

## QUESTION AND ANSWER APPENDIX

### 1 When will the Acquisition take place?

The current expected timetable is set out below:

Date	Event
5 p.m. on 23rd May 2019	Last date and time on which you may lodge your instructions with the Trustee in respect of the KCOM Shareholder Meetings
5th June 2019	KCOM Shareholder Meetings take place
10th June 2019	Sanction of the Scheme by the Court
12th June 2019	Scheme Effective Date
26th June 2019	Latest date by which the Trustee is expected to receive the cash proceeds for the MyShare Shares.

The above dates are subject to change in accordance with the Scheme Document. KCOM will notify you if any date changes which affects you.

### 2 Can I buy any more KCOM Shares under MyShare after the date of this Letter?

Any regular monthly contributions that you make to MyShare have now stopped, and you may not make any further one-off contributions. Therefore, following the award of Shares due to take place on 13 May 2019 (using deductions taken from your April salary), no further Shares will be awarded under MyShare.

If the Acquisition is not approved by KCOM Shareholders, or for any other reason does not become effective, the Trustee would then write to you in due course to let you know whether or not, and on what basis, contributions to MyShare would then restart.

### 3 Rather than accept the cash offer, can I exchange my Shares for shares in Bidco?

No, under the terms of the Acquisition you will only be entitled to receive 97p in cash for each of your Shares. No other alternatives are available.

### 4 When will I receive the cash due to me for my Shares?

The Trustee will receive the cash proceeds for all Shares in MyShare within 14 days after completion of the Acquisition. If the Trustee holds bank details for you, the proceeds will be paid by the Trustee to you using the bank details it holds. If the Trustee does not hold any bank details for you, then the proceeds will be sent by cheque to your home address.

### 5 What happens if I don't instruct the Trustee how to vote?

If the Acquisition completes, you will still receive the cash proceeds for your Shares even if you didn't instruct the Trustee how to vote.

### 6 What happens if I leave KCOM before the Acquisition completes?

The normal MyShare rules will continue to apply until the Acquisition completes. Therefore, if you leave KCOM before then, you will be required to withdraw your Shares from MyShare,



and, depending on the reason for leaving, you maybe forfeit some of your matching shares. Different tax treatment may also apply. You should refer to the MyShare rules, participant guide and other relevant documentation for further details.

**7 What happens if the Acquisition doesn't complete?**

If the Acquisition doesn't complete, your Shares will remain in MyShare subject to the MyShare rules. The Trustee would then write to you in due course to let you know whether or not, and on what basis, contributions to MyShare would then restart.

**8 How will I be taxed if I sell my Shares for cash as a result of the Acquisition?**

If the Acquisition becomes effective, your Shares will be subject to the Scheme of Arrangement and you will receive 97p for each Share you hold.

As your Shares will be acquired by Bidco as a result of a change of control of the Company, you will not be liable to pay income tax or employees' national insurance contributions (**NICs**) on the value of your Shares regardless of the fact that they have come out of the MyShare trust within five years of their having been acquired on your behalf.

No capital gains tax will be payable on the sale of your Shares pursuant to the Acquisition.

**9 How will I be taxed if I sell my Shares outside of the terms of the Scheme of Arrangement?**

The normal scheme rules apply for any sale outside of the Scheme of Arrangement.

To the extent that you choose to sell any Shares for cash outside of the terms of the Scheme of Arrangement (to the extent you are able to do so under the MyShare rules), and such Shares have been held by the Trustee on your behalf for less than 5 years, you will incur an income tax and employees' NIC's charge on some or all of the sale proceeds you receive. The amount of any income tax and employees' NICs charge will depend on how long you have held your Shares for.