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# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Clipper Logistics plc, please forward this document and the Form of Proxy to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Numis Securities Limited is acting exclusively for the Company and no one else in connection with the Waiver and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Numis or for providing advice in relation to the Waiver.

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## CLIPPER LOGISTICS PLC

(Incorporated and registered in England and Wales with Registered Number 3042024)

### **Notice of Annual General Meeting Waiver of Rule 9 of the Takeover Code in respect of the authority of Clipper to purchase its own shares and the grant of up to 463,326 PSP Awards**

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The Annual General Meeting of Clipper Logistics plc will be held at the offices of the Company at Carlton Court, Gelderd Road, Leeds, West Yorkshire, LS12 6LT, on 17 October 2016 at 11:00am. A Form of Proxy for the Annual General Meeting is enclosed and should be completed and returned as soon as possible. To be valid, the Form of Proxy together with any power of attorney or other authority under which it is signed (or a duly certified copy thereof) must be received by Clipper's registrars, Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, no later than 48 hours (ignoring non-working days) before the meeting, being 11:00am on 13 October 2016.

Completion and return of the Form of Proxy will not prevent you from attending and voting at the Annual General Meeting in person, should you so wish.

Alternatively, if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained in the Notice of Annual General Meeting contained in this document.

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# Contents

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Letter from the Chairman	2
Notice of the 2016 Annual General Meeting	4
Explanatory notes to the resolutions	7
Notes to the Notice of Annual General Meeting	15
Additional information	17
Definitions	23

# Letter from the Chairman

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Registered office:  
Gelderd Road  
Leeds  
West Yorkshire  
LS12 6LT

**To all Shareholders of Clipper Logistics plc and persons enjoying information rights**

## Notice of Annual General Meeting

Dear Shareholder

9 September 2016

This document contains the Notice of the 2016 Annual General Meeting of Clipper Logistics plc ("**AGM**"). On behalf of the Board I am delighted to invite you to attend our AGM which will be held at the offices of the Company at Carlton Court, Gelderd Road, Leeds, West Yorkshire, LS12 6LT at 11:00am on 17 October 2016. The formal notice of AGM is set out on pages 4 to 6 of this document. If you are unable to attend the meeting in person your vote is still important and I would ask you to complete, sign and return the enclosed form of proxy ("**Form of Proxy**") to register your vote. This document contains explanatory notes to the resolutions to be put to the AGM. At the AGM it is intended that the Company will take a poll on each of the resolutions put to Shareholders.

### Further information

Your attention is drawn to the remainder of this document which contains further information relating to Clipper and the members of the Concert Party. Financial information on Clipper is set out in Clipper's Annual Report and Accounts for the year ended 30 April 2016. Further information relating to the resolutions contained in the Notice of AGM is provided in the explanatory notes to the resolutions on pages 7 to 14 of this document.

### Recommendation

As Sean Fahey, David Hodkin and I are directly interested in the subject matter of Resolutions 16 and 17, which refer to the Waiver of Rule 9 of the Takeover Code in respect of the authority of Clipper to purchase its own shares and the grant of up to 463,326 PSP Awards (which are in addition to the Existing CP Awards granted in previous years), we have not participated in the recommendation to vote in favour of these resolutions.

The Independent Directors, who have been so advised by Numis, consider that the Waiver and the passing of the Waiver Resolutions (Resolutions 16 and 17) are fair and reasonable and in the best interests of Independent Shareholders and Clipper as a whole. In providing its advice as required by paragraph 4(a) of Appendix 1 to the Code, Numis has taken into account the Independent Directors' commercial assessments. Accordingly, the Independent Directors unanimously recommend that Independent Shareholders vote in favour of the Waiver Resolutions (Resolutions 16 and 17) at the AGM, as they intend to do in respect of their entire holdings which amount to 1,478,023 Ordinary Shares, representing approximately 1.48% of Clipper's issued share capital as at the Latest Practicable Date.

Your Directors, as a whole, believe that the other proposals will promote the success of Clipper for the benefit of Shareholders as a whole and unanimously recommend that you vote in favour of Resolutions 1 to 8 and 11 to 15 (inclusive) as they intend to do in respect of their entire holdings which amount to 40,671,033 Ordinary Shares, representing approximately 40.67% of Clipper's issued share capital as at the Latest Practicable Date.

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# Letter from the Chairman

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Resolutions 9 and 10 are resolutions of the Independent Shareholders to approve the re-election of Michael Russell and Ronald Series who are offering themselves for re-election as independent directors. Their re-election is also proposed as resolutions of all shareholders in Resolutions 7 and 8. The additional, separate resolutions (Resolutions 9 and 10) are proposed in order to comply with the requirements of the Listing Rules and the articles of association of the Company which require that the re-election of independent directors be approved by a separate resolution of those shareholders who are not the controlling shareholder (including any person acting in concert with the controlling shareholder). As I am the controlling shareholder of Clipper and Sean Fahey and David Hodkin are members of the Concert Party, we are not entitled to vote on Resolutions 9 and 10. However, in accordance with the recommendation above covering Resolutions 7 and 8, your Directors as a whole believe that Resolutions 9 and 10 will promote the success of Clipper for the benefit of Shareholders as a whole and unanimously recommend that you vote in favour of Resolutions 9 and 10, as the Independent Directors intend to do in respect of their entire holdings.

Yours faithfully



Steve Parkin

Executive Chairman

# Notice of the 2016 Annual General Meeting

Notice is hereby given that the Annual General Meeting of Clipper Logistics plc (the “**Company**”) will be held at the offices of the Company at Carlton Court, Gelderd Road, Leeds, West Yorkshire, LS12 6LT on 17 October 2016 at 11:00am, to consider and, if thought fit, to pass the following resolutions. It is intended to propose resolutions 12-15 as special resolutions. Resolutions 1 to 8 and 11 will be proposed as ordinary resolutions. Resolutions 9, 10, 16 and 17 will be proposed as ordinary resolutions of Independent Shareholders only and only those votes cast by Independent Shareholders will be counted. Steve Parkin, Sean Fahey and David Hodkin have confirmed that they (and any persons acting in concert with them) will abstain from voting on Resolutions 9, 10, 16 and 17. Voting on all resolutions will be conducted on a poll.

Defined terms used in this Notice are set out on pages 23 and 24 of this document.

## Ordinary Resolutions

1. To receive the accounts for the financial year ended 30 April 2016, together with the reports of the Directors and of the auditors thereon.  
**(Resolution 1)**
2. To approve the Directors’ Remuneration Report as set out in pages 58 to 67 of the Annual Report and Accounts for the financial year ended 30 April 2016.  
**(Resolution 2)**
3. To declare a final dividend of 4.0 pence per Ordinary Share due and payable on 20 October 2016 to holders of Ordinary Shares on the Company’s register of shareholders at 6:00pm on 23 September 2016.  
**(Resolution 3)**
4. To appoint KPMG LLP as auditors of the Company to hold office until the conclusion of the Company’s next annual general meeting to be held in 2017.  
**(Resolution 4)**
5. To authorise the Audit Committee of the Board to set the remuneration of the auditors.  
**(Resolution 5)**
6. To re-elect Mr Sean Fahey as a director of the Company.  
**(Resolution 6)**
7. To re-elect Mr Michael Russell as a director of the Company.  
**(Resolution 7)**
8. To re-elect Mr Ronald Series as a director of the Company.  
**(Resolution 8)**
9. In accordance with the Listing Rules and the articles of association of the Company regarding the election of independent directors, to re-elect Mr Michael Russell as an independent director of the Company.  
**(Resolution 9)**
10. In accordance with the Listing Rules and the articles of association of the Company regarding the election of independent directors, to re-elect Mr Ronald Series as an independent director of the Company.  
**(Resolution 10)**
11. To authorise the Directors generally and unconditionally pursuant to section 551 of the Act to exercise all of the powers of the Company to allot shares in the Company and grant rights to subscribe for, or convert any security into, shares in the Company:
  - (a) up to an aggregate nominal amount of £16,667 (such amount to be reduced by the nominal amount allotted or granted under paragraph (b) of this Resolution in excess of such sum); and
  - (b) comprising equity securities (within the meaning of section 560(1) of the Act) up to an aggregate nominal amount £33,335 (such amount to be reduced by any allotments or grants made under paragraph (a) of this Resolution) in connection with an offer by way of a rights issue:
    - (i) to holders of Ordinary Shares in proportion (or nearly as may be practicable) to their existing holdings; and
    - (ii) to holders of other equity securities as required by the rights attached to those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements as the Directors deem necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, any legal, regulatory or practical problems in, or under the laws of, any territory, or any other matter, such authority

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# Notice of the 2016 Annual General Meeting

continued

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to expire at the end of the next annual general meeting of the Company (or, if earlier, on 31 October 2017), but, in each case, prior to such expiry the Company may make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority expires and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such an offer or agreement as if the authority had not expired.

**(Resolution 11)**

## Special Resolutions

**12.** To authorise the Company generally and unconditionally (subject to the passing of Resolution 16) for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of any of its Ordinary Shares 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 which may be purchased is 10,000,000;
- (b)** the minimum price which may be paid for each Ordinary Share is 0.05 pence which amount shall be exclusive of expenses, if any;
- (c)** the maximum price (exclusive of expenses, if any) which may be paid for each Ordinary Share is an amount equal to the higher of:
  - (i)** 105% of the average of the middle market quotations for the Ordinary Shares of the Company as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which such Ordinary Share is contracted to be purchased, and
  - (ii)** the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Official List at the time the purchase is agreed;
- (d)** unless previously renewed, revoked or varied, this authority shall expire at the conclusion of the annual general meeting to be held in 2017 or on 31 October 2017, whichever is the earlier; and

**(e)** under this authority the Company may make a contract to purchase Ordinary Shares which would or might be executed wholly or partly after the expiry of this authority, and may make purchases of Ordinary Shares pursuant to it as if this authority had not expired.

**(Resolution 12)**

**13.** To permit the calling of a general meeting of the Company, other than an annual general meeting, on not less than 14 clear days' notice.

**(Resolution 13)**

**14.** That if Resolution 11 is passed, the Directors be authorised to allot equity securities (as defined section 560(1) of the Act) for cash under the authority given by Resolution 11 and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to:

- (a)** the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of Resolution 11, by way of a rights issue only):
  - (i)** to holders of Ordinary Shares in proportion (or as closely as may be practicable) to their existing holdings; and
  - (ii)** to holders of other equity securities as required by the rights attached to those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements as the Directors deem necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, any legal, regulatory or practical problems in, or under the laws of, any territory, or any other matter; and

- (b)** the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) of this Resolution) up to a nominal amount of £2,500.

# Notice of the 2016 Annual General Meeting

continued

such authority to expire at the end of the next annual general meeting of the Company (or, if earlier, on 31 October 2017) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

**(Resolution 14)**

15. That if Resolution 11 is passed, the Directors be authorised, in addition to any authority granted under Resolution 14, to allot equity securities (as defined in section 560(1) of the Act) for cash under the authority given by Resolution 11 and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £2,500; and
- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

such authority to expire at the end of the next annual general meeting of the Company (or, if earlier, on 31 October 2017) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

**(Resolution 15)**

## Ordinary Resolutions of the Independent Shareholders

16. To resolve that the waiver granted by the Panel on Takeovers and Mergers of any requirements under Rule 9 of the Takeover Code for members of the Concert Party to make a general offer to Shareholders by reason of any increase in the percentage of Ordinary Shares in which members of the Concert Party are interested as a result of purchases by the Company of up to 10,000,000 Ordinary Shares be and is hereby approved.

**(Resolution 16)**

17. To resolve that the waiver granted by the Panel on Takeovers and Mergers of any requirements under Rule 9 of the Takeover Code for members of the Concert Party to make a general offer to Shareholders by reason of any increase in the percentage of Ordinary Shares in which members of the Concert Party are interested as a result the issue of up to 463,326 Ordinary Shares to members of the Concert Party pursuant to the grant and vesting and/or exercise of up to 463,326 2016/17 PSP Awards (which are in addition to the Existing CP Awards) be and is hereby approved.

**(Resolution 17)**

**By order of the Board**

**Guy Jackson**  
**Company Secretary**  
**9 September 2016**

**Registered Office:**  
**Gelderd Road**  
**Leeds**  
**West Yorkshire**  
**LS12 6LT**  
**United Kingdom**



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# Explanatory notes to the resolutions

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## **Resolution 1: To receive the Annual Report and Accounts**

The Directors are required to lay before the Company in general meeting their Annual Report and Accounts of the Company for the financial year ended 30 April 2016. The Directors ask that Shareholders receive the Company's Annual Report and Accounts, including the reports of the Directors and the auditor.

## **Resolution 2: Annual Directors' Remuneration Report**

Shareholders are asked to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) which is set out on pages 58 to 67 of the Annual Report and Accounts (available to download from the Clipper website at [www.clippergroup.co.uk/investor-news](http://www.clippergroup.co.uk/investor-news)). This vote will be held annually and is advisory in nature.

The Directors' Remuneration Policy was approved by shareholders at the 2014 annual general meeting and remains unchanged. Shareholder approval of the Directors' Remuneration Policy is valid for three years and will therefore be put to a Shareholder vote at the annual general meeting to be held in 2017. The summary policy table from the Directors' Remuneration Policy is included in this year's Annual Report and Accounts as an appendix to the Directors' Remuneration Report for ease of reference.

## **Resolution 3: Approval of final dividend**

The Board proposes a final dividend of 4.0 pence per Ordinary Share for the year ended 30 April 2016. Resolution 3 is to approve this final dividend. If approved, the recommended final dividend will be paid on 20 October 2016 to all Shareholders who are on the register of members on 23 September 2016.

## **Resolution 4: Appointment of auditors**

This resolution is to appoint KPMG LLP as auditors of Clipper, to hold office from the end of the Annual General Meeting to the end of the next annual general meeting at which accounts are laid before Shareholders.

## **Resolution 5: Remuneration of auditors**

This resolution is to authorise the Audit Committee of the Board to fix the remuneration of the auditors.

## **Resolution 6 – 8 (inclusive): Re-election of Directors**

Resolutions 6, 7 and 8 deal with the re-election of Sean Fahey, Michael Russell and Ronald Series as directors of the Company. In accordance with the Company's articles of association, one third of the Directors in office must retire by rotation at each annual general meeting of the Company and each Director must retire from office at least once every three years. Accordingly, Sean Fahey, Michael Russell and Ronald Series are retiring and offering themselves for re-election. Biographies of each of those Directors seeking re-election are below:

### **Sean Fahey, Chief Information Officer**

Sean joined Clipper in 1992, initially as the director responsible for accounting and IT. Sean has extensive experience of designing and implementing complex logistics solutions, based on many years of direct operational management experience, which complement his skills as an IT specialist. As the Group has grown, Sean has held positions of Development Director, Project Director, and now has responsibility for the IT, projects and implementation functions as Chief Information Officer, along with his responsibilities on the Board.

### **Ron Series, Independent Non-Executive Director**

Ron joined the Group as a Non-Executive Director on 16 May 2014. Over the past 20 years, Ron has held executive and non-executive positions with a number of companies with international operations in transport, logistics, shipping, real estate and information technology. Included among them are Tuffnells Parcels Express Limited where he was chairman during its ownership by 3i and UK-listed companies such as Davies and Newman plc and LEP Group plc. Most recently, he has held executive positions at ISOFT Group Limited (listed on the Australian Securities Exchange), SIAC Group and Viridian Group and was involved in the successful restructuring of Nakheel PJSC, the real estate arm of Dubai World. Ron is a member of the Remuneration Committee and the Nomination Committee.

### **Mike Russell, Independent Non-Executive Director**

Mike Russell was appointed Non-Executive Director of Clipper's former parent company with effect from 3 January 2011, and was appointed as a Non-Executive Director of the Company on 16 May 2014. He qualified as a Chartered Certified Accountant with a subsidiary of Imperial Chemical Industries, following which he held the position of Finance Director of a subsidiary of Allied Lyons plc. He joined Asda Stores Limited as Chief Accountant in 1986 and subsequently became Finance Director of the Stores Division. He was appointed Group Finance Director of Nurdin & Peacock plc, a FTSE 250 company, in early 1996 prior to the sale of the business to Booker plc.

# Explanatory notes to the resolutions

continued

From 1997 to 2011 he was an executive director of Prize Food Group, a private equity-backed business, initially as Group Finance Director and, from 2005, as Chief Executive Officer. Mike is chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

The Board is of the view that each Director standing for re-election brings considerable and wide ranging skills and experience to the Board as a whole which will be invaluable as the Company continues to grow its business. Following the Board evaluation process the Board remains satisfied that each Director continues to make an effective and valuable contribution to the Board and demonstrates continued commitment to their role.

## Resolutions 9 and 10: Re-election of Independent Non-Executive Directors

Resolutions 9 and 10 relate to the re-election of Mike Russell and Ron Series who are amongst the Directors that the Board has determined are independent directors for the purposes of the UK Corporate Governance Code. Under the Listing Rules, because Steve Parkin is a controlling shareholder of the Company (that is he exercises or controls more than 30% of the voting rights of the Company), the election or re-election of any independent director by shareholders must be approved by a majority vote of both:

- (a) The Shareholders; and
- (b) The Independent Shareholders (that is the Shareholders of the Company entitled to vote on the election of Directors who are not controlling shareholders of the Company).

Resolutions 7 and 8 are therefore being proposed as ordinary resolutions which all Shareholders may vote on, but in addition Resolutions 9 and 10 will only be capable of being voted on by Independent Shareholders to determine whether the second threshold referred to in (b) above has been met.

Under the Listing Rules, if a resolution to re-elect an independent director is not approved by a majority vote of both the Shareholders as a whole and the Independent Shareholders at the Annual General Meeting, a further resolution may be put forward to be approved by the Shareholders as a whole at a meeting which must be held more than 90 days after the date of the first vote but within 120 days of the first vote.

Accordingly, if any of Resolutions 9 and 10 are not approved by a majority vote of the Company's Independent Shareholders at the AGM, the relevant Director(s) will be treated as having been re-elected only

for the period from the date of the AGM until the earlier of (i) the close of any general meeting of the Company, convened for a date more than 90 days after the AGM but within 120 days of the Annual General Meeting, to propose a further resolution to re-elect him or her, (ii) the date which is 120 days after the Annual General Meeting and (iii) the date of any announcement by the Board that it does not intend to hold a second vote. In the event that the Director's re-election is approved by a majority vote of all Shareholders at a second meeting, the Director will then be re-elected until the next annual general meeting at which they stand for re-election.

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

The Company hereby confirms:

- (a) Other than the 10,000 Ordinary Shares held by Ron Series, there are no existing relationships, transactions or arrangements between any of Mike Russell and/or Ron Series and the Company, any of the Company's directors, Steve Parkin or any of Steve Parkin's associates.
- (b) The effectiveness of all the Directors is assessed as part of the board of Directors' performance evaluation process. Each of Mike Russell and Ron Series possesses a wide range of skills and expertise, as set out in the Directors' Biography section on page 45 of the Annual Report and Accounts, which is highly valued by the board. Mike Russell and Ron Series continue to contribute effectively to the operation of the board and to demonstrate commitment to their roles.
- (c) The Company assesses the independence of its Non-Executive Directors in accordance with the recommendations of the UK Corporate Governance Code. The Company determined that Mike Russell and Ron Series were independent on their appointment to the board of directors and ensures that they remain independent by periodically reviewing their character, judgement and the relationship referred to above.
- (d) The Nomination Committee of the Company's Board of Directors is responsible for keeping the size, structure and composition of the Board under review. By reference to the Company's requirements, the Nomination Committee is responsible for identifying, evaluating and recommending candidates for appointment to the Board.

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# Explanatory notes to the resolutions

continued

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## **Resolution 11: Authority to allot Ordinary Shares**

The purpose of this resolution is to renew the Directors' power to allot shares in line with guidance issued by the Investment Association. Under section 549 of the Act, the Directors are prevented, subject to certain exceptions, from allotting shares in the Company or from granting rights to subscribe for or to convert any security into shares without the authority of the Shareholders in general meeting.

Paragraph (a) of Resolution 11 would give the Directors the authority to allot shares up to an aggregate nominal amount equal to £16,667. This amount represents approximately one-third of the issued ordinary share capital of Clipper as at the Latest Practicable Date.

Paragraph (b) of Resolution 11 would give the Directors authority to allot shares or grant rights to subscribe for or to convert any security into shares in connection with a rights issue in favour of Shareholders up to an aggregate nominal amount equal to £33,335, as reduced by the nominal amount of any shares previously issued under paragraph (a) of the resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of Clipper as at the Latest Practicable Date.

The authorities sought under paragraphs (a) and (b) of Resolution 11 will expire at the earlier of 31 October 2017 (the last date by which Clipper must hold an annual general meeting in 2017) or the conclusion of the annual general meeting of Clipper to be held in 2017. The Directors have no immediate plans to allot or agree to allot shares, except to satisfy Share Awards under the Sharesave Plan and the PSP, but the Board wishes to ensure that the Company has maximum flexibility in managing the Group's capital resources.

## **Resolution 12: Authority for the Company to purchase its Ordinary Shares**

Under Section 701 of the Act the directors of a company may make market purchases of that company's shares if authorised to do so by its shareholders. The Directors believe that granting such approval would be in the best interests of Shareholders in allowing the flexibility to react promptly to circumstances requiring market purchases and Resolution 12 seeks to grant that authority to the Directors subject to the passing of Resolution 16.

Resolution 12 will, if passed (and subject to Resolution 16 being passed), give the Directors authority to make one or more market purchases of the Company's Ordinary Shares up to a limit of 10,000,000 Ordinary Shares having an aggregate nominal value of £5,000 which represents less than 10% of the total issued ordinary share capital of the Company as at the Latest Practicable Date. The upper and lower limits on the price which may be paid for those shares are set out in the resolution itself.

Ordinary Shares purchased under this authority may be held as treasury shares. The Company may purchase and hold Ordinary Shares as treasury shares up to a maximum equal to 10% of the nominal value of the total issued ordinary share capital at the time, rather than cancelling them. Ordinary Shares held in treasury do not carry voting rights and no dividends will be paid on any such Ordinary Shares.

Treasury shares may only be used by the Company for limited purposes: it may cancel those shares, transfer them for the purposes of or pursuant to an employee share scheme or sell them for cash.

Treasury shares can be sold quickly and cost effectively, giving the Company additional flexibility in the management of its capital base. Any shares held in treasury and transferred for the purposes of the Company's employee share schemes will, so long as required under institutional guidelines, count towards the limits on the number of new shares which may be issued under the rules of those schemes.

Shares will only be purchased if the Directors consider such purchases to be in the best interests of Shareholders generally and that they can be expected to result in an increase in earnings per share. The authority will only be used after careful consideration, taking into account prevailing market conditions, other investment opportunities, appropriate gearing levels and the overall financial position of the Group. Shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently resold or transferred out of treasury). Any purchases would be by means of market purchases through the London Stock Exchange.

As at the Latest Practicable Date, the total number of options over Ordinary Shares outstanding was 2,836,969 representing approximately 2.84% of the issued ordinary share capital of the Company. If the authority to buy back Ordinary Shares given under this Resolution 12 were used in full, the total number of options over Ordinary Shares outstanding as at the Latest Practicable Date would represent approximately 3.15% of the issued ordinary share capital of the Company.

At the Latest Practicable Date the Company held no shares in treasury.

If granted, the authority will expire at the earlier of 31 October 2017 (the last date by which Clipper must hold an annual general meeting in 2017) or the conclusion of the annual general meeting of Clipper to be held in 2017.

# Explanatory notes to the resolutions

continued

## Resolution 13: Notice period for general meetings

The Companies Act 2006 (as amended) increased 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. Prior to these amendments to the Act, companies whose equity securities were admitted to the Official List were able to call general meetings, other than annual general meetings, on at least 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, Resolution 13 seeks the necessary Shareholder approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Act in order to be able to call a general meeting on 14 clear days' notice. The flexibility offered by this resolution will be used where, taking into account the circumstances, the Directors consider this appropriate in relation to the business to be considered at the meeting in question, and would not be used as a matter of routine.

## Resolution 14 and 15: Disapplication of pre-emption rights

If the Directors wish to allot new Ordinary Shares and other equity securities (as defined in the Act), or sell treasury shares for cash (other than in connection with an executive or employee share scheme), the Act requires that these shares are offered first to Shareholders in proportion to their existing holdings. The existing authority disapplying this pre-emption right which was conferred by a special resolution on 28 September 2015 will expire at the conclusion of the AGM. It is therefore proposed that it be renewed.

Resolution 14, if passed, would renew the Directors' authority to allot shares (or sell any shares which the Company elects to hold in treasury) for cash without first offering them to existing Shareholders in proportion to their existing shareholdings. This authority is limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights attaching to those shares or as the Board otherwise considers necessary, except under paragraph (b) of Resolution 14 which permits non-pre-emptive offers up to an aggregate nominal amount of £2,500 (representing 5,000,299 Ordinary Shares). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company as at the Latest Practicable Date.

The authority granted at last year's annual general meeting under paragraph (b) of the corresponding resolution gave the Directors authority to make non-pre-emptive offers of up to 10% of the issued ordinary share capital of the Company.

This was in line with the revised Statement of Principles published by the Pre-Emption Group in March 2015 which stated that, in addition to the previous standard annual disapplication of pre-emption rights up to a maximum equal to 5% of issued ordinary share capital, a general disapplication authority is likely to be supported if extended to include an additional 5% to be used in connection with an acquisition or specified capital investment.

In May 2016 the Pre-Emption Group published a monitoring report on the implementation of its 2015 Statement of Principles and a recommended template resolution for disapplying pre-emption rights. The template recommends companies request authority to disapply pre-emption rights in respect of an additional 5%, to be used for an acquisition or specified capital investment in accordance with the 2015 Statement of Principles, as a separate resolution. Resolution 15 seeks this separate authority. Where the authority granted under Resolution 15 is used the circumstances that have led to its use and the consultation process undertaken will be disclosed by the Company in its next annual report.

The Board confirms its intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of unrestricted disapplication authorities (excluding authorities for an additional 5% in connection with an acquisition or specified capital investment as referred to above) within a rolling three-year period where the Statement of Principles provides that usage in excess of 7.5% of issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with shareholders.

These authorities will expire at the earlier of 31 October 2017 (the last date by which the Company must hold an annual general meeting in 2017) or the end of the annual general meeting of the Company to be held in 2017. Your Directors do not have any present intention of exercising this authority, but consider it desirable to have the flexibility to use it should the need arise.

## Resolution 16: Waiver of Rule 9 of Takeover Code - purchase of own Ordinary Shares

The purpose of this resolution is to seek the approval of Independent Shareholders to a waiver, which the Panel has agreed to give (subject to such approval, to be sought by way of a vote taken by poll), of the obligation that might otherwise arise under Rule 9 of the Takeover Code for any member of the Concert Party to make a mandatory offer for the Ordinary Shares not already owned by it as a result of a repurchase of Ordinary Shares by Clipper. Under Resolution 12 Clipper is seeking the authority to make market purchases of up to 10,000,000 Ordinary Shares.

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# Explanatory notes to the resolutions

continued

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As set out in the explanatory notes to Resolution 12 above, the Directors believe that it is advantageous for Clipper to have the flexibility to make market purchases of its own Ordinary Shares, and if that resolution is passed will only exercise this authority if they are satisfied that it would be in the interests of the Shareholders generally. The Concert Party currently holds 39.19% of Clipper's issued share capital (excluding their interests in Ordinary Shares under the Existing CP Awards). Were Clipper to exercise the buy-back authority to the exclusion of the Concert Party such that the Concert Party maintained its current shareholding, that would result in the percentage interest held by the Concert Party in Clipper's issued share capital increasing to 43.54% (assuming that no other Ordinary Shares are issued following the Latest Practicable Date, including the exercise or vesting of any options or awards (including the Existing CP Awards and the 2016/17 PSP Awards)). Any percentage increase in its interest would, without the approval sought under this Resolution 16, trigger an obligation on the part of the Concert Party to make an offer for the entire share capital of Clipper pursuant to Rule 9 of the Takeover Code. Members of the Concert Party may attend the AGM but will not be entitled to vote on this Waiver Resolution.

## **Resolution 17: Waiver of Rule 9 of Takeover Code - PSP Awards**

The purpose of this resolution is to seek the approval of Independent Shareholders to a waiver, which the Panel has agreed to give (subject to such approval, to be sought by way of a vote taken by poll), of the obligation that might otherwise arise under Rule 9 of the Takeover Code for any member of the Concert Party to make a mandatory offer for the Ordinary Shares not already owned by it as a result of the grant (and subsequent exercise or vesting) of up to 463,326 2016/17 PSP Awards. Members of the Concert Party may attend the AGM but will not be entitled to vote on this Waiver Resolution.

The maximum number of 2016/17 PSP Awards referred to above represents PSP Awards over Ordinary Shares with a value equal to one-and-a-half-times the base salary of each Executive Director and one-times the base salary of Guy Jackson calculated using the Company's share price on 29 April 2016, being the closest working day to the end of the Company's last financial year (£2.70 per Ordinary Share). This represents a maximum number of Ordinary Shares over which 2016/17 PSP Awards may be granted pursuant to the approval being sought. In practice, subject to this maximum number, the actual number of Ordinary Shares subject to 2016/17 PSP Awards will be calculated using the three day average share price prior to the date on which 2016/17 PSP Awards are granted and, subject to the discretion of the Remuneration Committee, are not expected to exceed one-times base salary of each individual.

Each member of the Concert Party has already reached their maximum amount of Sharesave Awards and, accordingly, the number of Ordinary Shares for which this Waiver Resolution is sought is only in respect of 2016/17 PSP Awards.

## **Information relating to Rule 9 of the Takeover Code**

### *Takeover Code*

The Takeover Code is issued and administered by the Panel and applies to Clipper because it is a public company which has its registered office in the United Kingdom and its securities admitted to the Official List. The Takeover Code and the Panel operate principally to ensure fair and equal treatment of shareholders in relation to takeovers, and also provide an orderly framework within which takeovers are conducted.

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30% or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of such a company but does not hold shares carrying more than 50% of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the relevant company during the 12 months prior to the announcement of the offer.

In 2014 and 2015, the Panel agreed, with the approval of Independent Shareholders, to waive the requirement for the Concert Party to make a mandatory offer to Independent Shareholders as would otherwise have arisen under Rule 9 of the Takeover Code as a result of:

- (a) any purchase by the Company of Ordinary Shares under the authority to make market purchases granted at the annual general meetings held in those years; and
- (b) the grant and subsequent exercise or vesting of up to 1,383,683 PSP Awards and 79,342 Sharesave Awards in aggregate.

# Explanatory notes to the resolutions

continued

Following such approvals, the Existing CP Awards were granted to members of the Concert Party (see tables at page 13 and paragraph 3.1 on page 17 of this document).

This year the Company has again applied to the Panel for a waiver of Rule 9 in order to permit the authority to repurchase shares to be exercised by the Board (subject to Resolutions 12 and 16 being passed) and the 2016/17 PSP Share Awards to be made (subject to Resolution 17 being passed) without triggering an obligation on the part of any member of the Concert Party to make a general offer to all Shareholders. The waiver granted by the Panel (which is conditional on the passing of the Waiver Resolutions by the Independent Shareholders on a poll) relates only to any increase in the percentage of Ordinary Shares held by the members of the Concert Party as a result of the purchase by the Company of Ordinary Shares under the authority proposed to be granted by Resolution 12 and/or the exercise or vesting of 2016/17 PSP Awards in favour of members of the Concert Party proposed to be approved under Resolution 17.

**Following any exercise by the Board of the authority to repurchase shares and the exercise or vesting of Share Awards (including the Existing CP Awards), the Concert Party will continue to be interested in shares which carry more than 30% but will not hold more than 50% of the Company's voting share capital, and any further increase in the number of shares in which members of the Concert Party are interested (other than a further exercise of the authority to repurchase shares or a further exercise or vesting of Share Awards (including the Existing CP Awards), in each case subject to the maximum amounts approved) will be subject to the provisions of Rule 9 of the Takeover Code.**

#### *The Concert Party*

Steve Parkin (as the ultimate controller of Carlton Court Investments Limited) holds 30,000,000 Ordinary Shares which, at the Latest Practicable Date, represented approximately 30.0% of the issued share capital of Clipper. As previously disclosed and in light of their long-standing relationship, David Hodkin, Sean Fahey and Guy Jackson have been deemed by the Panel to be acting in concert with Steve Parkin and with each other.

#### *Steve Parkin (Executive Chairman)*

Steve, a fashion logistics specialist, founded the Group in 1992. As Executive Chairman, Steve is responsible for the strategic direction of the Group. Steve is the ultimate controller of Carlton Court Investments Limited which holds 30.0% of the issued share capital of the Company. Steve has extensive experience of retail logistics, particularly in fashion. He holds and pursues strategic level discussions with major retailers. In addition, Steve drives the Group's acquisition strategy and is the chairman of the Nomination Committee.

#### *David Hodkin (Chief Financial Officer)*

David joined the Group as Group Chief Financial Officer in 2003. David has held a variety of board level roles prior to joining Clipper, including Group Finance Director of Symphony Group plc, Finance Director of Kunick Leisure Limited, and a number of senior roles in Magnet Limited. David is a member of the Chartered Institute of Management Accountants.

#### *Sean Fahey (Chief Information Officer)*

Sean joined Clipper in 1992, initially as the director responsible for accounting and IT. Sean has extensive experience of designing and implementing complex logistics solutions, based on many years of direct operational management experience, which complement his skills as an IT specialist. As the Group has grown, Sean has held positions of Development Director, Project Director, and now has responsibility for the IT, projects and implementation functions as Chief Information Officer, along with his responsibilities on the Board.

#### *Guy Jackson (General Counsel and Company Secretary)*

Guy is a qualified solicitor. Prior to joining Clipper in 2015 he was a corporate partner at DWF LLP specialising in M&A and equity capital markets. He has advised the Group in that capacity for over 15 years.

The following table shows the number of Ordinary Shares owned by each member of the Concert Party at the Latest Practicable Date and, on the assumptions indicated, the percentage of the enlarged share capital which would be held by them assuming maximum 2016/17 PSP Share Awards are granted to the Concert Party.

# Explanatory notes to the resolutions

Name of Concert Party member	Number of issued Ordinary Shares	Percentage of issued Ordinary Shares	Existing PSP Awards	Existing Sharesave Awards	Max. no. of Ordinary Shares from 2016/17 PSP Awards	Enlarged number of Ordinary Shares	Percentage of Enlarged Share Capital (Share Awards) <sup>1</sup>	Percentage of Enlarged Share Capital (Share Awards and Buy Back) <sup>2</sup>
Steve Parkin <sup>3</sup>	30,000,000	30.00%	365,056	12,820	228,375	30,606,251	30.23%	33.55%
David Hodkin <sup>4</sup>	1,358,613	1.36%	162,247	12,820	101,499	1,635,179	1.62%	1.79%
Sean Fahey <sup>5</sup>	7,834,397	7.83%	135,205	12,820	84,582	8,067,004	7.97%	8.84%
Guy Jackson	Nil	Nil	50,829	7,520	48,870	107,219	0.11%	0.12%
<b>TOTAL</b>	<b>39,193,010</b>	<b>39.19%</b>	<b>713,337</b>	<b>45,980</b>	<b>463,326</b>	<b>40,415,653</b>	<b>39.93%</b>	<b>44.30%</b>

<sup>1</sup> Assumes that the maximum number of 2016/17 PSP Awards are granted to members of the Concert Party and, together with the Existing CP Awards (each as detailed in the table), vest or are exercised in full, and are retained, and no other Ordinary Shares are issued, including in respect of options or warrants held by other people.

<sup>2</sup> Assuming no member of the Concert Party sells any Ordinary Shares in a re-purchase by the Company and the Existing CP Awards and maximum number of 2016/17 PSP Awards are granted to members of the Concert Party, and vest or are exercised in full and are retained, and no other Ordinary Shares are issued, including in respect of options or warrants held by other people.

<sup>3</sup> Registered in the name of Carlton Court Investments Limited, of which Steve Parkin is the ultimate controller.

<sup>4</sup> Registered in the name of Wolds Investments Limited, of which David Hodkin is the ultimate controller.

<sup>5</sup> Registered in the name of SOMJE Limited, of which Sean Fahey is the ultimate controller.

## Proposed PSP Awards

Clipper believes that the PSP Awards enable it to provide a competitive incentive and retention tool which is also cost effective in respect of both Shareholder dilution and income statement expense. The Remuneration Committee intends to make annual PSP Awards to members of the senior management team, including the Executive Directors. Each PSP Award has performance conditions attached which demonstrates the Remuneration Committee's desire to correlate incentive arrangements with the achievement of substantial performance.

In 2016/17 the Remuneration Committee may, subject to the approval of the Shareholders, grant Steve Parkin a PSP Award over up to 228,375 Ordinary Shares, David Hodkin a PSP Award over up to 101,499 Ordinary Shares, Sean Fahey a PSP Award over up to 84,582 Ordinary Shares and Guy Jackson a PSP Award over up to 48,870 Ordinary Shares (each a member of the Concert Party). As stated earlier, the actual number of shares subject to PSP Awards will be calculated using the three day average share price prior to the date on which 2016/17 PSP Awards are granted and, subject to the discretion of the Remuneration Committee, are not expected to exceed one-times base salary of each individual. Should Shareholders approve the Waiver, Clipper may grant these Share Awards in the 42 day period following the announcement of the Company's results for any period, or otherwise in accordance with the scheme rules.

## Effects of the Share Awards

Each of Steve Parkin, Sean Fahey, David Hodkin and Guy Jackson are members of the Concert Party and consequently the receipt by them of Ordinary Shares on vesting or exercise of Share Awards could give rise to an obligation pursuant to Rule 9 of the Takeover Code to make a mandatory offer to acquire the Ordinary Shares not owned by the Concert Party. The Independent Directors consider that it would undermine the purpose for which the Share Awards are granted to require such an offer to be made and accordingly are seeking a waiver of that obligation from Independent Shareholders for 2016/17 PSP Awards to be granted to Steve Parkin, Sean Fahey, David Hodkin and Guy Jackson in respect of up to 463,326 Ordinary Shares in aggregate.

Assuming that 2016/17 PSP Awards are made in respect of the full number of Ordinary Shares referred to above, that all such grants vest or are exercised in full and that all Existing CP Awards vest or are exercised in full and the resulting Ordinary Shares were in each case retained by the Concert Party members, the Concert Party would hold, in aggregate, 40,415,653 Ordinary Shares, representing 39.93% of the issued share capital of Clipper (as enlarged by the issue of Ordinary Shares pursuant to the 2016/17 PSP Awards referred to above and the Existing CP Awards, but assuming no other issue of Ordinary Shares) versus 39.19% of the issued share capital of Clipper prior to the grant of such 2016/17 PSP Awards, and prior to the vesting or exercise of the Existing CP Awards.

# Explanatory notes to the resolutions

continued

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## *Interaction of Share Awards and purchase of own Ordinary Shares*

The maximum vesting or exercise of the 2016/17 PSP Awards and the Existing CP Awards could increase the aggregate shareholding of the Concert Party in Clipper by a total of 1,222,643 Ordinary Shares, with the effect of increasing the holding of the Concert Party to 39.93%. Subject to any extraordinary discretionary decision by the Remuneration Committee, the earliest date on which the Share Awards may vest is the third anniversary of the grant of the Share Awards.

If the maximum repurchase of Ordinary Shares authorised under Resolution 12 was made and the Concert Party did not sell any Ordinary Shares in the repurchase, this would increase the aggregate shareholding of the Concert Party in Clipper to 43.54% (assuming that no 2016/17 PSP Awards were granted and the Existing CP Awards had not vested or were not exercised (as applicable)).

If the maximum repurchase of Ordinary Shares authorised was carried out by Clipper and also the maximum number of 2016/17 PSP Awards and the Existing CP Awards vested and were exercised, these changes would increase the aggregate shareholding of the Concert Party in Clipper to 44.30% (assuming that the Concert Party did not sell any Ordinary Shares in the repurchase of Ordinary Shares and assuming no other issue of Ordinary Shares to any other person).

## *Intentions of the members of the Concert Party*

The members of the Concert Party have confirmed that it would be their intention that, following any increase in their proportionate shareholding as a result of the grant of the Share Awards referred to above, the business of Clipper would be continued in substantially the same manner as at present, with no likely redeployment of Clipper's fixed assets and no likely repercussions on employment and the location of Clipper's business. The members of the Concert Party are also not intending to terminate the continued employment of or make any material changes to the existing employment rights, including pension rights, of any of the employees of Clipper. The members of the Concert Party have no intention to cause Clipper to cease to maintain any of the trading facilities in respect of the Ordinary Shares of Clipper.

**The Concert Party have also confirmed that they have no intention of making an offer for the Company if the Waiver Resolutions are approved by Independent Shareholders. The members of the Concert Party will be bound by this statement for six months from the date of this circular in accordance with Rule 2.8 of the Takeover Code. However, Shareholders should be aware that the restrictions in Rule 2.8 will no longer apply to members of the Concert Party in the circumstances set out in Note 2 to Rule 2.8 of the Code.**

For additional information required by the Takeover Code please see the information on pages 17 to 22 of this circular.



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# Notes to the Notice of Annual General Meeting

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## Proxies

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting. A shareholder may 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. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact the Company's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or by telephone on 0371 384 2030. Lines are open 8.30am to 5.30pm Monday to Friday. Overseas telephone: +44 121 415 7047. To appoint more than one proxy you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned to Equiniti at the above address together in the same envelope.
2. Shareholders who are CREST members may use the electronic proxy voting service provided by Euroclear UK and Ireland Limited ("**Euroclear**") as described below.
3. To be valid, any Form of Proxy or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed (or a duly certified copy thereof), must be received by post or (during normal business hours only) by hand at the Company's registrar Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA no later than 11:00am on 13 October 2016.
4. The return of a completed Form of Proxy, other such instrument or any CREST Proxy Instruction (as described in paragraph 6 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.

## Instructions for electronic proxy appointment through CREST

5. CREST members who wish to appoint a proxy or proxies through CREST electronic proxy appointment service may do so for the AGM, and any adjournment(s) thereof, by using the procedures and to the address described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)) subject to the provisions of the Company's articles of association. 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.

6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear'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 is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number RA19) no later than 11:00am on 13 October 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which Equiniti 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.
7. CREST members and, where applicable, their CREST sponsors or voting service provider(s) 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 members concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider(s) takes(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 sponsor or voting system provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. 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 (the "**Regulations**").

## Documents on display

9. Copies of service agreements under which the Executive Directors of Clipper are employed together with copies of the terms and conditions of appointment of Non-Executive Directors are available for inspection at Clipper's registered office during normal business hours from the date of this Notice until the date of the AGM (Saturdays, Sundays and public holidays excepted) and will be available for inspection at the place of the AGM for at least 15 minutes prior to and during the meeting.

# Notes to the Notice of Annual General Meeting

continued

**10.** A copy of this Notice, and other information required by section 311A of the Act, can be found at: [www.clippergroup.co.uk/investor-news](http://www.clippergroup.co.uk/investor-news).

## Nominated persons

**11.** The right to appoint proxies does not apply to any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a “Nominated Person”). Nominated Persons are hereby informed that they may, under an agreement between him/her and the Shareholder by whom he/she is nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.

## Voting at the AGM

**12.** It is intended that voting on all resolutions at the AGM will be conducted on a poll, rather than a show of hands. The Directors believe that this produces more democratic results, as all shares represented at the AGM and those lodged before the AGM are included in the results of the voting on a one share, one vote basis.

## Right to attend and vote

**13.** Pursuant to Regulation 41 of the Regulations and section 360(B)(2) of the Act, the Company has specified that in order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6.30pm on 13 October 2016, or in the event of any adjournment, at 6.30pm on the date which is two days (for these purposes, ignoring non-working days) before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

## Total number of shares and voting rights

**14.** As at the Latest Practicable Date, the Company's issued share capital comprised 100,005,982 ordinary shares of 0.05 pence each, of which 100,005,982 carry voting rights in relation to all circumstances at general meetings of the Company. Therefore, the total voting rights in the Company as at the Latest Practicable Date were 100,005,982.

## Website publication of audit concerns

**15.** Under section 527 of the Act, Shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on its website a statement setting out any matter relating to: (i) 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 (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act (in each case) that the members propose to raise at the AGM. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on its website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on its website.

## Corporate Shareholders

**16.** A Shareholder 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, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

## Right to ask questions

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

## Communication

**18.** You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this Notice (or in any related documents including the Annual Report and Accounts and the Form of Proxy) to communicate with Clipper for any purposes other than those expressly stated.

# Additional information

## 1. Responsibility

**1.1** The Directors, whose names appear in paragraph 2 below, and the Company accept responsibility individually and collectively for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**1.2** The members of the Concert Party accept responsibility individually and collectively for the information contained in this document relating to them. To the best of the knowledge and belief of the members of the Concert Party (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

## 2. The Directors

The current Directors of the Company are:  
 Steven (Steve) Parkin (Executive Chairman)  
 Antony (Tony) Mannix (Chief Executive Officer)  
 David Arthur Hodkin (Chief Financial Officer)  
 Sean Eugene Fahey (Chief Information Officer)  
 Paul Nigel Hampden Smith (Senior Independent Non-Executive Director)  
 Stephen Peter Robertson (Independent Non-Executive Director)  
 Michael (Mike) John Russell (Independent Non-Executive Director)  
 Ronald (Ron) Charles Series (Independent Non-Executive Director)

## 3. Interests and dealings

### The Directors and Concert Party

**3.1** As at the close of business on the Latest Practicable Date, the interests of the Directors and of their immediate families and of persons connected with the Directors (within the meaning of Section 252 of the CA 2006) in Ordinary Shares were as follows:

Name	Number of Ordinary Shares	Percentage of current issued share capital	Number of Ordinary Shares under option under Existing PSP Awards	Number of Ordinary Shares under option under Existing Sharesave Awards
Steve Parkin	30,000,000	30.00%	365,056	12,820
Tony Mannix	1,358,613	1.36%	202,809	10,170
David Hodkin	1,358,613	1.36%	162,247	12,820
Sean Fahey	7,834,397	7.83%	135,205	12,820
Paul Hampden Smith	100,000	0.10%	Nil	Nil
Stephen Robertson	9,410	0.01%	Nil	Nil
Ron Series	10,000	0.01%	Nil	Nil
Mike Russell	Nil	Nil	Nil	Nil

**3.2** The interests of the members of the Concert Party in Ordinary Shares as at the close of business on the Latest Practicable Date are set out in the table on page 13 of this document.

**3.3** In the 12 months prior to the Latest Practicable Date, the following dealings by the Directors, members of the Concert Party, their immediate families or persons connected with the Directors and members of the Concert Party (within the meaning of Section 252 of the CA 2006) have taken place:

Name	Date of dealing	Nature of dealing	Number of Ordinary Shares	Price (£)
Steve Parkin	29-Oct-2015	Transfer <sup>1</sup>	4,797,100	2.75
	14-Jan-2016	Grant of PSP Awards <sup>2</sup>	135,374	Nil
	08-Feb-2016	Sale <sup>2</sup>	4,000,000	2.60
	04-Aug-2016	Sale <sup>2</sup>	797,100	2.88
Tony Mannix	14-Jan-2016	Grant of PSP Awards <sup>3</sup>	75,208	Nil
	09-Feb-2016	Grant of Sharesave Awards	3,760	2.39
David Hodkin	14-Jan-2016	Grant of PSP Awards <sup>3</sup>	60,166	Nil
Sean Fahey	14-Jan-2016	Grant of PSP Awards <sup>3</sup>	50,138	Nil
Stephen Robertson	04-Dec-2015	Purchase	9,348	2.66
	12-Jan-2016	Purchase	62	2.97
Guy Jackson	14-Jan-2016	Grant of PSP Awards <sup>3</sup>	50,829	Nil

<sup>1</sup>Transfer from Carlton Court Investments Limited to Oak from Acorn LLP. The transferor and transferee is each a body corporate ultimately controlled by Steve Parkin.

<sup>2</sup>Shares sold by Oak from Acorn LLP.

<sup>3</sup>PSP Awards granted on 14 January 2016 are nil cost options exercisable, subject to the meeting of performance conditions, between 14 January 2019 and 14 January 2026.

## Additional information

continued

- 3.4** As at the Latest Practicable Date, an aggregate amount of 2,836,969 options over Ordinary Shares were outstanding comprising of 1,365,446 PSP Awards and 1,471,523 Sharesave Awards. Such amounts are inclusive of awards made to Directors and members of the Concert Party as set out in this paragraph 3. In addition, the Company granted to Numis, in a placing agreement entered into on 30 May 2014 in connection with the Company's flotation, an option to subscribe for such fixed amount of shares as represents 0.25% of the issued share capital of the Company on 5 June 2014 at a strike price of 100 pence per Ordinary Share, such option to be capable of exercise for a period of five years from 4 June 2014 (being the date of admission of the Ordinary Shares to trading on the London Stock Exchange).
- 3.5** Save as disclosed in this paragraph 3, as at the Latest Practicable Date no share capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.
- 3.6** Save as disclosed in paragraph 3.3, no dealings by the Directors, their immediate families or persons connected with the Directors (within the meaning of Section 252 of the CA 2006) have taken place in the 12 months prior to the Latest Practicable Date.
- 3.7** Save as disclosed in paragraph 3.3, no dealings by members of the Concert Party have taken place in the 12 months prior to the Latest Practicable Date.
- 3.8** Save as disclosed in this document, neither any member of the Concert Party, nor any person acting in concert with any member of the Concert Party, has any interests in the issued share capital of the Company or any rights to subscribe or short positions in any Ordinary Shares nor have they had any dealings in or borrowed or lent relevant securities (excluding any borrowed relevant securities which have either been on lent or sold) in the 12 months prior to the Latest Practicable Date.

### Other interests and dealings

- 3.9** Other than the holdings as set out in paragraph 3.1, no Director or any close relatives or related trusts, any connected adviser (except in the capacity of exempt fund manager or an exempt principal trader) nor any person acting in concert with the Company is at the Latest Practicable Date interested in any relevant securities of the Company or has any rights to subscribe or short positions in any relevant securities of the Company and there are no relevant securities which the Company or any person acting in concert with the Directors has borrowed or lent (excluding any borrowed relevant securities which have either been on lent or sold).

- 3.10** Other than as disclosed above or referred to in this document, as at the close of business on the Latest Practicable Date no loan or guarantee has been granted or provided by the Company to any Director or any person connected with them.

### 4. Directors' service agreements

- 4.1** The Company entered into service contracts with Steve Parkin, Tony Mannix, David Hodkin and Sean Fahey, the Executive Directors of the Company, on 30 May 2014. The principal terms of these contracts, are set out below:

#### (a) General terms

Steve Parkin, Tony Mannix, David Hodkin and Sean Fahey are paid annual salaries of £411,075, £228,375, £182,700 and £152,250 respectively which are reviewed, but not necessarily increased, annually, and are subject to the Company's remuneration policy. They will each be entitled to an annual contribution to their personal pension scheme (or a cash allowance in lieu of pension contribution) equal to either 6% (in the case of Steve Parkin), 10% (in the case of Tony Mannix and Sean Fahey) or 15% (in the case of David Hodkin) of their respective annual salaries. Tony Mannix and Steve Parkin have surrendered part of their salary in return for additional employer's pension contributions.

Each Executive Director will be entitled to be reimbursed for all reasonable expenses incurred by him in the course of his duties and shall be provided with a mobile phone. The Executive Directors also have the benefit of indemnity insurance maintained by the Group on their behalf indemnifying them against liabilities they may potentially incur to third parties as a result of their office as Director. In addition, each of Steve Parkin and Tony Mannix will be provided with a car for the duration of his employment and Sean Fahey will be provided with a car allowance of £13,716 per annum for the use of his own car. The Executive Directors will be entitled to 25 days' paid holiday per annum.

#### (b) Termination provisions

The Executive Directors' service contracts can be terminated by not less than 12 months' prior notice given in writing by either party to the contract.

The Executive Directors may be put on garden leave during their notice period, and their employer can elect to terminate their employment by making a payment in lieu of notice equivalent to up to 12 months' salary and associated benefits.

# Additional information

continued

The employment of each Executive Director will be terminable with immediate effect without notice in certain circumstances, including where such Executive Director is disqualified from acting as a director or ceases to be a director of the Company without the consent or the concurrence of the Board, is guilty of gross misconduct or gross incompetence affecting the business of the Group, commits any serious or repeated breach of any of the provisions of his service contract, is declared bankrupt or enters into an agreement with his creditors, is convicted of a criminal offence (other than an offence which in the Board's reasonable opinion, does not affect such Executive Director's position under his service contract), prejudices or because of his behaviour is likely to prejudice the interests or reputation of the Executive Director, the Company or any member of the Group, is guilty of a serious breach of the rules or regulations of the UKLA, the FCA or any regulatory authorities relevant to any member of the Group or is unable to perform his duties for an aggregate period of 26 weeks in any 12 month period.

The service contracts of the Executive Directors also contain post-termination restrictions. These include restrictions on competition with the Group for a period of 3 months and solicitation of certain employees or customers of the Group for a period of 12 months. In addition, the Executive Directors must refrain from using in connection with any business any name which includes the name of the Company or the Group or any imitation thereof at any time following termination.

**4.2** The Board appointed four Non-Executive Directors on 16 May 2014. Paul Hampden Smith, Stephen Robertson, Ron Series and Mike Russell are Independent Non-Executive Directors.

The Non-Executive Directors are appointed by letters of appointment and do not have service contracts. The principal terms of these letters of appointment are set out below:

Name	Committee Membership	Annual Fee
Paul Hampden Smith	Audit Committee (Chair) Remuneration Committee	£60,000
Stephen Robertson	Audit Committee	£40,000
Mike Russell	Remuneration Committee (Chair) Audit Committee Nomination Committee	£40,000
Ron Series	Remuneration Committee Nomination Committee	£40,000

## (a) General terms

Each Non-Executive Director will be entitled to an annual fee.

The levels of these fees will be reviewed on an annual basis by the Board. The fee levels that will apply from 1st May 2016 are set out in the table below:

Each Non-Executive Director will be entitled to be reimbursed for all reasonable expenses incurred by him in the course of his duties to the Company and has the benefit of indemnity insurance maintained by the Group on his behalf indemnifying him against liabilities he may potentially incur to third parties as a result of his office as Director.

## (b) Term of office

The appointment of each of the Non-Executive Directors is for an initial period of three years and is terminable by either the Non-Executive Director or the Company on three months' notice.

**4.3** None of the Directors service contracts have been amended or entered into in the last six months.

# Additional information

continued

## 5. Material contracts

**5.1** Other than detailed in paragraphs 5.2 and 5.3 below, no contracts have been entered into by the Company (or any of its subsidiaries) or any member of the Concert Party, other than in the ordinary course of business, within the period of two years prior to the publication of this document which are or may be material.

**5.2** The Company and certain members of the Group are party to the following facilities:

**5.2.1** a facility agreement dated 29 September 2011 (as novated to the Company on 2 May 2014 and as amended and restated on 23 May 2014 and further amended on 3rd December 2014, 16 July 2015 and 29 January 2016) and made between Santander UK plc (in its capacity as “**Lender**”), the Company (in its capacity as borrower), Northern Commercials (Mirfield) Limited, Stormont Truck & Van Limited, Genesis Specialised Product Packing Limited, Servicecare Support Services Limited and Electrotec International Limited (each in their capacity as guarantors) (the “**Facility Agreement**”) pursuant to which the Company has access to a five year revolving credit facility of £30 million out of which the following overdraft, bonds, guarantees and standby letters of credit have been carved:

**5.2.1.1** An overdraft facility. The Company also has the benefit of an overdraft facility (which includes a notional pooling agreement and a cross currency overdraft facility) entered into with Northern Commercials (Mirfield) Limited, Genesis Specialised Product Packing Limited, Servicecare Support Services Limited and Electrotec International Limited, pursuant to which it has access to an overdraft facility with an aggregate gross group limit of £10 million and an aggregate group net limit of £8 million. The overdraft facility fluctuates daily and is renewable on an annual basis;

**5.2.1.2** £96,000 of bonds which have been issued to HM Revenue & Customs;

**5.2.1.3** £2 million standby letter of credit issued by the Lender in favour of Iveco Capital Limited and/or Iveco Limited in respect of the obligations of Northern Commercials (Mirfield) Limited and Stormont Truck & Van Limited;

**5.2.1.4** £145,000 bond issued to FCA Dealer Services UK Limited in respect of the obligations of Northern Commercials (Mirfield) Limited and Stormont Truck & Van Limited; and

**5.2.1.5** a €200,000 bond issued by the Lender to support the banking facilities of Clipper Logistics KG (GmbH & Co.).

The facility can be voluntarily prepaid and cancelled provided such prepayment/cancellation is in an amount of not less than £250,000 and 5 days' written notice has been provided to the Lender. The Facility Agreement contains standard covenants, including financial covenants relating to interest cover, leverage, fixed charge cover and capital expenditure. In respect of the Facility Agreement, Northern Commercials (Mirfield) Limited, Stormont Truck & Van Limited, Genesis Specialised Product Packing Limited, Servicecare Support Services Limited and Electrotec International Limited have each granted security and entered into guarantees in favour of the Lender in support of the facilities.

**5.3** On 4 December 2014 the Company acquired Servicecare Support Services Ltd for a cash consideration of £5.7 million. £3.7 million of the consideration was payable on completion with £1 million paid on 4 June 2015 and a further £1 million paid on 4 December 2015. An additional £0.2 million was paid on 10 March 2016 following receipt of an equivalent tax refund.

# Additional information

continued

## 6. Historical market value of ordinary shares

The following table shows the closing middle market quotations for an Ordinary Share (as derived from the London Stock Exchange Daily Official List) for the first dealing day in each of the six months prior to the date of this document and for 7 September 2016 (being the Latest Practicable Date).

Date	Price per Ordinary Share (pence)
1 Mar 2016	262.25
1 Apr 2016	285.00
3 May 2016	275.00
1 Jun 2016	285.00
1 Jul 2016	258.00
1 Aug 2016	274.25
7 Sep 2016	298.62

## 7. General

- 7.1** Numis has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name and its advice to the Directors in the form and context in which it appears.
- 7.2** There is no agreement, arrangement, or understanding (including any compensation arrangement) between the members of the Concert Party or any person acting in concert with them, and any of the Directors, recent directors of the Company, Shareholders or recent shareholders of the Company having any connection with or dependence upon the grant of the PSP Awards or Sharesave Awards set out in this document, or having any connection with or dependence upon the Company having the flexibility to approve any repurchase of own shares.
- 7.3** No agreement, arrangement or understanding exists whereby any Ordinary Shares acquired pursuant to the vesting of the PSP Awards or Sharesave Awards will be transferred to any other person. Any Ordinary Shares acquired by the Company under any repurchase of own shares if any takes place will be cancelled by the Company or held as treasury shares and there is no agreement, arrangement or understanding to transfer such Ordinary Shares to any other person.
- 7.4** There has been no known significant change in the financial or trading position of the Company since 30 April 2016. Information on the nature of the Company's business and the Company's financial and trading prospects can be found in the Operating and Financial Review in the Annual Report and Accounts on pages 18 to 28.
- 7.5** All information relating to the financial position of the Group required by Rules 24.3(a) and 24.3(e) of the City Code on Takeovers and Mergers may be found in the Annual Report and Accounts.
- 7.6** The Annual Report and Accounts and the consolidated accounts of the Company for the last two financial years are all hereby incorporated by reference into this document and the relevant hyperlinks are set out below.
- 7.7** The Annual Report and Accounts that is incorporated by reference into this document is available at: [http://www.clippergroup.co.uk/wp-content/uploads/2016/08/Clipper-Annual-Report-2016\\_A4\\_AW\\_DL.pdf](http://www.clippergroup.co.uk/wp-content/uploads/2016/08/Clipper-Annual-Report-2016_A4_AW_DL.pdf)
- The annual report and accounts of the Company for the financial year ended 30 April 2015 is available at: <http://www.clippergroup.co.uk/wp-content/uploads/2015/07/2015%20Annual%20Report%20&%20Accounts.pdf>
- The annual report and accounts of the Company for the financial year ended 30 April 2014 is available at: <http://www.clippergroup.co.uk/wp-content/uploads/2014/08/Annual%20Report%20%26%20Accounts%202014.pdf>
- No copies of this information will be sent to any person unless requested. If you have received this document in electronic form, you may request a hard copy of this document and/or any information incorporated into this document by reference by contacting the Company Secretary at Clipper Logistics plc, Gelderd Road, Leeds, West Yorkshire LS12 6LT or on +44 (0)113 204 2050, between 8.30 a.m. and 5.30 p.m. (UK time), Monday to Friday (excluding public holidays) with your full name and the full address to which the hard copy may be sent. You may also request that any future documents, announcements and information to be sent to you in relation to the matters set out in this document should be in hard copy form.
- 7.8** The address of each of the members of the Concert Party is c/o Clipper Logistics plc, Gelderd Road, Leeds, West Yorkshire, LS12 6LT.

# Additional information

continued

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## **8. Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at Gelderd Road, Leeds, West Yorkshire, LS12 6LT and on the website of the Company at [www.clippergroup.co.uk/investor-news](http://www.clippergroup.co.uk/investor-news) up to and including 17 October 2016:

- (a) the articles of association of the Company which are available at:  
<http://www.clippergroup.co.uk/wp-content/uploads/2016/09/articles-of-association.pdf>;
- (b) the written consent referred to in paragraph 7.1 above; and
- (c) this document.



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# Definitions

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**"2016/17 PSP Awards"** share awards proposed to be made to members of the Concert Party during the Company's financial year ending 30 April 2017 pursuant to the rules of the PSP and as detailed further in the explanatory notes to Resolution 17 on page 13;

**"Annual General Meeting"** or **"AGM"** (save where the context requires otherwise) the annual general meeting of Clipper called by the Notice, including any adjourned meeting;

**"Annual Report and Accounts"** the consolidated financial statements of the Company for the financial period ended on 30 April 2016 together with the reports of the Directors and the auditor;

**"CA 2006"** or the **"Act"** the Companies Act 2006, as amended;

**"Clipper"** or **"the Company"** Clipper Logistics plc;

**"Concert Party"** the concert party comprising Steve Parkin, Sean Fahey, David Hodkin and Guy Jackson;

**"CREST Manual"** a reference manual for the users of CREST as provided by Euroclear UK & Ireland Limited;

**"CREST"** the electronic trade settlement system for uncertificated securities;

**"Daily Official List"** the daily record setting out the prices of all trades in securities conducted on the London Stock Exchange;

**"Directors"** or **"Board"** the directors of Clipper;

**"Executive Directors"** Steve Parkin, Tony Mannix, David Hodkin and Sean Fahey;

**"Existing CP Awards"** Existing PSP Awards and Existing Sharesave Awards;

**"Existing PSP Awards"** share awards made to members of the Concert Party in previous financial years pursuant to the rules of the PSP and as shown in the table on page 13 of this document;

**"Existing Sharesave Awards"** share options made available to members of the Concert Party in previous financial years pursuant to the rules of the Sharesave Plan and as shown in the table on page 13 of this document;

**"FCA"** the United Kingdom Financial Conduct Authority;

**"Form of Proxy"** the form of proxy accompanying this document for use by Shareholders in connection with the AGM;

**"Group"** Clipper and its subsidiary and associated undertakings;

**"Independent Directors"** the Directors other than Steve Parkin, Sean Fahey and David Hodkin;

**"Independent Shareholders"** the Shareholders other than members of the Concert Party and their nominees;

**"Latest Practicable Date"** 7 September 2016 being the latest practicable date prior to the publication of this document;

**"Listing Rules"** the listing rules made by the FCA pursuant to part VI of the Financial Services and Markets Act 2000, as amended;

**"London Stock Exchange"** London Stock Exchange plc;

**"Non-Executive Directors"** Paul Hampden Smith, Stephen Robertson, Ron Series and Mike Russell;

**"Notice"** the notice to Shareholders of Clipper's Annual General Meeting as detailed on pages 4 to 6 of this document;

**"Numis"** Numis Securities Limited whose registered office is at 10 Paternoster Square, London, EC4M 7LT;

**"Official List"** the Official List maintained by the UKLA;

**"Ordinary Shares"** ordinary shares of 0.05 pence each in the capital of Clipper;

**"Panel"** the Panel on Takeovers and Mergers;

**"PSP Awards"** share awards made pursuant to the rules of the PSP;

**"PSP"** the Clipper Logistics plc 2014 Performance Share Plan;

**"Remuneration Committee"** the remuneration committee of the Company;

**"Share Awards"** together, the PSP Awards and the Sharesave Awards;

## Definitions

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**“Shareholders”** holders of Ordinary Shares;

**“Sharesave Awards”** share options made available pursuant to the rules of the Sharesave Plan;

**“Sharesave Plan”** the Clipper Logistics plc 2014 Sharesave Plan;

**“Takeover Code”** the City Code on Takeovers and Mergers;

**“UKLA”** the FCA in its capacity as the UK Listing Authority;

**“Waiver”** the waiver of any requirement under Rule 9 of the Takeover Code for the Concert Party and persons acting in concert with it to make a general offer to Shareholders by reason of:

1. the purchase by Clipper of up to 10,000,000 Ordinary Shares, as a result of which the aggregate interest of the Concert Party would increase to 43.54% (assuming that: (a) none of the 2016/17 PSP Awards proposed to be granted vest; (b) none of the Existing CP Awards granted vest or are exercised; (c) no Ordinary Shares are repurchased from any members of the Concert Party; and (d) no other Ordinary Shares are issued); and
2. the issue of up to 463,326 Ordinary Shares to members of the Concert Party pursuant to 2016/17 PSP Awards, which are in addition to the Existing CP Awards, as a result of which the aggregate interest of the Concert Party would increase to 39.93% (assuming that: (a) all such Share Awards vest or are exercised in full (and the resulting Ordinary Shares are retained by members of the Concert Party); (b) no Ordinary Shares are repurchased from any members of the Concert Party; and (c) no other Ordinary Shares are issued; and

**“Waiver Resolutions”** The resolutions numbered 16 and 17 to be proposed at the AGM and set out in the Notice.



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