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If you have sold or otherwise transferred all your shares in Scapa Group plc please send this document and the accompanying Form of Proxy at once to the purchaser or transferee or to the stockbroker, bank manager or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred some only of your shares in Scapa Group plc, you should retain these documents.



**Scapa Group plc**  
997 Manchester Road  
Ashton-under-Lyne  
Greater Manchester  
OL7 0ED

**Directors:**

J A S Wallace (*Chairman*)  
H R Chae  
P Edwards  
R J Perry  
M C Buzzacott

To the holders of ordinary shares in Scapa Group plc

17 June 2011

Dear Shareholder

## **2011 ANNUAL GENERAL MEETING**

Notice of the 2011 Annual General Meeting to be held on Tuesday, 26 July 2011 at 2.00pm at the Village Hotel, Pamir Drive, Ashton-under-Lyne, Greater Manchester, OL7 0PG is set out on pages 4 to 6 of this document.

I provide below further information regarding certain resolutions which shareholders are to be asked to approve at the Annual General Meeting.

### **Resolution 2 – Directors' Remuneration Report**

Shareholders are again asked to approve the Directors' Remuneration Report, which is set out on pages 25 to 29 of the Report and Accounts. The Directors are satisfied that the Company's policy and practice in relation to Directors' remuneration are reasonable and that they deserve shareholder support.

### **Resolutions 3, 4 and 5 – Re-election of Directors**

As Mr Edwards has been appointed by the Board since last year's Annual General Meeting, he is required to retire and offer himself for re-election by shareholders. The Articles of Association of the Company require that each Director must retire and offer himself for re-election at least every three years. The Directors retiring under this rule are Mr Perry and Mr Buzzacott, both of whom are standing for re-election.

A profile of each current Director is set out on page 20 of the Report and Accounts. Following formal performance evaluation it has been determined that Mr Edwards, Mr Perry and Mr Buzzacott are performing effectively.

### **Resolution 8 – Allotment of shares**

Under Section 551 of the Companies Act 2006, the Directors may only allot shares or grant rights to subscribe for or convert any securities into shares if authorised to do so. The Company's Articles of Association give a general authority to the Directors to allot shares.

This resolution, which complies with guidance issued by the Association of British Insurers, will, if passed, authorise the Directors to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal value of £2,394,082 (being approximately 33% of the current issued share capital as at 17 June 2011) and up to an additional value not exceeding £2,394,082 in the case of allotments in connection with a rights issue. This additional authority represents approximately 33% of the issued share capital as at 17 June 2011. The Directors have no present intention to exercise either of the authorities sought under this resolution. However, the Directors may consider doing so if they believe it would be appropriate in respect of business opportunities that may arise consistent with the Company's strategic objectives. The authorities will last until the conclusion of the next Annual General Meeting.

As at 17 June 2011, the Company did not hold any shares in the Company in treasury.

### **Resolution 9 – Disapplication of pre-emption rights**

This is a special resolution to renew the Directors' authority to allot shares for cash without first offering them to existing shareholders on a pro-rata basis. In addition, subject to a waiver by way of special resolution, or in the Articles of Association, treasury shares must in the first instance be offered for sale to existing shareholders in proportion to their holdings. As with the allotment of shares for cash, the Directors consider that it is in the interests of the Company, in certain circumstances, for the Directors to be able to sell treasury shares for cash without having to offer them to existing shareholders first. Therefore, the Directors' authority to allot equity securities for cash on a non-pre-emptive basis pursuant to this special resolution will also cover the sale for cash of any shares held by the Company as treasury shares.

Although there is currently no intention to make use of this authority, its renewal would provide the Directors with continued flexibility to act in the best interests of shareholders when opportunities arise and, in respect of treasury shares, also gives the Company the ability to sell treasury shares quickly and cost-effectively. The authority sought is limited to an aggregate nominal value of £362,740, which is 5% of the issued share capital as at 17 June 2011. In relation to the exercise of this authority, the Directors would have regard to the guidelines published by the investment committees of the Association of British Insurers and the National Association of Pension Funds. This authority will last until the conclusion of next year's Annual General Meeting.

### **Resolution 10 – Authority for purchase of own shares by the Company**

At the last Annual General Meeting held on 28 July 2010, shareholders passed a resolution authorising the Directors to make market purchases of the Company's own shares. Although no such purchases have been made, the Directors consider it appropriate for the authority (which expires at the forthcoming Annual General Meeting) to be renewed and undertake that the authority will only be exercised when they consider that such a purchase would result in an increase in expected earnings per share and would be in the best interests of shareholders. The Directors have no present intention of using such authority, but this position will be kept under review. The authority sought by special resolution will continue until the next following Annual General Meeting (or, if sooner, 26 October 2012) and will limit total purchases to 14,509,588 ordinary shares, corresponding to 10% of the Company's issued share capital as at 17 June 2011.

The price paid for any ordinary share purchased under such authority must not be less than the nominal value of such share, namely five pence, and must not exceed 105% of the average middle market price of the Company's ordinary shares as shown in the AIM Appendix to the London Stock Exchange Daily Official List for the five business days immediately preceding the purchase.

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the 'Regulations'), the Company is allowed to hold its own shares purchased in the market in treasury as an alternative to cancelling them. Shares held in treasury may subsequently be sold for cash, transferred for the purposes of employee share schemes, or cancelled.

As at 17 June 2011, the latest practical date prior to the publication of this document, the number of ordinary shares which would be issued upon full exercise of all outstanding options to subscribe for shares in the Company was 7,535,146. This represents approximately 5.19% of the existing issued share capital and approximately 5.77% of the issued share capital as it would be if the proposed authority to purchase ordinary shares were to be utilised in full.

### **Resolution 11 – Adoption of new Savings Related Share Option Plan**

The Scapa Group 2001 Sharesave Scheme, which was adopted by the Company at the 2001 Annual General Meeting, expires this year. The Directors feel that it is appropriate to establish a similar scheme to replace it for a further period of ten years.

A summary of the main terms of the Scapa Group plc Savings Related Share Option Plan 2011 ('SAYE Plan') is set out in Appendix 1 on pages 7 to 8 of this document.

A full copy of the SAYE Plan is available for inspection in accordance with note 6 of the Notice of the Annual General Meeting.

### **Resolution 12 – Adoption of new Performance Share Plan**

The Scapa Group plc 2004 Performance Share Plan, which was adopted by the Company at the 2004 Annual General Meeting, has now been in operation for seven years. Options under the current plan have been issued intermittently and it is intended in the future to issue options on an annual basis. The Directors feel that this, together with the changes in legislation, means it is appropriate to establish a plan that reflects current best practice.

A summary of the main terms of the Scapa Group plc 2011 Performance Share Plan ('the PSP Plan') is set out in Appendix 2 on pages 9 to 10 of this document.

A full copy of the Plan is available for inspection in accordance with note 6 of the Notice of the Annual General Meeting.

### **Resolution 13 – Political donations**

Shareholders will recall that, as a result of the wide definitions originally introduced by the Political Parties, Elections and Referendums Act 2000, an appropriate precautionary resolution has been passed at each of the Annual General Meetings held since 2002 in order to avoid inadvertent infringement of the relevant legislative provisions, which are now contained in the Companies Act 2006 ('the Act'). While the Board does not believe that the Company has made any 'political donations' or incurred any 'political expenditure' pursuant to any of those resolutions, the authority granted by the resolution passed in 2009 expires at the forthcoming Annual General Meeting and the Board is therefore now seeking shareholders' authority by an ordinary resolution for the Company and its subsidiaries to make 'political donations' (to political parties or independent electoral candidates and, separately, to political organisations other than political parties) and incur 'political expenditure' (within the meaning of the Act), in each of these three cases up to an aggregate amount of £50,000, during the period up to the next following Annual General Meeting (or, if earlier, 26 October 2012). Shareholders should be aware that it is not the policy of the Company to make political donations or incur political expenditure (in each case as commonly understood) anywhere in the world and that the Directors intend that this policy will continue whether or not resolution 13 is passed.

### **Report and Accounts**

Copies of the 2011 Report and Accounts may be obtained from the Company Secretary, by application to the registered office of the Company, or online from the Company's website at [www.scapa.com](http://www.scapa.com).

### **Action required**

You will find with this document a Form of Proxy for use in respect of your ordinary shares at the Annual General Meeting. A proxy may also be appointed, if you are a member of CREST, by using the CREST electronic proxy appointment service, further details of which are set out in note 3 to the Notice of Meeting, which can be found on pages 4 to 6 of this document.

Whether or not you are able to attend the meeting, you are requested to appoint a proxy either by completing and returning the enclosed Form of Proxy, or through the CREST electronic proxy appointment service, in either case prior to the relevant deadline specified in note 2 or note 3, as applicable, to the Notice of Meeting. The appointment of a proxy will not prevent you from attending, speaking and voting in person at the meeting should you subsequently decide that you wish to do so.

### **Recommendations**

The Board consider the resolutions which are set out in the Notice of Meeting on pages 4 to 6 of this document, and which are to be proposed at the forthcoming Annual General Meeting, to be in the best interests of the Company and of shareholders as a whole and unanimously recommend shareholders to vote in favour of all such resolutions, as they intend to do in respect of their own beneficial holdings.

Yours faithfully

**J A S Wallace**  
Chairman

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2011 Annual General Meeting of Scapa Group plc will be held at the Village Hotel, Pamir Drive, Ashton-under-Lyne, Greater Manchester, OL7 0PG on Tuesday, 26 July 2011 commencing at 2.00pm to consider and, if thought fit (and subject, in the case of resolution 9, to the passing of resolution 8), pass the following resolutions which will be proposed in the case of resolutions 1 to 8 and 11 to 13, as ordinary resolutions and, in the case of resolutions 9 and 10, as special resolutions:

- 1 To receive the Company's Report and Accounts for the year ended 31 March 2011.
- 2 To approve the Directors' Remuneration Report for the year ended 31 March 2011.
- 3 To re-elect as a Director Mr P Edwards, who was appointed as a Director in September 2010.
- 4 To re-elect as a Director Mr R J Perry, who retires in accordance with the Company's Articles of Association.
- 5 To re-elect as a Director Mr M C Buzzacott, who retires in accordance with the Company's Articles of Association.
- 6 To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
- 7 To authorise the Directors to fix the remuneration of the auditors.
- 8 (a) That the Directors are generally and unconditionally authorised within Section 551 of the Companies Act 2006 ('the Act') to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate value of £2,394,082; and further  
(b) That the Directors are generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all the powers of the Company to allot equity securities (within the meaning of Section 560(1) of the Act) up to an aggregate nominal value of £2,394,082 in connection with an offer of securities by way of a rights issue in favour of holders of ordinary shares in proportion (as nearly as may be) to their holdings and subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in connection with fractional entitlements or any other matter whatsoever during the period from the date of the passing of this resolution to the conclusion of the next Annual General Meeting of the Company and so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or rights to subscribe for or convert securities into shares 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 such offers or agreements as if the authority given by this resolution had not expired.
- 9 That, subject to the passing of resolution 8 set out in the Notice of Meeting of which this resolution is a part, the Directors are 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, pursuant to the authority conferred by resolution 8 set out in the Notice of Meeting of which this resolution is a part, as if Section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to:
  - (a) the allotment of equity securities (but in the case of the authority granted under paragraph (b) of resolution 8, by way of rights issue only) in connection with an offer of securities, open for acceptance for a period fixed by the Directors, by way of rights to holders of ordinary shares and other persons entitled to participate in such offer in proportion (as nearly as may be) to their holdings (or, as appropriate, to the number of shares which such other persons are deemed to hold) on a record date fixed by the Directors, subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange in any territory or in connection with fractional entitlements or any other matter whatsoever; and
  - (b) pursuant to the terms of any share scheme for employees approved by members in general meeting; and
  - (c) otherwise than pursuant to sub-paragraphs (a) and (b) above, up to an aggregate nominal value of £362,740 during the period from the date of passing of this resolution to the conclusion of the next Annual General meeting of the Company, and so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the power had not expired.

This power applies in relation to a sale of treasury shares which is included as an allotment of equity securities by virtue of Section 560(2) of the Act as if all references in this resolution to any such allotment included any such sale and as if in the first paragraph of this resolution the words 'pursuant to the authority conferred by resolution 8 set out in the Notice of Meeting of which this resolution is a part' were omitted in relation to such sale.

- 10 That the Company be generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 ('the Act') to make one or more market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares in the capital of the Company, provided that:
- (a) the maximum number of ordinary shares hereby authorised to be purchased is 14,509,588;
  - (b) the minimum price which may be paid for any share (excluding expenses) is 5p;
  - (c) the maximum price per share at which ordinary shares may be purchased (excluding expenses) shall not be more than 105% of the average of the middle market quotations for an ordinary share as derived from the AIM Appendix to the London Stock Exchange Daily Official List for the five business days immediately preceding the contractual date of purchase of such share;
  - (d) the authority to purchase hereby conferred shall, unless previously renewed, varied or revoked, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 26 October 2012, whichever is earlier; and
  - (e) the Company may prior to the expiry of such authority make a contract or contracts to purchase ordinary shares under the authority hereby conferred which will or may be executed wholly or partly after the expiry of such authority.
- 11 (a) That the rules of the Scapa Group plc Savings Related Share Option Plan 2011 (SAYE Plan), described in the circular of which the Notice containing this resolution forms part and in the form produced in draft to the meeting and for the purpose of identification initialled by the Chairman of the meeting, be and are hereby approved and adopted; and
- (b) That the Directors of the Company be and are hereby authorised (i) to do all such things as may be necessary or desirable to carry the SAYE Plan into effect, including making any changes to the rules of the SAYE Plan necessary or desirable in order to obtain approval by HM Customs & Excise, and (ii) to adopt further plans based on the SAYE Plan but modified to take account of local tax, exchange control or securities law in overseas territories, provided that any shares made available under such further plans are treated as counting against any limits on individual or overall participation in the SAYE Plan.
- 12 (a) That the rules of the Scapa Group plc 2011 Performance Share Plan ('the PSP Plan'), described in the circular of which the Notice containing this resolution forms part and in a form produced in draft to the meeting, and for the purpose of identification initialled by the Chairman of the meeting, be and are hereby approved and adopted; and
- (b) That the Directors of the Company be and are hereby authorised to do all such things necessary or desirable to carry the PSP Plan into effect.
- 13 That in accordance with Sections 366 and 367 of the Companies Act 2006 ('the Act') the Company and any company which is or becomes a subsidiary of the Company during the period to which this resolution relates be authorised:
- (a) to make political donations to political parties or independent electoral candidates, as defined in Sections 363 and 364 of the Act, not exceeding £50,000 in total; and
  - (b) to make political donations to political organisations other than political parties, as defined in Sections 363 and 364 of the Act, not exceeding £50,000 in total; and
  - (c) to incur political expenditure, as defined in Section 365 of the Act, not exceeding £50,000 in total,
- during the period beginning with the date of the passing of this resolution and ending on 26 October 2012, or, if sooner, at the conclusion of the next Annual General Meeting of the Company.

By order of the Board  
M R Stirzaker  
Company Secretary

17 June 2011

Registered Office:  
997 Manchester Road  
Ashton-under-Lyne  
Greater Manchester  
OL7 0ED  
Registered in England  
No: 826179

## Notes

- 1 In accordance with Regulation 41(1) of the Uncertificated Securities Regulations 2001 the Company specifies that, to have the right to attend and vote at the meeting or any adjournment thereof (and also for the purposes of calculating how many votes a person may cast), a person must have his/her name entered on the Company's register of members by no later than 6.00pm on the day being two days before the date of the meeting or any such adjournment.
- 2 A member who is entitled to attend, speak and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not also be a member. A Form of Proxy is enclosed. To be valid, Forms of Proxy must be lodged with Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU, not less than 48 hours before the time appointed for the meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such member. To appoint more than one proxy, you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicating how you wish each proxy to vote or abstain from voting. You may not appoint more than one proxy to exercise the rights attached to any one share. If you wish to appoint the Chairman as one of your multiple proxies, simply write 'the Chairman of the Meeting'. The appointment of one or more proxies does not preclude a member from attending, speaking and voting in person at the meeting.
- 3 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited ('Euroclear') 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 Company's agent (IDRA10) not less than 48 hours before the time appointed for 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 providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 4 In the absence of any indication as to how he is to vote on any resolution, the proxy will (whether he is appointed by the lodging of a Form of Proxy or through the CREST electronic proxy appointment service) vote for or against such resolution, or will abstain, at his discretion, as in each case he is entitled to do in respect of any procedural matters arising at the meeting.
- 5 Arrangements will be put in place at the meeting in order to facilitate voting by representatives of members which are corporations ("corporate representatives" and "corporate shareholders") so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all its other corporate representatives at the meeting, those corporate representatives will be able to give voting directions to the Chairman in respect of the poll and the Chairman will be able to vote (or withhold a vote) on the poll as corporate representative in accordance with those directions, and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, all of them will be able to nominate one of their number as a "designated" corporate representative to vote on a poll for them all and the others will be able to give voting directions to the designated corporate representative accordingly. Further information about this procedure is set out in the Institute of Chartered Secretaries and Administrators' January 2008 guidance note on "Proxies and Corporate Representatives at General Meetings" (accessible at [www.icsa.org.uk](http://www.icsa.org.uk)).
- 6 Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours (Saturdays, Sundays and public holidays in the UK excepted) from the date of this Notice until the conclusion of the 2011 Annual General Meeting and will also be available at the place of the meeting for at least 15 minutes prior to, and during, the meeting:
  - 1 the rules of the Scapa Group plc Savings Related Share Option Plan 2011;
  - 2 the rules of the Scapa Group plc 2011 Performance Share Plan;
  - 3 copies of the service contracts of the Executive Directors of the Company and of the terms and conditions of appointment of the Non-Executive Directors of the Company.

## APPENDIX 1

### Summary of the main terms of the Scapa Group plc Savings Related Share Option Plan 2011 ('SAYE Plan')

#### General

The SAYE Plan is a savings related share option scheme designed to be approved by HM Revenue & Customs (HMRC) in accordance with the Income Tax (Earnings & Pensions) Act 2003 (ITEPA).

The SAYE Plan shall be administered by the board of directors of the Company (Board).

#### Eligibility

All UK employees and full-time directors of the Company and participating companies within the group are eligible to participate in the SAYE Plan.

It is intended that invitations to apply for options over shares under the SAYE Plan will be made to all eligible employees and executive directors who are employed on the date invitations under the SAYE Plan are issued. The Board will determine the basis upon which any invitations to apply for options are made.

#### The Savings Contract

To participate in the SAYE Plan, an eligible employee must enter into a Save-As-You-Earn contract (Savings Contract) with an appropriate savings carrier approved by the Company, agreeing to make monthly contributions of between £5 and £250 for a specified savings period of three or five years. The Board has discretion to determine which of the Savings Contracts will be available in respect of any invitation to apply for options.

A bonus determined by HMRC is payable after the expiration of the savings period.

Applications to participate in the SAYE Plan may be scaled down by the Board, if applications exceed the number of shares available for the grant of options. Such scaling down may include:

- (i) the exclusion of bonuses;
- (ii) reducing monthly contributions above a certain level pro rata;
- (iii) reducing monthly contributions for each eligible employee pro rata; or
- (iv) treating elections for five-year savings plans as elections for three-year savings plans.

#### Option price

Options granted to acquire shares under the SAYE Plan will have an option price determined by the Board, which will not be less than the higher of:

- (i) whilst the Company is listed on AIM, 80% of the market value of a share as agreed with HMRC Shares and Assets Valuation prior to the date of grant of the options; or
- (ii) where shares are to be subscribed, their nominal value.

#### Grant of options

The number of shares over which options may be granted must, as nearly as possible, be equal to, but not in excess of, that number of shares which may be purchased out of the repayment proceeds (including any interest or bonus payable) of the relevant Savings Contract at the option price.

Options under the SAYE Plan may only be granted within the period of 42 days following:

- the date of approval of the SAYE Plan under ITEPA;
- the day immediately following any general meeting of the Company;
- any day on which any change to the legislation affecting savings-related share option schemes approved by HMRC is announced or made;
- the announcement by the Company of its results for the last preceding financial year, half year or any other financial period; or
- any day on which the Board determines that exceptional circumstances exist which justify the grant of options.

No options may be granted more than ten years after the adoption of the SAYE Plan.

Options granted under the SAYE Plan may not be transferred (other than on death).

No consideration will be required for the grant of the option.

#### Limits on the issue of shares

In any ten year period no more than ten per cent of the issued ordinary share capital of the Company for the time being may be issued or issuable pursuant to rights acquired under the SAYE Plan and any other employees' share plans established by the Company.

For the purposes of this limit, options or other rights to acquire shares which lapse or have been released do not count.

### Exercise of options

Options will only normally be exercisable for a period of six months commencing on the third or fifth anniversary (as the case may be) of the starting date of the related Savings Contract and, if not exercised by the end of that period, the option will lapse.

Earlier exercise may, however, be permitted in specified circumstances, including:

- (i) termination of employment as a result of death, injury, disability, redundancy, retirement or the sale of the subsidiary or business for which the participant works;
- (ii) on reaching the age of 60 without retiring; and
- (iii) in the event of a takeover or liquidation of the Company.

### Rights attaching to shares

All shares allotted or transferred under the SAYE Plan will rank *pari passu* with all other shares of the Company for the time being in issue (save as regards any rights attaching to such shares by reference to a record date prior to the date of allotment or transfer) and the Company will apply for the listing of any new shares issued under the SAYE Plan.

### Takeover of the Company

In the event of a takeover, reconstruction or winding up of the Company, options may be exercised within six months of the change of control. Alternatively, options may be exchanged for new equivalent options over shares in the acquiring company where appropriate.

### Variation of capital

In the event of any rights or capitalisation issue, sub-division, consolidation, reduction or other variation of the ordinary share capital, the Board may make (subject to receiving prior approval of HMRC) such adjustments as it considers appropriate to the number of shares subject to options and/or the price payable on the exercise of options.

### Alterations to the SAYE Plan

The Board may alter the provisions of the SAYE Plan in any respect provided that the prior approval of shareholders in general meeting is obtained for alterations or additions to the advantage of participants to provisions relating to eligibility, option price and variation, limits on participation and the number of new shares available under the SAYE Plan, terms of exercise and adjustment of options (other than pursuant to a variation of capital outlined above).

The requirement to obtain the prior approval of shareholders will not, however, apply in relation to any alteration or addition which is minor in nature and made to benefit the administration of the SAYE Plan, to comply with the provisions of any existing or proposed legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for the Company, any of its subsidiaries or for participants.

Any amendment to a key feature of the SAYE Plan will require HMRC approval before it can take effect.

### Termination

The SAYE Plan will terminate on the tenth anniversary of its adoption, or such earlier time as the Board may determine, but the rights of existing participants will not be affected by such termination. In the event of termination, no further options will be granted.

### Employees outside the UK

The Board may at any time without further shareholder approval establish appendices to the SAYE Plan or further share plans corresponding to the SAYE Plan for the benefit of employees in non-UK jurisdictions, any such appendices or plans to be similar to the SAYE Plan, but modified to take account of local tax, exchange control or securities laws, provided that any shares made available under such further appendices or plans are treated as counting against the relevant limits in the SAYE Plan.

### Benefits non-pensionable

Benefits under the SAYE Plan are non-pensionable.

## APPENDIX 2

### **Summary of the main terms of the Scapa Group plc 2011 Performance Share Plan ('the Plan')**

#### **General**

The Plan allows for the grant of options to acquire ordinary shares in the Company, which throughout this Appendix will be termed 'Awards'.

#### **Eligibility**

Any employee or Executive Director of the Group will be eligible to participate in the Plan at the discretion of the Remuneration Committee ('the Committee').

#### **Option exercise price**

The Committee may grant options with an exercise price equal to nil.

#### **Grant of Awards**

Awards may be granted in the period of 42 days commencing on the date on which the Plan is adopted by the Company. Thereafter, Awards may normally only be granted in the 42 days following the announcement by the Company of its results for any period, or following a change in the legislation relating to share plans or where there are circumstances considered by the Committee to be exceptional. Awards may also be granted outside these periods in connection with the commencement of an eligible employee's employment if this is appropriate. However, at all times, the grant of Awards will be subject to the terms of the Model Code for transactions in securities by directors.

No Awards may be granted later than ten years after the approval of the Plan by shareholders.

Awards may be granted over newly issued shares and/or shares purchased in the market.

Awards are not transferable (other than on death) without the consent of the Committee.

#### **Individual limits**

No employee may be granted Awards under the Plan in any financial year over shares to a value of more than 150 per cent of base salary, unless the Committee determines that exceptional circumstances exist which justify exceeding this limit, in which case the limit shall be 200 per cent of base salary.

#### **Limits on the issue of shares**

In any ten year period not more than ten per cent of the issued ordinary share capital of the Company from time to time may be issued or issuable pursuant to rights acquired under the Plan and any other employees' share plans adopted by the Company.

For the purpose of these limits, options or other rights to acquire shares which lapse or have been released, do not count. However, shares subscribed by the trustees of an employee benefit trust to satisfy rights granted under any employees' share plans adopted by the Company do count towards these limits.

#### **Vesting of Awards**

An Award will normally vest between the third and tenth years following its grant provided that any specified performance condition has been satisfied. The performance condition will be tested on the third anniversary of grant, with no re-testing. The Award will lapse immediately if the condition has not been met.

#### **Performance conditions**

The vesting of Awards will be subject to performance conditions as considered appropriate by the Committee and specified at the grant date of the Awards.

The conditions may be varied in certain circumstances following the grant of an Award so as to achieve their original purpose, taking account of the interests of the shareholders of the Company, but not so as to make their achievement any more or less difficult to satisfy.

## **Leavers**

In the case of a good leaver, if the Award has already vested the participant has six months from the date they cease employment to exercise their Award, or in the case of death their personal representatives will have 12 months. If the Award has not vested it will vest to the extent determined at the discretion of the Committee taking into account the time that has elapsed since the grant date and the extent to which any applicable performance conditions have been satisfied. The participant will have six months from the date of cessation of employment to exercise their Award, or in the case of death their personal representatives will have 12 months.

In the case of a bad leaver, if their Award has vested they will have six months from the date of cessation to exercise their Award. If their Award has not vested, it will normally lapse, unless the Committee determines otherwise in the period of six months from the date of cessation. A participant will be able to exercise their Award during the period of six months from the date they cease employment to the extent determined by the Committee subject to such factors as the time that has elapsed since the grant date and the extent to which any applicable performance conditions have been satisfied.

Where a participant ceases employment due to summary dismissal, their Award will automatically lapse regardless of whether the Award has vested or not.

## **Rights attaching to shares**

Shares allotted or transferred under the Plan will rank equally with all other ordinary shares of the Company for the time being in issue (except for rights attaching to such shares by reference to a record date prior to the vesting of the Award). The Company will apply for the listing of any new shares allotted under the Plan.

## **Change of control**

In the event of a takeover, reconstruction or winding up of the Company, a proportion of an Award will vest and become exercisable depending on the time which has elapsed between the grant of that Award and the change of control and the extent to which performance conditions have been satisfied at that date. In determining the proportion of an Award which vests, the Committee may take into account factors such as the performance of the Company and the conduct of the participant as deemed relevant.

Alternatively, Awards may (or, if the Committee so determines, shall) be exchanged for new equivalent Awards where appropriate. In this case any performance conditions will continue unless the Committee determines otherwise.

## **Variation of Capital**

In the event of any variation of share capital, demerger or other corporate event the Committee may make such adjustments as they consider appropriate.

## **Alterations to the Plan**

The Plan may at any time be altered by the Board in any respect. However, any alterations to the advantage of participants to the rules governing eligibility, limits on participation and the number of new shares available under the Plan, terms of exercise and adjustment of Awards must be approved in advance by shareholders in general meeting unless the alteration or addition is minor in nature and made to benefit the administration of the Plan, to comply with the provisions of any existing or proposed legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or Group companies.

## **Termination**

The Plan will terminate on the tenth anniversary of its adoption, or such earlier time as the Board may determine.

## **Employees outside the UK**

The Committee may grant Awards to overseas employees on different terms so as to take account of relevant overseas tax, securities or exchange control laws provided that the Awards are not overall more favourable than the terms of Awards granted to other employees.

## **Benefits non-pensionable**

Benefits under the Plan are non-pensionable.

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