

# Notice of Annual General Meeting



(incorporated and registered in England and Wales under number 7312896)

Dear Shareholder

I am pleased to be writing to you with details of the Annual General Meeting of the Company which we are holding at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED on Wednesday 11 May 2016 at 11.00 am.

The notice of the AGM is set out on pages 6 to 8 of this document.

In accordance with best practice and in order to ensure that the AGM reflects the views of all our shareholders, we propose to put all Resolutions at the AGM to shareholders for vote on a poll rather than on a show of hands.

If you would like to vote on the Resolutions to be proposed at the AGM but cannot come to the AGM, you can appoint another person as your proxy to exercise all or any of your rights to attend, vote and speak at the AGM by using one of the methods set out in the notes on pages 9 to 10 of the notice of the AGM.

Information on how to get to The Lincoln Centre can be found at [www.thelincolncentre.co.uk](http://www.thelincolncentre.co.uk)

The purpose of this letter is to explain certain elements of the business to be considered at the AGM. Resolutions 1 to 19 inclusive are proposed as ordinary resolutions, while Resolutions 20 to 23 inclusive are proposed as special resolutions.

Explanatory notes on the Resolutions to be proposed at the AGM are set out on the following pages.

## **RESOLUTION 1: 2015 Annual Report and Accounts (ordinary resolution)**

The Directors of the Company present the 2015 Annual Report and Accounts to the AGM and shareholders may raise any questions on the 2015 Annual Report and Accounts under this Resolution.

## **RESOLUTION 2: Annual Statement by the Chairman of the Remuneration Committee and the Annual Report on Directors' Remuneration for the period ended 31 December 2015 (ordinary resolution)**

The Annual Statement by the Chairman of the Remuneration Committee and the Annual Report on Directors' Remuneration, which may be found on pages 75 to 81 of the 2015 Annual Report and Accounts, gives details of your Directors' remuneration for the year ended 31 December 2015 and sets out the way in which the Company implemented its policy on Directors' remuneration. The Auditor has audited those parts of the Annual Report on Directors' Remuneration capable of being audited and its report can be found on pages 85 to 87 of the 2015 Annual Report and Accounts, which can be accessed on the Company's website at [www.osb.co.uk](http://www.osb.co.uk). The vote on Resolution 2 is advisory only and the Directors' entitlement to remuneration is not conditional on it being passed.

## **RESOLUTION 3: Final dividend (ordinary resolution)**

A final dividend of 6.7 pence per ordinary share has been recommended by the Board for the year ended 31 December 2015 and, if approved by shareholders, will be paid on 18 May 2016 to all shareholders on the register at the close of business on 29 March 2016.

## **RESOLUTIONS 4 TO 14: Re-election of Directors (ordinary resolutions)**

In accordance with the UK Corporate Governance Code, all Directors are subject to re-election annually. A retiring Director shall be eligible for re-election. Accordingly, Michael Fairey, Rodney Duke, Malcolm McCaig, Graham Allatt, Mary McNamara, Nathan Moss, Tim Hanford, David Morgan, Andy Golding and April Talintyre will retire at the Meeting and seek re-election as Directors of the Company. Eric Anstee has been appointed since the last AGM and is seeking election as a non-executive Director of the Company. His biography can be found on page 49 of the 2015 Annual Report and Accounts and on the Company's website [www.osb.co.uk](http://www.osb.co.uk). Stephan Wilcke is retiring as a Director of the Company at the conclusion of the AGM and is therefore not seeking re-election.

Under the FCA's Listing Rules, a company which has a 'controlling shareholder' (being 'any person who exercises or controls, on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at general meetings of the company') must, for the purposes of the election or re-election of an independent non-executive Director, pass both an ordinary resolution of all shareholders and a separate ordinary resolution of all shareholders other than the controlling shareholders (the 'independent shareholders').

As at 24 March 2016, OSB Holdco Limited held 54.00% of the Company's issued share capital and is therefore considered to be a controlling shareholder of the Company. As such, when the Company's shareholders have voted on each resolution for the re-election of an independent non-executive director (resolutions 4 to 10), the independent shareholder vote will be obtained by excluding from the result of the vote on each resolution the votes of the controlling shareholder of the Company.

The Company will, on announcing the result of the AGM, announce, in respect of resolutions 4 to 10 the result of both the vote of all the Company's shareholders and vote of the independent shareholders. If the ordinary resolution to approve the re-election of an existing independent Director is passed, but the separate approval by the independent shareholders is not given, the Listing Rules permit an existing Independent Director to remain in office until the earlier of (i) a further ordinary resolution of all the shareholders to approve the re-election of that Director. Such a resolution may only be voted on within the period of between 90 days and 120 days following the date of the original vote; (ii) the date which is 120 days after the AGM; and (iii) the date of any announcement by the Board that it does not intend to hold a second vote. If a further resolution to approve the re-election of the relevant Director is defeated, his or her appointment will cease on that resolution being defeated.

The Company is also required to provide details of (i) any existing or previous relationship, transaction or arrangement between an independent non-executive director and the Company, its directors, any controlling shareholder or any associate of a controlling shareholder; (ii) why the Company considers the proposed independent non-executive director will be an effective director, (iii) how the Company has determined that the proposed director is an independent director and (iv) the process which the Company followed for the selection of each independent non-executive director.

Biographies and committee memberships of Directors seeking re-election at the AGM can be found on pages 36 and 37 of the 2015 Annual Report and Accounts and on the Company's website [www.osb.co.uk](http://www.osb.co.uk). The Board has confirmed, following a performance review, that all Directors of the Company standing for election continue to perform effectively and demonstrate commitment to their roles.

#### **RESOLUTIONS 15 AND 16: Appointment and remuneration of the Auditor (ordinary resolution)**

The Company is required to appoint the Auditor at each general meeting at which accounts are laid before the Company, to hold office until the conclusion of the next such meeting. Resolution 15 proposes the re-appointment of KPMG LLP as the Auditor of the Company and Resolution 16 authorises the Directors to agree the remuneration of the Auditor.

#### **RESOLUTION 17: Directors' authority to allot shares (ordinary resolution)**

The Directors have authority to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £1,620,533 representing approximately two-thirds of the Company's issued ordinary share capital. Of this amount, 81,026,655 shares (representing approximately one-third of the Company's issued ordinary share capital) are only to be allocated pursuant to a rights issue. This authority is due to expire at this year's AGM.

The Investment Association ('IA') guidelines on Directors' authority to allot shares state that IA members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to one-third of a company's issued share capital. In addition, they will treat as routine a request for authority to allot shares representing an additional one-third of a company's issued share capital provided that it is only used to allot shares pursuant to a fully pre-emptive rights issue. The Board considers it appropriate that the Directors should continue to have this authority to allot shares in the capital of the Company. In light of the IA's guidelines, this would mean renewing the authority up to a maximum nominal amount of £1,620,533 representing approximately two-thirds of the Company's issued ordinary share capital calculated as at 24 March 2016 (being the latest practicable date before the publication of this document). Of this amount, 81,026,655 shares (representing approximately one-third of the Company's issued ordinary share capital as at 24 March 2016) can only be allotted pursuant to a rights issue. The authority will expire at the conclusion of the Annual General Meeting in 2017 or, if earlier, on 10 August 2017, being 15 months after the passing of this Resolution. The Directors have no present intention of exercising this authority. The Company does not hold any shares in treasury as at 24 March 2016.

#### **RESOLUTION 18: Directors' authority to allot shares in relation to the issue of Regulatory Capital Convertible Instruments (ordinary resolution)**

This Resolution renews the Directors' authority to allot shares or grant rights to subscribe for or convert any security into ordinary shares, in accordance with section 551 of the Act, up to an aggregate nominal amount of £291,696 in connection with the issue of Regulatory Capital Convertible Instruments.

The Board believes it is in the best interests of the Company to have the flexibility to issue Regulatory Capital Convertible Instruments at any time and from time to time. The authority sought in this Resolution will be used as considered desirable to comply with or maintain compliance with such regulatory capital requirements or targets applicable to the Company.

The Company intends to seek to renew authority for the issuance of such Regulatory Capital Convertible Instruments on an annual basis. The amount of this authority is, in aggregate, equivalent to approximately 12% of the issued ordinary share capital of the Company as at 24 March 2016 (being the latest practicable date before the publication of this document). No ordinary shares are held in treasury.

Resolutions 18 and 21 are intended to provide the Directors with the flexibility to authorise the issue of Regulatory Capital Convertible Instruments which contain contractual debt to equity conversion features. The Resolutions are not intended to provide authority for any future UK statutory conversion requirements as may become part of UK national law in the future, for which such authority would not be required.

This is separate and distinct from the authority sought in Resolution 17 which is the usual authority sought on an annual basis in line with guidance issued by the IA.

Conditional upon the passing of Resolutions 18 and 21, the Directors would not expect to make use of Resolutions 17 and 20 to issue Regulatory Capital Convertible Instruments, although these Resolutions may be used for other purposes and, if so used, would have the effect of diluting the interests of ordinary shareholders.

**RESOLUTION 19: Authority to make political donations (ordinary resolution)**

Neither the Company nor any of its subsidiaries made any political donations during 2015. It is not proposed or intended to alter the Company's policy of not making political donations, within the normal meaning of that expression. However, it may be that some of the Company's activities may fall within the potentially wide definition of a political donation in the Act and, without the necessary authorisation, the Company's ability to communicate its views effectively to political audiences and to relevant interest groups could be inhibited. Such activities may include briefings at receptions or conferences – when the Company seeks to communicate its views on issues vital to its business interests – including, for example, conferences of a party political nature or of special interest groups in specific areas.

Accordingly, the Company believes that the authority contained in this Resolution is necessary to allow it and its subsidiaries to fund activities which it is in the interests of shareholders that the Company should support. Such authority will enable the Company and its subsidiaries to be sure that they do not, because of any uncertainty as to the bodies or the activities covered by the Act, unintentionally commit a technical breach of the Act. Any expenditure which may be incurred under authority of this Resolution will be disclosed in next year's Annual Report and Accounts.

**RESOLUTION 20: Disapplication of statutory pre-emption rights (special resolution)**

Resolution 20 will give the Directors authority to allot shares in the capital of the Company pursuant to the authority granted under Resolution 17 above for cash without complying with the pre-emption rights in the Act in certain circumstances.

This authority will permit the Directors to allot:

- (a) shares up to a nominal amount of £1,620,533 (representing approximately two-thirds of the Company's issued share capital as at 24 March 2016 (being the latest practicable date before the publication of this document) by way of an offer to existing shareholders on a pre-emptive basis. However unless the shares are allotted pursuant to a rights issue (rather than an open offer), the Directors may only allot shares up to a nominal amount of £810,266 (representing one-third of the Company's issued share capital) (in each case subject to adjustments for fractional entitlements and overseas shareholders); and
- (b) shares up to a maximum nominal value of £243,080 representing approximately 10% of the issued ordinary share capital of the Company as at 24 March 2016 (being the latest practicable date before the publication of this document) otherwise than in connection with an offer to existing shareholders.

The Directors have no present intention of exercising this authority. The figure of 10% reflects the Statement of Principles. The Directors will have due regard to the Statement of Principles in relation to any exercise of this power, in particular (1) as regards the first 5%, to the requirement for advance consultation and explanation before making any non-pre-emptive cash issue pursuant to this Resolution which exceeds 7.5% of the Company's issued share capital in any rolling three year period; and (2) as regards the second 5%, the Directors confirm that they intend to use this power only in connection with an acquisition or specified capital investment (within the meaning of the Statement of Principles from time to time) which is announced contemporaneously with the issue, or which has taken place in the preceding six month period and is disclosed in the announcement of the issue. The authority contained in this Resolution 20 will expire upon the expiry of the general authority conferred in the previous Resolution 17 (ie at the conclusion of the Annual General Meeting in 2017 or, if earlier, on 10 August 2017).

**RESOLUTION 21: Disapplication of statutory pre-emption rights in relation to the issue of Regulatory Capital Convertible Instruments (special resolution)**

This Resolution proposes that, without prejudice to any existing power including that contained in Resolution 20, the Directors be empowered to allot equity securities (as defined in section 560(1)) of the Act up to an aggregate nominal amount of £291,696 in relation to the issue of Regulatory Capital Convertible Instruments, wholly for cash or otherwise as if section 561 of the Act, to the extent applicable, did not apply to any such allotment. This is equivalent to approximately 12% of the issued ordinary share capital of the Company as at 24 March 2016 (being the latest practicable date before the publication of this document).

Renewing this Resolution will permit the Company the flexibility necessary to allot equity securities pursuant to any proposal to issue Regulatory Capital Convertible Instruments and, by virtue of such disapplication, without the need to comply with the pre-emption requirements of the UK statutory regime.

**RESOLUTION 22: Authority to purchase own shares (special resolution)**

Resolution 22 gives the Company authority to buy back its own ordinary shares in the market as permitted by the Act.

The authority limits the maximum number of shares that could be purchased to 24,308,000 (representing approximately 10% of the Company's issued ordinary share capital as at 24 March 2016) and sets minimum and maximum prices at which shares may be purchased by the Company under this authority. This authority will expire at the conclusion of the Annual General Meeting of the Company in 2017 or, if earlier, on 10 August 2017. A listed company purchasing its own shares may hold those shares in treasury and make them available for re-sale as an alternative to cancelling them. Accordingly, if this Resolution is passed, the Company will have the option of holding, as treasury shares, any of its own shares that it purchases pursuant to the authority conferred. This would give the Company the ability to sell treasury shares quickly and cost-effectively and provide the Company with additional flexibility in the management of its capital base. No dividends are paid and no voting rights are attached to shares held in treasury. The Company did not hold any shares in treasury as at 24 March 2016 (being the latest practicable date before the publication of this document). As at 24 March 2016, there were 2,455,149 options to subscribe for ordinary shares in the capital of the Company, representing 1.01% of the Company's issued ordinary share capital. If the full authority conferred by this Resolution were to be exercised in full, these options would represent 1.12% of the issued ordinary share capital of the Company. The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares for cancellation, but may purchase shares to be held in treasury.

The authority would be exercised only if the Directors believed that to do so would be in the interests of shareholders generally. Any purchases of ordinary shares would be by means of market purchases on a recognised investment exchange.

#### **RESOLUTION 23: Notice of general meetings (special resolution)**

Changes made to the Act by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to at least 21 clear days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days (Annual General Meetings will continue to be held on at least 21 clear days' notice). At its general meeting on 2 June 2015, the shareholders passed a resolution enabling the Company to call general meetings, other than an Annual General Meeting, on 14 clear days' notice. This approval must be renewed at each Annual General Meeting, so, in order to preserve this ability, Resolution 23 seeks such approval. It is intended that the shorter notice period would not be used as a matter of routine for such meetings but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. The Company undertakes to meet the requirements for electronic voting under the Shareholders' Rights Regulations before calling a general meeting on 14 clear days' notice. If given, the approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

#### **RECOMMENDATION**

The Directors recommend shareholders to vote in favour of each of the Resolutions at the AGM. The Board considers that the Resolutions are in the best interests of the Company's shareholders as a whole and will promote the success of the Company for their benefit. The Directors intend to vote in favour of the Resolutions in respect of their own beneficial shareholdings in the Company.

The business of the meeting will be conducted on a poll. I would encourage shareholders to exercise their right to vote in the following ways:

- If you will be attending the AGM, please bring the attendance slip enclosed with your Form of Proxy to the AGM when voting.
- If you are not able to attend the AGM in person, you can cast your votes by proxy by completing the enclosed Form of Proxy and returning it to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom. Full details of how to vote using the Form of Proxy can be found on page 10. Completion and return of the Form of Proxy will not prevent shareholders from attending in person and voting at the meeting should they subsequently decide to do so.
- CREST members may use the CREST electronic proxy appointment service to submit their proxy appointment in respect of the AGM as detailed in the Notes to the Notice of the AGM on pages 9 to 10.
- Please note that all proxy forms and appointments, whether postal or electronic, must be received by 11.00am on Monday 9 May 2016.

The results of voting on the Resolutions will be posted on the Company's website following the conclusion of the meeting.

I look forward to seeing you at the AGM.

Yours faithfully

**Mike Fairey**  
Chairman

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

<b>2015 Annual Report and Accounts</b>	the Annual Report and Accounts of the Company for the year ended 31 December 2015;
<b>Act</b>	the Companies Act 2006;
<b>AGM</b>	the Annual General Meeting of the Company to be held at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED at 11.00 am on 11 May 2016 (or any adjournment thereof), notice of which is set out at the end of this document;
<b>Articles</b>	the articles of association of the Company that are in force as at the date of this document;
<b>Auditor</b>	the statutory auditor of the Company from time to time (currently KPMG LLP);
<b>Board or Directors (each a Director)</b>	the Board of Directors of the Company from time to time;
<b>Company</b>	OneSavings Bank plc;
<b>CREST</b>	the system for the paperless settlement of trades in securities operated by Euroclear in accordance with the CREST Regulations;
<b>CREST Manual</b>	the current version of the CREST Manual which at the date of this document is available on <a href="http://www.euroclear.co.uk/CREST">www.euroclear.co.uk/CREST</a> ;
<b>CREST Proxy Instruction</b>	has the meaning in the CREST Manual;
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended);
<b>Equiniti</b>	the registrars of the Company;
<b>Euroclear</b>	Euroclear UK and Ireland Limited;
<b>Form of Proxy</b>	the form of proxy for use at the AGM;
<b>Group</b>	the Company, its subsidiaries and its subsidiary undertakings from time to time;
<b>IA</b>	Investment Association (formerly known as the Investment Management Association);
<b>Nominated Person</b>	a person who has been nominated by a shareholder to enjoy information rights under section 146 of the Act;
<b>PRA</b>	Prudential Regulation Authority;
<b>Regulatory Capital Convertible Instruments</b>	any securities to be issued by the Company or any member of the Group, or by a Company outside of the Group with the consent of the Company or a member of the Group and which are intended on issue to form all or part of a type or class of securities the terms of which are eligible to meet any Regulatory Capital Requirements and which are: <ul style="list-style-type: none"> <li>a) convertible into or exchangeable for ordinary shares of the Company; or</li> <li>b) issued together with share warrants relating to ordinary shares of the Company,</li> </ul> and in each case, which grant to, or require, the holder of such security and/or its nominee a right or obligation (as applicable) to subscribe for such ordinary shares following a specified event relating to an actual or prospective adverse change in the capital position or viability of the Company, any member of the Group or the Group as a whole or any other event specified in the Regulatory Capital Requirements and otherwise on such terms as may be determined by the Directors of the Company or a committee thereof upon issue;
<b>Regulatory Capital Requirements</b>	any applicable requirements specified by the PRA or other such authority having primary supervisory authority with respect to the Company from time to time in relation to the margin of solvency, capital resources, capital, contingent capital or buffer capital of the Company, a member of the Group or the Group taken as a whole;
<b>Resolutions (each a Resolution)</b>	the resolutions to be proposed at the AGM and contained in the notice of the AGM; and
<b>Statement of Principles</b>	Pre-Emption Group 2015 Statement of Principles for the disapplication of pre-emption rights.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of OneSavings Bank plc will be held at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED on Wednesday 11 May 2016 at 11.00am to consider and, if thought fit, pass the following Resolutions.

All Resolutions will be proposed as ordinary resolutions, save for Resolutions 20 to 23 inclusive which will be proposed as special resolutions.

### Ordinary resolutions

1. To receive the 2015 Annual Report and Accounts.
2. To receive and approve the Annual Statement by the Chairman of the Remuneration Committee and the Annual Report on Directors' Remuneration for the financial year ended 31 December 2015.
3. To declare a final dividend of 6.7 pence per ordinary share in respect of the year ended 31 December 2015, payable on 18 May 2016 to ordinary shareholders on the register at the close of business on 29 March 2016.

### Independent Non-Executive Directors

4. To re-elect Michael Fairey as a Director of the Company.
5. To re-elect Rodney Duke as a Director of the Company.
6. To re-elect Malcolm McCaig as a Director of the Company.
7. To re-elect Graham Allatt as a Director of the Company.
8. To re-elect Mary McNamara as a Director of the Company.
9. To re-elect Nathan Moss as a Director of the Company.
10. To elect Eric Anstee as a Director of the Company.

### Non-Independent Non-Executive Directors

11. To re-elect Timothy Hanford as a Director of the Company.
12. To re-elect David Morgan as a Director of the Company.

### Executive Directors

13. To re-elect Andrew Golding as a Director of the Company.
14. To re-elect April Talintyre as a Director of the Company.
15. To re-appoint KPMG LLP as the Auditor of the Company.
16. To authorise the Directors to agree the remuneration of the Auditor.
17. That the Directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights'):
  - (a) up to an aggregate nominal amount of £810,267 (such amount to be reduced by the nominal amount allotted or granted under (b) below in excess of such sum); and
  - (b) up to a further aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) of £810,267 (such amount to be reduced by any allotments or grants made under (a) above in excess of such sum); provided that (i) they are equity securities (within the meaning of section 560(1) of the Act) and (ii) they are offered by way of a rights issue to holders of ordinary shares on the register of shareholders at such record date as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held or deemed to be held by them on any such record date and to other holders of equity securities entitled to participate therein (if any), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems arising under the laws or the requirements of any regulatory body or stock exchange in any territory or by virtue of shares being represented by depositary receipts or any other matter, provided that, this authority shall expire at the conclusion of the next Annual General Meeting of the Company, or, if earlier, on 10 August 2017 (being 15 months from the date of the passing of this Resolution) save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the Directors to allot shares and grant Rights be and are hereby revoked.

18. That the Directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:
- (a) up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) of 12% of issued share capital in relation to the issue of Regulatory Capital Convertible Instruments; and
  - (b) subject to applicable law and regulation, at such conversion prices (or such maximum or minimum conversion prices or conversion price methodologies) as may be determined by the Directors of the Company from time to time, these authorisations to apply in addition to all other authorities granted pursuant to section 551 of the Act and to expire at the conclusion of the Annual General Meeting of the Company in 2017 (or if earlier on 10 August 2017), save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or to convert any security into shares, in pursuance of any such offer or agreement as if the authorisations conferred hereby had not expired.
19. That, in accordance with sections 366 and 367 of the Companies Act 2006 (the 'Act'), the Company and all companies that are its subsidiaries, at any time up to the conclusion of the next Annual General Meeting, or if earlier, on 10 August 2017, be authorised, in aggregate, to:
- (a) make political donations to political parties and/or independent election candidates not exceeding £50,000 in total;
  - (b) make political donations to political organisations other than political parties not exceeding £50,000 in total; and
  - (c) incur political expenditure not exceeding £50,000 in total.

For the purposes of this authority the terms 'political donation', 'political parties', 'independent election candidates', 'political organisation' and 'political expenditure' have the meanings given by sections 363 to 365 of the Act .

### Special resolutions

20. That the Directors be empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560 of the Act) for cash either pursuant to the authority conferred by the above Resolution 17 or by way of a sale of ordinary shares as treasury shares for cash as if section 561(1) of the Act did not apply to any such allotment or sale provided that this power shall be limited to:
- (a) the allotment of equity securities for cash in connection with or pursuant to an offer of or invitation to acquire equity securities (but in the case of the authority granted under sub- paragraph (b) of the above Resolution 17 by way of a rights issue only) in favour of the holders of ordinary shares on the register of shareholders at such record dates as the Directors may determine and other persons entitled to participate therein (if any) where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held or deemed to be held by them on any such record dates, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems arising under the laws of or the requirements of any regulatory body or stock exchange in any territory or by virtue of shares being represented by depositary receipts or any other matter; and
  - (b) in the case of authorisation granted under sub-paragraph (a) of Resolution 17 above (or in the case of any sale of treasury shares) , and otherwise than pursuant to sub-paragraph (a) of this Resolution 20, an allotment to any person or persons of equity securities up to an aggregate nominal amount of £243,080; and shall expire upon the expiry of the general authority conferred by Resolution 17 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.
21. That, subject to the passing of Resolution 18 above, the Directors be given power pursuant to section 570(1) of the Companies Act 2006 (the 'Act') to allot equity securities (as defined in section 560(1) of the Act) of the Company for cash pursuant to the authorisation conferred by that Resolution in relation to the issue of Regulatory Capital Convertible Instruments as if section 561 of the Act did not apply to any such allotment, up to an aggregate nominal amount of £291,696, such authority shall apply in addition to all other authorities granted pursuant to section 570(1) of the Act and shall expire at the conclusion of the Annual General Meeting of the Company in 2017 or, if earlier, on 10 August 2017, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

22. That the Company be generally and unconditionally authorised for the purpose of section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 1 pence each of the Company on such terms and in such manner as the Directors may from time to time determine, provided that:
- (a) the maximum number of ordinary shares hereby authorised to be acquired is 24,308,000 representing approximately 10% of the issued ordinary share capital of the Company as at 24 March 2016 (being the latest practicable date before the publication of this document);
  - (b) the minimum price (excluding expenses) which may be paid for any such share is 1 pence;
  - (c) the maximum price (excluding expenses) which may be paid for any such share is the higher of (i) an amount equal to 5% above the average of the middle market quotations for an ordinary share in the Company as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share in the Company on the trading venues where the market purchases by the Company pursuant to the authority conferred by this Resolution 22 will be carried out);
  - (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting, or, if earlier, on 10 August 2017 unless previously renewed, varied or revoked by the Company in general meeting; and
  - (e) the Company may, before this authority expires, make a contract to purchase its ordinary shares which would or might be executed wholly or partly after the expiry of this authority, and may purchase its ordinary shares pursuant to it as if this authority had not expired.
23. That a general meeting of the Company, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

**Registered Office:**

Reliance House  
Sun Pier  
Chatham  
Kent ME4 4ET

Registered in England & Wales  
No. 7312896

By Order of the Board  
**Zoe Bucknell**  
Group General Counsel and Company Secretary  
24 March 2016

## NOTES

1. Only persons entered on the register of shareholders of the Company at 6.00pm on Monday 9 May 2016 (or, if the AGM is adjourned, at 6.00pm on the date which is two business days prior to the adjourned meeting) shall be entitled to attend and vote at the AGM or adjourned meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote (and the number of votes they may cast) at the AGM or adjourned meeting.
2. A shareholder entitled to attend and vote at the AGM may appoint another person (who need not be a shareholder of the Company) as her/his proxy to exercise all or any of her/his rights to attend, speak and vote at the AGM. A shareholder can appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.
3. A proxy does not need to be a shareholder of the Company but must attend the AGM to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Your proxy must vote as you instruct and must attend the AGM for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy, using the Form of Proxy, are set out in the notes to the Form of Proxy. The valid appointment of a proxy does not prevent you from attending the AGM and voting in person.
4. A shareholder who wishes to appoint a proxy should complete the Form of Proxy which accompanies this notice and includes full details of how to appoint a proxy. If you do not have a Form of Proxy and believe that you should have one, or if you require additional Forms of Proxy, please contact Equiniti's helpline on 0371 384 2701 (+44 121 415 7047 if calling from overseas) (Lines are open between 8.30 am and 5.30 pm Monday to Friday).
5. A copy of this notice has been sent for information only to Nominated Persons. The rights to appoint a proxy cannot be exercised by a Nominated Person; they can only be exercised by a shareholder. However, a Nominated Person may have a right under an agreement with the shareholder by whom s/he was nominated to be appointed as a proxy for the AGM or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, s/he may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights.
6. In order to be valid, a proxy appointment must be returned (together with any authority under which it is executed or a copy of the authority certified in ink by an attorney, a bank, a stockbroker or a solicitor) by one of the following methods:
  - in hard copy form by post, by courier or by hand to the Company's registrar at the address shown on the Form of Proxy; or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in note 8 below.

The appointment of a proxy in each case must formally be received by the Company not less than 48 hours, excluding non-working days, before the time of the AGM.

7. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy Form of Proxy and would like to change the instructions using another hard copy Form of Proxy, please contact Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others. If the Company is unable to determine which is last sent, the one which is last received shall be so treated. If the Company is unable to determine either which is last sent or which is last received, none of them shall be treated as valid in respect of the relevant share(s).
8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual, which can be viewed at [www.euroclear.com](http://www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number RA19) by 11.00 am on Monday 9 May 2016 (the latest time(s) for receipt of proxy appointments specified in this notice). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the CREST Regulations.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. Completion of a Form of Proxy or any CREST Proxy Instruction will not preclude a shareholder attending and voting in person at the AGM if s/he wishes to do so.

11. Voting on all Resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as shareholders' votes are to be counted according to the number of shares held. As soon as practicable following the AGM, the results of the voting at the AGM and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the Resolutions will be announced via a Regulatory Information Service and also placed on the Company's website: [www.osb.co.uk](http://www.osb.co.uk) on the 'Shareholder Information' page.
12. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that the shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.
13. A shareholder of the Company, which is a corporation, may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Act, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, provided that they do not do so in relation to the same shares.
14. Shareholders satisfying the thresholds in section 527 of the Act can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the shareholders propose to raise at the AGM. The Company may not require the shareholders requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website.
15. Under section 319A of the Act, the Company must answer any question relating to the business being dealt with at the AGM which is put by a shareholder attending the AGM, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the AGM that the question be answered or if to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information or if the answer has already been given on a website in the form of an answer to a question.
16. As at 24 March 2016 (being the latest practicable date before the publication of this document), the Company's issued share capital consists of 243,079,965 ordinary shares, carrying one vote each. The Company does not hold any shares in treasury. Therefore as at 24 March 2016 the total voting rights in the Company are 243,079,965.
17. The contents of this notice, details of the total number of shares in respect of which shareholders are entitled to exercise voting rights at the AGM, details of the totals of the voting rights that members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: [www.osb.co.uk](http://www.osb.co.uk) on the 'Shareholder Information' page.
18. Copies of the Executive Directors' service contracts with the Company, the Letters of Appointment of the Non-Executive Directors and the Articles of the Company are available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and will be available for inspection at the AGM for at least 15 minutes prior to the AGM until its conclusion.
19. You may not use any electronic address provided in this notice to communicate with the Company for any purposes other than those expressly stated.
20. The doors will open at 10.30 am and you may wish to arrive by 10.45 am to enable you to take your seat in good time.
21. If you have any special needs or require wheelchair access to the AGM venue, please contact Tatiana Felicien, [tatiana.felicien@osb.co.uk](mailto:tatiana.felicien@osb.co.uk) or 01634 835770 in advance of the AGM.



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