on sending a USE Instruction

In order for an election through CREST to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle by 11.00 am on 27 March 2015.

Shareholders who do not send a valid USE Instruction (and Shareholders resident in a Prohibited Territory) will be deemed to have elected for the Income Option (C Shares) in respect of all of their Share Entitlement.

Euroclear does not make special procedures available in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of an instruction through CREST and its settlement in connection with this event. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action to ensure that a valid application is made through the CREST system as stated above by 11.00 am on 27 March 2015.

After 11.00 am on 27 March 2015, the interim CREST entitlements are expected to be disabled in CREST and subsequently cancelled.

3. General

The Company shall determine all questions as to the form and validity (including time and place of receipt) of any Form of Election or any USE Instruction in its absolute discretion, which determination shall be final and binding. The Company also reserves the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any Form of Election or any USE Instruction completed by or on behalf of any Shareholder, and such determination will be binding on such Shareholder. The Company and the Directors shall not be liable to Shareholders for any loss arising from the determination of questions as to the form and validity (including time and place of receipt) of any Form of Election or any USE Instruction, unless attributable to the wilful default, fraud or negligence of the Company or the Directors. The Company and Directors shall not be under any duty to give notification of any defect or irregularity in any Form of Election or any USE Instruction, nor shall they incur any liability for failure to give any such notice.

The Company also reserves the right, in its absolute discretion, to accept completed Forms of Election received after the Election Deadline and to accept incomplete or incorrectly completed Forms of Election. The Company further reserves the right in its absolute discretion to reject any Form of Election if to act on the election would be illegal.

After the Election Deadline, any election will be irrevocable. If the Election Deadline is extended, withdrawal rights will also be extended. Withdrawal rights are described more fully in Part 3 section 6 of this document. No authority conferred by or agreed to by the signing of a Form of Election or by the giving of a USE Instruction will be affected by, and all such authority will survive, the death or incapacity of the Shareholder executing such form or giving such instruction. All obligations of such Shareholder will be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

PART 7 – TERMS AND CONDITIONS OF THE B SHARES

The following sets out the detail of the amendments which are proposed to be made to the Articles under the Resolution and summarises the rights of the B Shares and the restrictions to which they are subject.

Wording consistent with the following paragraphs will be inserted as Article 14.A in the Amended Articles.

14.A Rights and Restrictions attached to B Shares

(a) General

The redeemable preference shares of 95 pence each in the capital of the Company (the 'B Shares') shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles save that in the event of a conflict between any provision in this Article 14.A and any other provision in these Articles, the provisions in this Article 14.A shall prevail.

(b) Form of Election

Together with the circular despatched to shareholders on 24 February 2015 (the 'Circular'), holders of Ordinary Shares in the capital of the Company who hold such shares in certificated form were sent a form of election (the 'Form of Election') relating to the B Shares and the non-cumulative preference shares of 0.0001 pence each in the capital of the Company (the 'C Shares') proposed to be issued by the Company, as more fully described in the Circular. By way of the Form of Election or, where holders of Ordinary Shares hold such shares in uncertificated form, by following the instructions and taking the actions set out in the Circular, holders of Ordinary Shares can (subject always to the Directors' determination as described in the Circular as to the number of B Shares and C Shares to be allotted and issued) make an election, on and subject to the terms set out in the Circular (an 'Election'), to be issued B Shares on terms that they be redeemed by the Company on the Effective Date (as defined in Article 14.A(g)(i) below) (the 'Capital Option').

(c) Income

The B Shares shall confer no right to participate in the profits of the Company.

(d) Capital

- (i) Except as provided in Article 14.A(f) below, on a return of capital on a winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of the B Shares shall be entitled, in priority to any payment to the holders of every other class of share in the capital of the Company (except the C Shares) but *pari passu* with any payment to the holders of C Shares, to 95 pence per B Share held by them.
- (ii) On a winding up, the holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in Article 14.A(d)(i) above. In the event that there is a winding-up to which Article 14.A(d)(i) applies and the amounts available for payment are insufficient to pay the amounts due on all of the B Shares in full, the holders of the B Shares shall be entitled to their pro-rata proportion of the amounts to which they would otherwise be entitled.
- (iii) The aggregate entitlement of each holder of B Shares on a winding-up in respect of all the B Shares held by him shall be rounded up to the nearest whole penny.
- (iv) The holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company in their capacity as holders of B Shares.

(e) Attendance and voting at general meetings

- (i) The holders of the B Shares shall not be entitled, in their capacity as holders of such B Shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting unless the business of the meeting includes the consideration of a resolution for the winding-up of the Company (excluding any intra-group reorganisation on a solvent basis), in which case the holders of the B Shares shall have the right to attend the general meeting and shall be entitled to speak and vote on any such resolution only.
- (ii) If the holders of the B Shares are entitled to vote at a general meeting of the Company in their capacity as holders of such B Shares, then, subject to any other provisions of these Articles, each holder thereof shall be entitled to vote at such general meeting whether on a show of hands or on a poll as provided in the CA06 and, on a poll, has one vote per B Share, as set out in Article 93. For this purpose, where a proxy is given discretion as to how to vote on a show of hands, this shall be treated as an instruction by the relevant holder of B Shares to vote in the way in which the proxy elects to exercise that discretion.

(f) Class rights

- (i) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent to the B Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares) shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.
- (ii) A reduction by the Company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.
- (iii) Without prejudice to the generality of the foregoing, the Company is authorised to reduce (or purchase shares in) its capital of any class or classes and such reduction (or purchase) shall not involve a variation of any rights attaching to the B Shares for any purpose or require the consent of the holders of the B Shares.

(g) Redemption of B Shares

Subject to the provisions of the CA06 and these Articles, the Company shall redeem, out of the profits available for a distribution, the B Shares as follows:

- (i) On 2 April 2015 (or such other date as the Directors may in their absolute discretion determine) (the 'Effective Date'), all B Shares allotted and issued in accordance with the terms described in the Circular and (where applicable) the Form of Election, shall be redeemed.
- (ii) On redemption of a B Share at the Effective Date, the Company shall be liable to pay to the holder thereof 95 pence (the 'B Share Redemption Amount') for each B Share in respect of which a valid Election has been made, or is deemed to be made, by such holder for the Capital Option in accordance with the terms described in the Circular and (where applicable) the Form of Election. The Company's liability to pay to such holder the B Share Redemption Amount for each such B Share shall be discharged by the Company by a payment made to such holder within 14 days of the Effective Date of the B Share Redemption Amount for each such B Share.
- (iii) In the absence of bad faith or wilful default, neither the Company nor any of its directors, officers or employees shall have any liability to any person for any loss or damage arising as a result of the determination of the Effective Date in accordance with Article 14.A(g)(i) above.
- (i) All B Shares redeemed shall be cancelled and the Company shall not be entitled to re-issue them.

(h) Form and transferability

The B Shares are transferable. No share certificates shall be issued in respect of the B Shares.

(i) Deletion of Article 14.A when no B Shares in existence

Article 14.A shall remain in force until there are no longer any B Shares in existence, notwithstanding any provision in these Articles to the contrary. Thereafter Article 14.A shall be, and shall be deemed to be, of no effect (save to the extent that the provisions of Article 14.A are referred to in other Articles) and shall be deleted and replaced with the wording 'Article 14.A has been deleted', and the separate register for the holders of B Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Article 14.A before that date shall not otherwise be affected and any actions taken under Article 14.A before that date shall be conclusive and not be open to challenge on any grounds whatsoever.

PART 8 – TERMS AND CONDITIONS OF THE C SHARES

The following sets out the detail of the amendments which are proposed to be made to the Articles under the Resolution and summarises the rights of the C Shares and the restrictions to which they are subject.

Wording consistent with the following paragraphs will be inserted as Article 14.B in the Amended Articles.

14.B Rights and Restrictions attached to C Shares

(a) General

The C Shares (as defined in Article 14.A(b) above) shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles save that in the event of a conflict between any provision in this Article 14.B and any other provision in these Articles, the provisions in this Article 14.B shall prevail.

(b) Form of Election

Together with the Circular, holders of Ordinary Shares in the capital of the Company who held such shares in certificated form were sent a Form of Election relating to the B Shares and C Shares proposed to be issued by the Company, as more fully described in the Circular. By way of the Form of Election or, where Shareholders hold such shares in uncertificated form, by following the instructions and taking the actions set out in the Circular, Shareholders can make an Election, on and subject to the terms set out in the Circular, to be issued to them C Shares in respect of which the C Share Dividend (as defined in Article 14.B(c)(i) below) is payable.

(c) Income

- (i) Subject to the provisions of the CA06 and these Articles, out of the profits of the Company available for distribution, a single dividend of 95 pence per C Share (the 'C Share Dividend') shall automatically become payable (without the need for such dividend to be declared by the Company, the Board or any other person and notwithstanding any provision to the contrary in these Articles (including Articles 178, 179 and 180)) at the Effective Date to holders of C Shares who are registered on the Company's relevant register as holding such C Shares at the Effective Date and in respect of which a valid Election to receive the C Share Dividend has been made, or is deemed to have been made, in accordance with the terms described in the Circular and (where applicable) the Form of Election.
- (ii) The Company's liability to pay the C Share Dividend to such holder of C Shares shall be discharged by the Company by a payment made to such holder within 14 days of the Effective Date of an amount equal to the C Share Dividend.
- (iii) Each C Share in respect of which the C Share Dividend becomes payable shall, immediately following the Effective Date (but without prejudice to the accrued right of the holder of such C Share to receive such dividend), be reclassified as a deferred share of 0.0001 pence in the capital of the Company having the rights and being subject to the restrictions described in Article 14.C (a 'Deferred Share').
- (iv) The provisions of Article 186 ('Forfeiture and unclaimed dividends') shall apply in respect of any and all C Share Dividends payable on or in respect of any C Shares which remain unclaimed.
- (v) In the absence of fraud or wilful default, neither the Company nor any of its Directors, officers or employees shall have any liability to any person for any loss or damage arising as a result of the determination of the Effective Date in accordance with Article 14.A(g)(i) above.

(d) Capital

- (i) Except as provided in Article 14.B(f) below, on a return of capital on a winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of each C Share shall be entitled, in priority to any payment to the holders of every other class of share in the capital of the Company (except the B Shares) but *pari passu* with any payment to the holders of B Shares, to an amount of 95 pence per C Share (which sum shall include repayment of nominal capital paid up on such C Shares) held by them.
- (ii) On a winding-up, the holders of the C Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in Article 14.B(d)(i) above. In the event that there is a winding-up to which Article 14.B(d)(i) applies and the amounts available for payment are insufficient to pay the amounts due on all the C Shares in full, the holders of the C Shares shall be entitled to their pro-rata proportion of the amounts to which they would otherwise be entitled.
- (iii) The holders of the C Shares shall not be entitled to any further right of participation in the profits or assets of the Company in their capacity as holders of C Shares.

(e) Attendance and voting at general meetings

- (i) The holders of the C Shares shall not be entitled, in their capacity as holders of such C Shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting unless the business of the meeting includes the consideration of a resolution for the winding-up of the Company (excluding any intra-group reorganisation on a solvent basis), in which case the holders of the C Shares shall have the right to attend the general meeting and shall be entitled to speak and vote on any such resolution only.
- (ii) If the holders of the C Shares are entitled to vote at a general meeting of the Company in their capacity as holders of such C Shares, then, subject to any other provisions of these Articles, each holder thereof shall be entitled to vote at such general meeting whether on a show of hands or on a poll as provided in the CA06 and, on a poll, has one vote per C Share, as set out in Article 93. For this purpose, where a proxy is given discretion as to how to vote on a show of hands, this shall be treated as an instruction by the relevant holder of C Shares to vote in the way in which the proxy elects to exercise that discretion.

(f) Class rights

- (i) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent to the C Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the C Shares) shall be treated as being in accordance with the rights attaching to the C Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the C Shares.
- (ii) A reduction by the Company of the capital paid up or credited as paid up on the C Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the C Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the C Shares.
- (iii) Without prejudice to the generality of the foregoing, the Company is authorised to reduce (or purchase shares in) its capital of any class or classes and such reduction (or purchase) shall not involve a variation of any rights attaching to the C Shares for any purpose or require the consent of the holders of the C Shares.

(g) Form and transferability

The C Shares are transferable. No share certificates shall be issued in respect of the C Shares.

(h) Deletion of Article 14.B when no C Shares in existence

Article 14.B shall remain in force until there are no longer any C Shares in existence, notwithstanding any provision in these Articles to the contrary. Thereafter Article 14.B shall be, and shall be deemed to be, of no effect (save to the extent that the provisions of Article 14.B are referred to in other Articles) and shall be deleted and replaced with the wording 'Article 14.B has been deleted', and the separate register for the holders of C Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Article 14.B before that date, and accrued rights in respect of the payment of dividends arising before that date, shall not otherwise be affected and any actions taken under Article 14.B before that date shall be conclusive and not be open to challenge on any grounds whatsoever.

PART 9 – TERMS AND CONDITIONS OF THE DEFERRED SHARES

The following sets out the detail of the amendments which are proposed to be made to the Articles under the Resolution and summarises the rights of the Deferred Shares and the restrictions to which they are subject.

Wording consistent with the following paragraphs will be inserted as Article 14.C in the Amended Articles.

14.C Rights and Restrictions attached to the Deferred Shares

(a) General

The Deferred Shares (as defined in Article 14.B(c) above) shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles save that in the event of a conflict between any provision in this Article 14.C and any other provision in these Articles, the provisions in this Article 14.C shall prevail.

(b) Income

The Deferred Shares shall confer no right to participate in the profits of the Company.

(c) Capital

On a return of capital on a winding-up (excluding any intra-group reorganisation on a solvent basis), there shall be paid to the holders of the Deferred Shares one penny in aggregate, the payment of which to any holder of Deferred Shares shall satisfy this requirement after:

- (i) firstly, paying to the holders of the B Shares and the holders of the C Shares *pari passu* as if the same were consolidated as one class, the amounts they are entitled to receive on a winding-up in accordance with their terms; and
- (ii) secondly, paying to the holders of the Ordinary Shares, the amount paid up or credited as being paid up on each such Ordinary Share.

The holders of the Deferred Shares shall not be entitled to any further right of participation in the assets of the Company.

(d) Attendance and voting at general meetings

The holders of the Deferred Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting.

(e) Repurchase

The Company at any time prior to 31 December 2015 may appoint any person to execute on behalf of the holders of such Deferred Shares a transfer thereof and/or any agreement to transfer the same to any person as the Company may determine as custodian thereof and/or to purchase the same (in accordance with the provisions of the Act), in each case for a price not more than an aggregate sum of one penny without obtaining the sanction of the holder or holders thereof, the recipient of such sum being determined by the Directors by lot.

(f) Class rights

- (i) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the Deferred Shares, and on such creation, allotment or issue any such further shares (whether or not ranking in any respect in priority to the Deferred Shares) shall be treated as being in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the Deferred Shares.
- (ii) No reduction by the Company of the capital paid up on the Deferred Shares shall constitute a variation of such rights for any purpose and the Company shall be authorised at any time to reduce its capital (in accordance with the CA06) without obtaining the consent of the holders of the Deferred Shares.
- (iii) Without prejudice to the foregoing, the Company is authorised to reduce (or purchase shares in) its capital of any class or classes and such reduction (or purchase) shall not involve a variation of any rights attaching to the Deferred Shares for any purpose or require the consent of the holders of the Deferred Shares.

(g) Form and transferability

The Deferred Shares are transferable. No share certificates shall be issued in respect of the Deferred Shares.

(h) Deletion of Article 14.C when no Deferred Shares in existence

Article 14.C shall remain in force until there are no longer any Deferred Shares in existence, notwithstanding any provision in these Articles to the contrary. Thereafter Article 14.C shall be, and shall be deemed to be, of no effect (save to the extent that the provisions of Article 14.C are referred to in other Articles) and shall be deleted and replaced with the wording "Article 14.C has been deleted", and the separate register for the holders of Deferred Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Article 14.C before that date shall not otherwise be affected and any actions taken under Article 14.C before that date shall be conclusive and not be open to challenge on any grounds whatsoever.

PART 10 – ADDITIONAL INFORMATION

1. Consent

Merrill Lynch International has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and reference to it in the form and context in which it appears.

2. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Orrick, Herrington & Sutcliffe (Europe) LLP, 107 Cheapside, London EC2V 6DN and at the registered office of the Company from the date of this document up to and including the date of the General Meeting and will also be available for inspection for at least 15 minutes before and during the General Meeting:

- (1) the existing Articles of Association of the Company;
- (2) the Amended Articles proposed to be adopted at the General Meeting, showing the amendments proposed to the Company's existing Articles of Association;
- (3) the letter of consent from Merrill Lynch International referred to in section 1 of this Part 10; and
- (4) a copy of this document.

A copy of this document is also available on the Company's website, corporate.persimmonhomes.com.

A copy of the contract referred to in the Resolution will be available for inspection by members at the Company's registered office for not less than 15 days ending with the date of the General Meeting itself.

PART 11 – DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy and Form of Election, unless the context requires otherwise:

Amended Articles	the draft Articles of Association proposed to be adopted by the Company at the General Meeting in substitution for, and to the exclusion of, its existing Articles of Association;
Articles or Articles of Association	the articles of association of the Company from time to time;
B Share Redemption Amount	the amount of 95 pence payable upon redemption of each B Share under the Capital Option (B Shares), as more fully described in Part 3 of this document;
B Shares	the unlisted redeemable preference shares of 95 pence each in the capital of the Company, the rights and restrictions of which are set out in Part 7 of this document;
Board or Directors	the board of directors of Persimmon, from time to time, or, where appropriate, any duly authorised committee thereof;
Business Day	a day (other than a Saturday, Sunday or public holiday) on which banks generally are open for business in the City of London for the transaction of normal banking business;
Capital Return Plan	the long term strategy announced by the Board in February 2012, designed to deliver approximately £1.9 billion (£6.20 per share) of surplus capital to Shareholders over a nine and a half year period ending in 2021;
C Shares	the unlisted non-cumulative preference shares of 0.0001 pence each in the capital of the Company, the rights and restrictions of which are set out in Part 8 of this document;
C Share Dividend	a single, preferential dividend of 95 pence per C Share to be declared and paid in accordance with the Income Option (C Shares);
CA06	the Companies Act 2006 (as amended from time to time);
Capital Option (B Shares)	the allotment and issue of B Shares which shall be redeemed by the Company on 2 April 2015, the proceeds from which are to be sent to holders of B Shares by 2 April 2015, as more fully described in Part 3 and Part 7 of this document;
Company or Persimmon	Persimmon Plc incorporated and registered in England and Wales with company number 1818486 with its registered office at Persimmon House, Fulford, York, YO19 4FE;
Computershare or Computershare Investor Services	the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY;
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear is the Operator (as defined in such regulations);
CREST Manual	the current version of the CREST Manual which at the date of this document is available on www.euroclear.com ;
CREST Proxy Instruction	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in the place of the Shareholder at the General Meeting and containing the information required to be contained therein by the CREST Manual;
Deferred Shares	the unlisted deferred shares of 0.0001 pence each in the capital of the Company, the rights and restrictions of which are set out in Part 9 of this document;
Disclosure and Transparency Rules	the Disclosure and Transparency Rules of the FCA;
Effective Date	2 April 2015;
Election Deadline	11.00 am on 27 March 2015 (or such other time and/or date as the Directors may determine);
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST;
Form of Election	the form enclosed with this document by which a Shareholder who does not hold Ordinary Shares in CREST and is not resident or have a registered address in a Prohibited Territory may elect for the Share Entitlement;
Form of Proxy	the form of proxy enclosed with this document, for use by Shareholders in connection with the General Meeting;
FCA	the Financial Conduct Authority or any relevant successor body;
FSMA	the Financial Services and Markets Act 2000 (as amended from time to time);

General Meeting	the General Meeting of the Company to be held at Persimmon House, Fulford, York YO19 4FE at 3.00 pm on 19 March 2015;
Group	Persimmon and its subsidiaries as at the date of this document;
Income Option (C Shares)	the allotment and issue of C Shares on which the C Share Dividend shall be declared on 2 April 2015, the amount of which is to be sent to holders of C Shares by 2 April 2015, as more fully described in Part 3 and Part 8 of this document;
ISIN	International Security Identification Number;
Listing Rules	the listing rules made by the FCA for the purposes of Part VI of FSMA;
London Stock Exchange	London Stock Exchange plc;
Official List	the official list maintained by the FCA for the purposes of Part VI of FSMA;
Options	the Capital Option (B Shares) and the Income Option (C Shares) open to Shareholders pursuant to the Return of Cash, further details of which are set out in Part 3 of this document;
Ordinary Shares	issued ordinary shares of 10 pence each in the capital of the Company;
Persimmon Share Schemes	the Persimmon Plc 2012 Long Term Incentive Plan, the Persimmon Long Term Incentive Plan 2007, the Persimmon Plc Savings Related Share Option Scheme 1998 and the Persimmon Plc Annual Bonus Share Scheme;
Prohibited Territories	the United States of America, Canada, Australia, Japan, the Republic of South Africa and New Zealand and Prohibited Territory means any one of them;
Record Date	6.00 pm on 19 March 2015 (or such other time and/or date as the Directors may determine);
Registrar	Computershare Investor Services PLC;
Resolution	the proposed special resolution to be considered by the members of the Company at the General Meeting set out in the 'Notice of General Meeting' at the end of this document;
Return of Cash	the return of approximately £291 million by the Company to Shareholders by way of a 'B/C share scheme' in accordance with the terms set out in this document;
Share Entitlement	the entitlement of each Shareholder (subject to the restrictions set out in this document that apply to Shareholders resident in a Prohibited Territory) to be allotted one B Share or one C Share for each Ordinary Share held on the Record Date;
Shareholders	holders of Ordinary Shares, B Shares, C Shares and/or Deferred Shares, as the context may require;
TCGA	Taxation of Chargeable Gains Act 1992 (as amended from time to time);
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
US or United States	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
US Securities Act	US Securities Act of 1933 (as amended); and
USE Instruction	unmatched stock event instruction to be used by CREST account holders.

(incorporated and registered in England and Wales with registered number 1818486)

Notice of General Meeting

NOTICE IS HEREBY GIVEN that a general meeting of Persimmon plc (the 'Company') will be held at 3.00 pm on Thursday 19 March 2015 at Persimmon House, Fulford, York YO19 4FE for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

SPECIAL RESOLUTION

THAT:

- 1.1 the draft articles of association produced to the meeting and initialled for the purposes of identification by the chairman of the meeting (the 'Amended Articles') be adopted by the Company in substitution for, and to the exclusion of, its existing articles of association;
- 1.2 the Directors of the Company be and are generally and unconditionally authorised:
 - 1.2.1 to capitalise a sum not exceeding £104.3 million standing to the credit of the Company's share premium account and/or other reserve and to apply such sum in paying up in full at par the maximum number of redeemable preference shares of 95 pence each in the capital of the Company having the rights and subject to the restrictions set out in the Amended Articles (the 'B Shares') that may be allotted pursuant to the authority given by paragraph 1.2.3 below;
 - 1.2.2 to capitalise a sum not exceeding £308 standing to the credit of the Company's share premium account and/or other reserve and to apply such sum in paying up in full at par the maximum number of non-cumulative preference shares of 0.0001 pence each in the capital of the Company having the rights and subject to the restrictions set out in the Amended Articles (the 'C Shares') that may be allotted pursuant to the authority given by paragraph 1.2.3 below;
 - 1.2.3 pursuant to section 551 of the Companies Act 2006, to exercise all powers of the Company to allot and issue credited as fully paid up the B Shares up to an aggregate nominal amount of £104.3 million and the C Shares up to an aggregate nominal amount of £308 to holders of Ordinary Shares of 10 pence each in the capital of the Company ('Ordinary Shares') on the basis of one B Share or one C Share for each Ordinary Share held and recorded on the register of members of the Company (excluding Ordinary Shares held as treasury shares (if any)) at 6.00 pm on 19 March 2015 (or such other time and date as the Directors of the Company may determine), such authority to expire at the conclusion of the annual general meeting of the Company to be held in 2016 or on 30 April 2016, whichever is earlier, in accordance with (1) the terms of the circular giving details of a proposed return of cash to Shareholders which was sent by the Company to its Shareholders on 24 February 2015 of which this notice forms part ('Circular'), (2) the determination of the Directors of the Company as to the number of B Shares and C Shares to be allotted and issued, and (3) subject to the terms set out in the Circular and the aforementioned Directors' determination, valid elections made (or deemed to be made) by the holders of Ordinary Shares pursuant to the terms of the Circular as to whether to receive B Shares and/or C Shares;
 - 1.2.4 to do all such things as they consider necessary or expedient to repurchase and/or transfer any and all deferred shares into which any C Shares are reclassified pursuant to the terms of the Amended Articles (the 'Deferred Shares') and to give effect to this resolution and to satisfy any entitlement to B Shares and/or C Shares howsoever arising; and
- 1.3 the Company be and is irrevocably authorised pursuant to section 694 of the Companies Act 2006 (such authority to expire on 31 December 2015) to purchase the Deferred Shares in consideration of the payment to Neil Francis, Group Company Secretary of one penny pursuant to a contract for sale to the Company of the Deferred Shares (a copy of which has been produced to the meeting and initialled for the purposes of identification by the chairman thereof, and having been on display at the registered office of the Company and at the meeting in accordance with the Companies Act 2006), such contract be approved and the Directors of the Company be authorised to do all such things as they may deem necessary to complete such contract and carry it into effect.

Neil Francis
Group Company Secretary

24 February 2015

Registered Office:
Persimmon House
Fulford
York YO19 4FE

Notes:

1. To attend and vote at the General Meeting a shareholder must be entered on the relevant register of members (the 'Register') for certificated or uncertificated shares of the Company (as the case may be) by 6.00 pm on 17 March 2015 (the 'Specified Time'). Changes to entries on the Register after the Specified Time shall be disregarded in determining the rights of any person to attend and/or vote at the meeting. Should the General Meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If the General Meeting is adjourned for a longer period, the time by which a person must be entered on the Register in order to have the right to attend or vote at the adjourned meeting is two working days before the time fixed for the adjourned meeting or if the Company gives notice of the adjourned General Meeting, at the time specified in the notice.
2. Any shareholder of the Company who is entitled to attend, speak and vote at the meeting may appoint one or more proxies to attend, speak and vote on his or her behalf provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder, but the proxy or proxies must attend the meeting in person. A proxy need not be a member of the Company. To be valid, a Form of Proxy (or electronic appointment of a proxy) and any power of attorney or other authority under which it is required (or a duly certified copy of such power of attorney) must be completed and lodged with the Company's registrars not less than 48 hours before the time fixed for the General Meeting. Completion and return of the Form of Proxy (or electronic appointment of a proxy) will not prevent a member from attending the meeting or any adjournment thereof and voting in person if he is entitled to do so.
3. You may use the Form of Proxy issued to you which should be returned to Computershare by post to Corporate Actions 1, Bristol BS99 6AF or by hand (during normal business hours only) to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Alternatively you may appoint a proxy electronically. If you wish to submit your Proxy Form via the internet, you will need your Control Number, Shareholder Reference Number (SRN) and Personal Identification Number (PIN) which are printed on the Form of Proxy.

To appoint a proxy via the internet you should log on to the Computershare website at www.eproxyappointment.com. You will be asked to agree to the terms and conditions for electronic proxy appointment. It is important that you read these terms and conditions as they set out the basis on which proxy appointment via the internet shall take place. This electronic address is provided only for the purpose of communications relating to electronic appointment of proxies.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting to be held on 19 March 2015 and any adjournments of it, by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST members who have appointed voting service provider(s) should refer to their CREST Sponsor or voting service provider(s), who will be able to take appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK and Ireland Limited (EUI)'s specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). To be valid the message must be transmitted so as to be received by the Company's agent (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and where applicable, their CREST sponsors or voting service provider(s) should note that EUI 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 voting service provider(s), to procure that the member's CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by the CREST system by any particular time. In this connection, CREST members and where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

4. A shareholder entitled to attend and vote at the General Meeting has the right to ask questions relating to the business being dealt with at the meeting. The Company must cause to be answered any such question but no answer need be given if to do so would interfere unduly with the business of the meeting, involve the disclosure of confidential information, or if it would be undesirable in the interests of the Company or the good order of the meeting that the question be answered.

5. Any person to whom this Notice is sent who is a person nominated under section 146 Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of rights of members in relation to the appointment of proxies in notes 2 and 3 above does not apply to Nominated Persons. The rights described in those notes can only be exercised by shareholders of the Company. A Nominated Person should remember that his main point of contact in terms of his investment remains the registered member, custodian or broker who administers the investment on his behalf. Therefore, any changes or queries relating to his personal details and holding (including any administration thereof) must continue to be directed to his existing contact at his investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to it in error. The only exception to this is when the Company, in exercising one of its powers under the Companies Act 2006, writes to the nominated person directly for a response.
6. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
7. As at 17 February 2015 (being the latest practicable date prior to the publication of this notice) the issued share capital of the Company was 306,501,791 Ordinary Shares carrying one vote each. The total number of voting rights in the Company as at 17 February 2015 was therefore 306,501,791. No Ordinary Shares are held by the Company in Treasury.
8. A copy of this Notice and other information required by section 311A Companies Act 2006 can be found at corporate.persimmonhomes.com.
9. You may not use any electronic address provided either in this General Meeting notice and Circular or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
10. Copies of the Company's Articles of Association, the proposed Amended Articles, the Circular and this document will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company from the date of this document up to and including the date of the General Meeting and will also be available for inspection for at least 15 minutes before and during the General Meeting. A copy of the contract referred to in the resolution will be available for inspection by members at the Company's registered office for not less than 15 days ending with the date of the General Meeting and at the General Meeting itself.
11. Members attending the General Meeting should be appropriately and smartly dressed.

