

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT UNDER SECTION 897 OF THE COMPANIES ACT 2006. The Scheme, if implemented, will result in the cancellation of the listing of KCOM Shares on the Official List and of admission to trading of KCOM Shares on the London Stock Exchange's main market for listed securities.

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

If you sell or have sold or otherwise transferred all your KCOM Shares, please send this document (but not the accompanying Forms of Proxy) at once to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, this document should not be forwarded or transmitted in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of that jurisdiction. If you sell or have sold or transferred part only of your holding of KCOM Shares, you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected. The accompanying Forms of Proxy are personalised. If you have recently purchased or been transferred KCOM Shares, you should contact KCOM's registrars, Link Asset Services, by telephoning the helpline, details of which are set out on page 8 of this document, to obtain replacements of these Forms of Proxy.

The distribution of this document in whole or in part, directly or indirectly in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves of, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

RECOMMENDED CASH ACQUISITION

of

KCOM GROUP PUBLIC LIMITED COMPANY

registered in England and Wales with company registration 02150618

by

HUMBER BIDCO LIMITED

registered in England and Wales with company registration 11940887

***a wholly-owned indirect subsidiary of Universities Superannuation Scheme Limited
(acting in its capacity as sole corporate trustee of
Universities Superannuation Scheme)***

to be implemented by means of a

Scheme of Arrangement

under Part 26 of the Companies Act 2006

You should read carefully the whole of this document, any information incorporated by reference into this document from another source and the accompanying Forms of Proxy. Your attention is drawn to the letter from the KCOM Chairman in Part I of this document which contains the unanimous recommendation of the KCOM Directors that you vote in favour of the Scheme at the Court Meeting and the General Meeting Resolution to be proposed at the General Meeting. A letter from Rothschild & Co explaining the Scheme in greater detail appears in Part II of this document and constitutes an explanatory statement in compliance with section 897 of the Companies Act.

The Scheme will require approval of the KCOM Scheme Shareholders at the Court Meeting and the passing of the General Meeting Resolution at the General Meeting, both of which will be held at the Kingston Suite, KCOM Stadium, Hull, HU3 6HU on 5 June 2019. The Court Meeting will start at 11.00 a.m. and the General Meeting will start at 11.15 a.m. (or, if later, as soon as the Court Meeting has been concluded or adjourned). All times shown in this document are London times unless otherwise stated. Notices of the KCOM Meetings are set out in Appendix 6 and Appendix 7 to this document.

The action to be taken by KCOM Shareholders in respect of the KCOM Meetings is set out on pages 8 to 10 of this document. Please read this information carefully. It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of KCOM Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy or transmit a proxy instruction (either electronically or through CREST) as soon as possible.

KCOM Shareholders will find enclosed with this document a BLUE Form of Proxy for use in connection with the Court Meeting and a WHITE Form of Proxy for use in connection with the General Meeting. Whether or not you intend to attend both or either of the KCOM Meetings in person, please complete and sign both of the Forms of Proxy and return them in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by post or, during normal business hours only, by hand to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 11.00 a.m. on 3 June 2019 in respect of the Court Meeting and 11.15 a.m. on 3 June 2019 in respect of the General Meeting (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for the adjourned meeting). The Forms of Proxy have a pre-paid address printed on them for your convenience for use in the UK only. If the BLUE Form of Proxy for use at the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting before the taking of the poll at that meeting. However, in the case of the General Meeting, unless the WHITE Form of Proxy is returned by the time noted above, it will be invalid. If you hold your KCOM Shares in uncertificated form (that is, in CREST) you may vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the General Meeting set out in Appendix 7 to this document). Proxies submitted via CREST (under CREST participant ID RA10) must be received by Link Asset Services not later than 11.00 a.m. on 3 June 2019 in respect of the Court Meeting and 11.15 a.m. on 3 June 2019 in respect of the General Meeting (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for the adjourned meeting).

You may also vote electronically by logging on to the shareholder portal at www.kcom-shares.com.

The completion and return of the Forms of Proxy or the appointment of a proxy or proxies electronically will not prevent you from attending and voting in person at either of the KCOM Meetings, or any adjournment thereof, should you wish to do so.

If you have any questions relating to this document (or any information incorporated into this document by reference to another source), the KCOM Meetings or the completion and return of your Forms of Proxy, please contact KCOM's registrars, Link Asset Services, on 0800 029 4521. Charges for calls to Freephone numbers will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The shareholder helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. Please note the shareholder helpline cannot provide advice on the merits of the Scheme nor give any financial, investment, legal or tax advice.

Arma Partners LLP (**Arma Partners**), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for USSL and Bidco and for no one else in connection with the Acquisition and/or any other matter set out in this document and will not be responsible to anyone other than USSL and Bidco for providing the protections offered to clients of Arma Partners or for providing advice in connection with the Acquisition, the contents of this document or any matters referred to herein.

Gleacher Shacklock LLP (**Gleacher Shacklock**), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for USSL and Bidco and no one else in connection with the Acquisition and/or any other matters set out in this document and will not be responsible to anyone

other than USSL and Bidco for providing the protections offered to clients of Gleacher Shacklock or for providing advice in connection with the Acquisition, the contents of this document or any matters referred to herein.

N.M. Rothschild & Sons Limited (**Rothschild & Co**), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for KCOM and no one else in relation to the Acquisition and/or other matters set out in this document and will not be responsible to anyone other than KCOM for providing the protections afforded to clients of Rothschild & Co or for providing advice in relation to the Acquisition, the contents of this document or any other matter or arrangement referred to herein.

Peel Hunt LLP (**Peel Hunt**), which is authorised and regulated in the United Kingdom by the FCA, is acting for KCOM and no-one else in connection with the Acquisition and/or other matters set out in this document and will not be responsible to anyone other than KCOM for the protections offered to its clients nor for providing advice in relation to the Acquisition or any matters referred to herein.

Investec Bank plc (**Investec**), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for KCOM and no one else in relation to the Acquisition and/or other matters set out in this document and will not be responsible to anyone other than KCOM for providing the protections afforded to the clients of Investec or for providing advice in relation to the Acquisition, the contents of this document or any other matter or arrangement referred to herein.

No person has been authorised to give any information or make any representations other than those contained in this document (or which are inconsistent with the statements contained in this document) and any such information or representations, if given or made, may not be relied upon as having been so authorised by or on behalf of Bidco, KCOM, the USSIM Directors, the Bidco Directors, the KCOM Directors or Rothschild & Co or by any other person involved in the Acquisition. Neither the delivery of this document nor holding the KCOM Meetings or the Court Hearing, or filing the Court Order shall, under any circumstances, create any implication that there has been no change in the affairs of the KCOM Group or the Bidco Group since the date of this document or that the information in, or incorporated into, this document is correct as at any time subsequent to its date.

The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part III of this document. Each KCOM Shareholder is advised to read and consider carefully the text of the Scheme itself.

KCOM Shareholders should not construe the contents of this document as legal, tax or financial advice and should consult with their own advisers as to the matters described in this document.

This document is dated 9 May 2019.

IMPORTANT NOTICES

OVERSEAS SHAREHOLDERS

The release, publication or distribution of this document in jurisdictions other than the United Kingdom and the ability of KCOM Shareholders who are not resident in the United Kingdom to participate in the Acquisition may be restricted by laws and/or regulations in those jurisdictions and therefore any persons who are not resident in the United Kingdom or who are subject to the laws of any jurisdiction other than the United Kingdom (including Restricted Jurisdictions) should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to vote their KCOM Scheme Shares in respect of the Scheme at the Court Meeting or in respect of the General Meeting Resolution at the General Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting and/or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with applicable legal or regulatory requirements of any jurisdiction may constitute a violation of securities laws in that jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, or from within, a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction.

The Acquisition will be subject to the applicable requirements of English law, the Takeover Code, the Panel, the London Stock Exchange and the FCA.

Copies of this document and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction, and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition.

If the Acquisition is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

Further details in relation to Overseas Shareholders are contained in paragraph 17 of Part II of this document.

Additional Information for US investors in KCOM

KCOM Shareholders in the United States should note that the Acquisition relates to the securities of a UK company and is proposed to be implemented pursuant to a scheme of arrangement provided under English company law. A transaction implemented by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Acquisition will be subject to UK procedural and disclosure requirements and practices applicable to a scheme of arrangement involving a target company in England, which are different from the disclosure requirements of the US tender offer and proxy solicitation rules.

The financial information included in this document, or any other documentation relating to the Acquisition, has been or will have been prepared in accordance with International Financial Reporting

Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Bidco exercises its right, in the circumstances provided for in this document, to implement the Acquisition by way of a Takeover Offer, such Takeover Offer will be made in compliance with applicable US tender offer regulations.

US holders of KCOM Shares should be aware that the receipt of cash pursuant to the Acquisition may have tax consequences in the United States. Holders of KCOM Shares are advised to consult their own tax advisors to determine the particular tax consequences to them of the Acquisition.

Neither the US Securities and Exchange Commission nor any securities commission of any state of the United States has approved the Acquisition, passed upon the fairness of the Acquisition or the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

It may be difficult for US holders of KCOM Shares to enforce their rights and claims arising out of the US federal securities laws, since Bidco and KCOM are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. US holders of KCOM Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements with respect to Bidco and KCOM. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as, without limitation, "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "aim", "will", "may", "hope", "continue", "would", "could" or "should" or other words of similar meaning or the negative thereof. Forward-looking statements include, but are not limited to, statements relating to the following: (a) future capital expenditures, expenses, revenues, economic performance, financial conditions, dividend policy, losses and future prospects, (b) business and management strategies and the expansion and growth of the operations of Bidco or KCOM, and (c) the effects of government regulation on the business of Bidco or KCOM. There are many factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among such factors are changes in the global political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Except as expressly provided in this document, they have not been reviewed by the auditors of Bidco or KCOM. By their nature, these forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this document may cause the actual results, performance or achievements of any such person, or industry results and developments, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that such expectations will prove to have been correct and persons reading this document are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. Neither Bidco nor KCOM, nor their respective members, directors, officers or employees, advisers or any person acting on their behalf, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur.

None of Bidco, KCOM or their respective members, directors, officers, employees, advisers and any person acting on behalf of one or more of them undertakes any intention or obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. All subsequent oral or written forward-looking statements attributable to Bidco or KCOM or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above.

Neither Bidco nor the KCOM Group, nor any of their respective associates, directors, officers, employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur.

DISCLOSURE REQUIREMENTS OF THE TAKEOVER CODE

Under Rule 8.3(a) of the Takeover Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

PUBLICATION ON A WEBSITE

A copy of this document (together with any document incorporated by reference) is and will be available, free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on USSL's website at www.uss.co.uk and on KCOM's website at www.kcomplc.com during the course of the Acquisition. For the avoidance of doubt, the contents of these websites and any websites accessible from hyperlinks on these websites are not incorporated into and do not form part of this document.

INFORMATION RELATING TO KCOM SHAREHOLDERS

Please be aware that addresses, electronic addresses and certain information provided by KCOM Shareholders, persons with information rights and other relevant persons for the receipt of communications from KCOM may be provided to Bidco during the Offer Period as required under Section 4 of Appendix 4 to the Takeover Code.

REQUEST FOR HARD COPIES

KCOM Shareholders may, subject to applicable securities laws, request a hard copy of this document (and any information incorporated into it by reference to another source) by contacting Link Asset Services on 0800 029 4521 or by submitting a request in writing to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, with an address to which the hard copy may be sent. Charges for calls to Freephone numbers will vary by provider. Calls from outside of the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice. KCOM Shareholders may, subject to applicable securities laws, also request that all future documents, announcements and information to be sent in relation to the Acquisition should be in hard copy form.

NO PROFIT FORECASTS OR ESTIMATES

Nothing in this document is intended, or is to be construed, as a profit forecast or estimate or to be interpreted to mean that earnings for each KCOM Share, for the current or future financial years, will necessarily match or exceed the historical published earnings for each KCOM Share.

ROUNDING

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

GENERAL

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

This document does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful.

TIME

All times shown in this document are London times, unless otherwise stated.

ACTION TO BE TAKEN

This section should be read in conjunction with the rest of this document and, in particular, the Notices of the Court Meeting and the General Meeting set out in Appendix 6 and Appendix 7 to this document.

For the reasons set out in this document, the KCOM Directors unanimously recommend that you vote in favour of the Scheme at the Court Meeting and the General Meeting Resolution relating to the Acquisition to be proposed at the General Meeting, as the KCOM Directors who hold KCOM Shares have irrevocably undertaken to do in respect of their own beneficial holdings of 317,016 KCOM Shares representing, in aggregate, approximately 0.06 per cent. of KCOM's issued ordinary share capital on the Last Practicable Date, and the KCOM Directors recommend that you take the action described below.

Please check you have received the following with this document:

- a BLUE Form of Proxy for use in respect of the Court Meeting; and
- a WHITE Form of Proxy for use in respect of the General Meeting.

If you have not received all of these documents please contact Link Asset Services on the telephone number set out below.

Whether or not you plan to attend the KCOM Meetings, please:

- 1. COMPLETE AND RETURN THE BLUE FORM OF PROXY, TO BE RECEIVED BY NO LATER THAN 11.00 A.M. (LONDON TIME) ON 3 JUNE 2019; AND**
- 2. COMPLETE AND RETURN THE WHITE FORM OF PROXY, TO BE RECEIVED BY NO LATER THAN 11.15 A.M. (LONDON TIME) ON 3 JUNE 2019,**

(or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for the adjourned meeting).

If you require assistance relating to the completion and return of the Forms of Proxy, please telephone Link Asset Services on 0800 029 4521.

Charges for calls to Freephone numbers will vary by provider. Lines are open from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the shareholder helpline from outside the UK will be charged at the applicable international rate. Calls may be recorded and randomly monitored for security and training purposes. Please note the shareholder helpline cannot provide advice on the merits of the Scheme nor give any financial, investment, legal or tax advice.

If the BLUE Form of Proxy for use at the Court Meeting is not received by Link Asset Services by the above time, it may be handed to the Chairman of the Court Meeting at the Court Meeting before the taking of the poll at that meeting. However, if the WHITE Form of Proxy for the General Meeting is not received by Link Asset Services by the time noted above, it will be invalid.

Holders of KCOM Shares are entitled to appoint a proxy in respect of some or all of their KCOM Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Holders of KCOM Shares who wish to appoint more than one proxy in respect of their holding of KCOM Shares should contact Link Asset Services for additional Forms of Proxy.

You may (instead of completing a Form of Proxy) vote electronically by logging on to the shareholder portal at www.kcom-shares.com. Please note, you will require your investor code in order to register for the shareholder portal if you have not already registered. Your investor code can be found on your Form of Proxy or your share certificate or on any dividend tax voucher/confirmations previously received.

The completion and return of the Forms of Proxy (or the appointment of a proxy electronically, or by any other procedure described below) will not prevent you from attending and voting at the Court Meeting or the General Meeting, or any adjournment thereof, in person should you wish to do so.

The Scheme requires approval at a meeting of the KCOM Scheme Shareholders convened by order of the Court to be held at the Kingston Suite, KCOM Stadium, Hull, HU3 6HU at 11.00 a.m. on 5 June 2019. Implementation of the Scheme also requires the passing of the General Meeting Resolution by the KCOM Shareholders at the General Meeting to approve certain matters relating to the Scheme. The General Meeting will be held at 11.15 a.m. on 5 June 2019 (or, if later, as soon as the Court Meeting has been concluded or adjourned).

To vote at the KCOM Meetings using a proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so using the procedures described in the CREST Manual, which can be viewed at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available at www.euroclear.com). 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 KCOM's registrars, Link Asset Services (CREST participant ID RA10), not later than 11.00 a.m. on 3 June 2019 in the case of the Court Meeting and not later than 11.15 a.m. on 3 June 2019 in the case of the General Meeting (or, in the case of an adjourned meeting, by no later than 48 hours (excluding any part of a day that is not a Business Day) before the time fixed for the holding of the adjourned meeting). 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 the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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 message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors 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.

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

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF KCOM SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY (EITHER ELECTRONICALLY OR THROUGH CREST) AS SOON AS POSSIBLE AND, IN ANY EVENT, BY NO LATER THAN 11.00 A.M. ON 3 JUNE 2019, IN THE CASE OF THE COURT MEETING, AND BY NO LATER THAN 11.15 A.M. ON 3 JUNE 2019, IN THE CASE OF THE GENERAL MEETING.

Unsettled trades

As at the close of trading on the last day of dealings in KCOM Shares prior to the Effective Date (the last day of dealings is expected to be 11 June 2019), there may be unsettled, open trades for the sale and purchase of KCOM Shares within CREST. The KCOM Shares that are the subject of such unsettled trades will be treated under the Scheme in the same way as any other KCOM Shares registered in the name of the relevant seller under that trade. Consequently, those KCOM Shares will be transferred under the Scheme and the relevant seller will receive the appropriate cash consideration in accordance with the terms of the Acquisition.

Shareholder helpline

If you have any questions relating to this document (or any information incorporated into this document by reference to another source), the KCOM Meetings or the completion and return of the Forms of Proxy, please contact KCOM's registrars, Link Asset Services, during business hours on 0800 029 4521 or by writing to shareholderenquiries@linkgroup.co.uk or Link Asset Services, The Registry, 34 Beckenham Road, Beckenham BR3 4TU. Charges for calls to Freephone numbers will vary by provider. Calls from outside of the United Kingdom will be charged at the applicable international rate. Lines will be open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following indicative timetable sets out expected dates for the implementation of the Scheme. All times shown in this document are London times.

<u>Event</u>	<u>Time and/or date</u>
Publication of this document	9 May 2019
Latest time for receipt of Forms of Proxy for:	
Court Meeting (BLUE form)	11.00 a.m. on 3 June 2019 ⁽¹⁾
General Meeting (WHITE form)	11.15 a.m. on 3 June 2019 ⁽¹⁾
Voting Record Time for the Court Meeting and General Meeting	10.00 p.m. on 3 June 2019 ⁽²⁾
Court Meeting	11.00 a.m. on 5 June 2019
General Meeting	11.15 a.m. on 5 June 2019 ⁽³⁾

The following dates are indicative only, are based on KCOM's current expectations and may be subject to change. The following dates assume, in particular, that the change of control approval from the FCA, which is a Condition of the Scheme, is forthcoming no later than 5 June 2019. Any delay beyond this date in the giving of such approval will result in a delay to those steps in the Scheme process subsequent to the Court Meeting and the General Meeting. KCOM will give adequate notice of any change to these dates by issuing an announcement through a Regulatory Information Service and by posting notice of these dates on its website at www.kcomplc.com. Further changes to other times or dates indicated above shall be notified in the same way. All KCOM Shareholders have the right to attend the Court Hearing.⁽⁴⁾

Court Hearing (to sanction the Scheme)	10 June 2019
Last day of dealings in, and for registrations of transfers of, and disablement in CREST of, KCOM Shares	11 June 2019
Scheme Record Time	10.00 p.m. on 11 June 2019
Dealings in KCOM Shares suspended	around 7.30 a.m. on 12 June 2019
Effective Date	12 June 2019
Cancellation of listing of and admission to trading of KCOM Shares	By 8.00 a.m. on 13 June 2019
Latest date for despatch of cheques and/or crediting of CREST accounts for cash consideration due under the Scheme	14 days after the Effective Date
Long Stop Date	31 August 2019 ⁽⁵⁾

Notes:

The Court Meeting and the General Meeting will both be held at the Kingston Suite, KCOM Stadium, Hull, HU3 6HU.

Please see "Action to be Taken" on pages 8 to 10.

1. If the BLUE Form of Proxy for the Court Meeting is not received by Link Asset Services by 11.00 a.m. on 3 June 2019 (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for the adjourned meeting), it may be handed to the Chairman at the Court Meeting at any time before the taking of the poll and still be valid. However, the WHITE Form of Proxy for the General Meeting must be received by Link Asset Services by 11.15 a.m. on 3 June 2019 (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for the adjourned meeting) in order for it to be valid.
2. If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the adjourned meeting will be 10.00 p.m. on the day which is two days before the date fixed for the adjourned meeting (excluding any day which is not a Business Day).
3. The General Meeting will commence at 11.15 a.m. on 5 June 2019 or, if later, as soon thereafter as the Court Meeting has been concluded or adjourned.
4. These times and dates are indicative only and will depend, amongst other things, on the date on which: (i) the Conditions are either satisfied or (if capable of waiver) waived; (ii) the Court sanctions the Scheme; and (iii) the order sanctioning the Scheme is delivered to the Registrar of Companies. As noted above, these times and dates assume, in particular, that the required FCA change of control approval is forthcoming no later than 5 June 2019.
5. This is the latest date by which the Scheme may become effective unless KCOM and Bidco, with the consent of the Panel and (if required) the approval of the Court, agree in writing a later date.

PART I – LETTER FROM THE CHAIRMAN OF KCOM



KCOM Group Public Limited Company
Registered in England and Wales under no. 02150618

Registered Office:
37 Carr Lane
Hull
East Yorkshire
HU1 3RE

KCOM Directors:

Patrick De Smedt (*Interim Non-Executive Chairman*)
Graham Sutherland (*Chief Executive*)
Anna Bielby (*Chief Financial Officer*)
Liz Barber (*Non-Executive Director*)
Peter Smith (*Non-Executive Director*)

9 May 2019

To KCOM Shareholders and, for information only, to persons with information rights and participants in the KCOM LTIP

Dear KCOM Shareholder,

RECOMMENDED CASH ACQUISITION OF KCOM BY HUMBER BIDCO LIMITED (A WHOLLY-OWNED INDIRECT SUBSIDIARY OF UNIVERSITIES SUPERANNUATION SCHEME LIMITED)

1. Introduction

On 24 April 2019, the Boards of KCOM and Bidco announced that they had reached agreement on the terms of a recommended cash offer pursuant to which Bidco would acquire the entire issued and to be issued share capital of KCOM (the **Acquisition**).

This letter sets out the background to the Acquisition and explains why the KCOM Directors, who have been so advised by Rothschild & Co as to the financial terms of the Acquisition, unanimously consider the terms of the Acquisition to be fair and reasonable and why they unanimously recommend that KCOM Shareholders should vote in favour of the Scheme at the Court Meeting and the General Meeting Resolution to be proposed at the General Meeting. Please also see the letter from Rothschild & Co set out in Part II of this document, which gives further details about the Acquisition and the additional information set out in Appendix 3 to this document.

2. The Acquisition

The Acquisition will, if approved, be effected by means of a scheme of arrangement between KCOM and the KCOM Scheme Shareholders under Part 26 of the Companies Act. In compliance with section 897 of the Companies Act, details of the Scheme are set out in the Explanatory Statement in Part II of this document.

(a) Consideration

Under the terms of the Acquisition, which is subject to the Conditions and the further terms set out in Appendix 1 to this document, KCOM Scheme Shareholders on the KCOM share register at the Scheme Record Time will be entitled to receive:

for each KCOM Scheme Share 97 pence in cash

The Acquisition Price values the entire issued and to be issued share capital of KCOM at approximately £504 million, which represents a premium of approximately:

- (a) 33.8 per cent. to the Closing Price of 72.5 pence for each KCOM Share on 23 April 2019 (the latest practicable date prior to the Announcement);
- (b) 36.1 per cent. to the volume-weighted average price of 71.2 pence for each KCOM Share for the one month period prior to 23 April 2019; and
- (c) 38.0 per cent. to the volume-weighted average price of 70.3 pence for each KCOM Share for the three month period prior to 23 April 2019.

If any dividend or other distribution is authorised, declared, made or paid in respect of KCOM Shares on or after the Announcement Date, Bidco reserves the right to reduce the Acquisition Price by an amount up to the amount of such dividend or other distribution for each KCOM Share, in which case the relevant eligible KCOM Shareholders will be entitled to receive and retain such dividend or other distribution.

(b) Scheme becoming Effective

The Scheme and the Acquisition are subject to satisfaction or (if applicable) waiver of the Conditions and further terms set out in Appendix 1 to this document. To become Effective, the Scheme requires the approval of the KCOM Scheme Shareholders at the Court Meeting and the passing of the General Meeting Resolution by KCOM Shareholders at the General Meeting. The Scheme must be approved by a majority in number of KCOM Scheme Shareholders, representing at least 75 per cent. in value of the KCOM Scheme Shares voted by those KCOM Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting. In addition, the General Meeting Resolution required to implement certain matters in connection with the Scheme must be passed by KCOM Shareholders representing at least 75 per cent. of votes cast at the General Meeting.

If the Scheme becomes Effective, it will be binding on all KCOM Scheme Shareholders, irrespective of whether or not they attended or voted (in favour or otherwise) at the Court Meeting or the General Meeting.

Subject to the satisfaction or (where applicable) waiver of the Conditions (and, in particular, to the FCA change of control approval, which is a Condition of the Scheme, being forthcoming no later than 5 June 2019), the Scheme is expected to become Effective on 12 June 2019.

It is expected that listing of the KCOM Shares on the London Stock Exchange's main market for listed securities will be suspended at 7.30 a.m. on the date falling two Business Days after the Court Sanction Date. Prior to the Scheme becoming Effective, KCOM will make an application for the cancellation of the listing of KCOM Shares on the Official List and for the cancellation of trading of the KCOM Shares on the London Stock Exchange's main market for listed securities.

Further details of the Scheme are set out in the Explanatory Statement in Part II of this document.

3. Background to and reasons for the Acquisition

USSL is the corporate trustee of one of the largest private sector pension funds in the UK with assets under management of £64 billion as at 31 March 2018 and over 400,000 members across more than 350 universities and other higher education and associated institutions in the UK.

USSL, through its investment manager, USSIM, is a long-term owner of assets with a track record of investing in UK infrastructure and infrastructure-like businesses.

Bidco believes that the acquisition of KCOM represents an attractive opportunity to become the owner of a well-established business with a strong local heritage. Further, Bidco believes that it would be an ideal partner for KCOM to continue to develop its Hull & East Yorkshire (**HEY**) business and to review options for its National Network Services and Enterprise businesses.

The specific attractions of KCOM to USSL include:

- (a) HEY's ownership of its critical infrastructure and the significant investment made to-date in its fibre network to give Hull the highest level of fibre-to-the-premises penetration in the UK, well ahead of the UK Government's target of national rollout of fibre by 2033;
- (b) the opportunity for further capital investment to support new business strategies and new network buildout in and beyond the areas covered by the HEY business; and
- (c) long-term stable and predictable cash flows, stemming from the critical services that the HEY business provides its customers.

4. Background to and reasons for recommending the Acquisition

Graham Sutherland joined the KCOM Board as Chief Executive Officer on 15 October 2018.

On 20 November 2018, following Graham's initial review of the business, the KCOM Board published a trading update and a revised annual dividend commitment from six pence to three pence per share following weaker than expected trading performance in the year ended 31 March 2019.

In the interim statement of results for the six months ended 30 September 2018 released on 27 November 2018, KCOM announced an in-depth review of its businesses and strategy to identify how to create the best value for shareholders and improve its overall business performance (**Strategy Review**).

Whilst undertaking the Strategy Review, KCOM received an approach from USSIM, on behalf of USSL. Following a period of initial negotiations, KCOM agreed the principal terms of USSL's offer in early March 2019.

The results and recommendations of the Strategy Review have yet to be formally adopted by the Board. A high-level summary of the recommendations of the Strategy Review is as follows:

- (a) grow HEY through increasing its addressable market through the further roll-out of fibre across selected areas of East Yorkshire and the Humber;
- (b) transform the operating model of the Company, reducing costs through a simplified operational structure that removes both duplication and complexity;
- (c) grow the core business of connectivity and collaboration through sales focus, improved customer experience and the launch of new products and services; and
- (d) focus the cloud business within Enterprise on the corporate mid-market with services that leverage connectivity.

Whilst the KCOM Directors are confident of KCOM's ability to meet the required levels of capital expenditure for the further roll-out of fibre as detailed above, the investment to deliver future growth may need to be phased over time to balance KCOM's current balance sheet leverage and dividend payments with cash generation from operations.

After careful consideration of the Acquisition Price and the deliverability of the Acquisition, the KCOM Directors believe that USSL's offer represents compelling value given the balance of longer term opportunities and risks to the near term financial performance of the business following the implementation of the new strategy. The KCOM Directors also acknowledge the benefits of KCOM being a private company, including creating a favourable environment to effect its transformation and enabling it to obtain finance from private capital. The Acquisition allows KCOM Shareholders to crystallise in cash the value of their holdings at a premium of 33.8 per cent. to the Closing Price for each KCOM Share on 23 April 2019 (the Business Day preceding the Announcement). The KCOM Board believes that the offer of 97 pence per share recognises the quality of KCOM's assets and capability, and the strength of its future prospects, as a well-established and well-invested business with a strong heritage in the Hull and East Yorkshire region.

Accordingly, the KCOM Directors unanimously recommend the Acquisition to KCOM Shareholders as set out in paragraph 16 below.

5. Information on USSL, USSIM and Bidco

USS was established in 1974 and is the principal pensions scheme provided by more than 350 universities and other higher education and associated institutions in the UK. As at 31 March 2018, it had over 400,000 members and had assets under management of £64 billion.

USSL has appointed its wholly-owned subsidiary, USSIM, as the scheme's principal investment manager and adviser. USSIM's Private Markets Group comprised of 38 employees as at 31 March 2018 and has experience of investing around the world and in the UK across a wide range of private asset classes. As at 31 March 2018, it managed over £15 billion of private market assets, including investments in Heathrow Airports Holdings, L1 Renewables, Moto Hospitality, NATS and Thames Water.

Bidco is a wholly-owned indirect subsidiary of USSL (acting in its capacity as sole corporate trustee of USS), incorporated for the specific purpose of making the Acquisition.

6. Intentions of Bidco

Bidco believes that the acquisition of KCOM represents an attractive opportunity to become the owner of a well-established business with a strong local heritage. Bidco is confident in the overall prospects of KCOM's businesses and is excited about partnering with the KCOM management team to grow the value of the business in the long-term.

Prior to the Announcement, and consistent with market practice, Bidco has been granted access to certain KCOM information for the purposes of conducting a confirmatory due diligence exercise. Bidco has, however, not yet had access to sufficiently detailed information from KCOM management's Strategy Review (as described in paragraph 4 above) to formulate detailed plans or intentions regarding the impact of the Acquisition on KCOM and its businesses.

Following completion of the Acquisition, Bidco intends to work with KCOM's management team to undertake a detailed strategic evaluation of KCOM and its businesses, which will include an assessment of the work recently carried out under the KCOM management team's Strategy Review. The evaluation is expected to focus on:

- (a) assessing the KCOM operating model that KCOM's management team has been developing since the appointment of Graham Sutherland as Chief Executive with the objective of reducing costs through simplifying KCOM's operational structure;
- (b) reviewing the strategy of the HEY business, including the markets and customers served, its product and service offerings, pricing and the cost structure within the business including headcount and other costs;
- (c) identifying new opportunities for additional investment to drive profitable growth within the HEY business, in particular the potential to offer new services and meaningfully expand and accelerate the fibre network build-out and develop employee capabilities within the business;
- (d) initiatives to improve the existing performance of the National Network Services and Enterprise businesses including the level of alignment with the HEY business, the level of headcount and other costs, the allocation of shared costs and opportunities to take actions to enhance customer experience, accelerate growth and improve platform efficiency to enhance margins; and
- (e) reviewing strategic options for the National Network Services and Enterprise businesses, following the analysis in (d) above, including the potential for disposal of these businesses to a third party.

Bidco has not yet begun to carry out the detailed evaluation referred to above or made any decisions in relation to specific actions that may be taken as a result of this evaluation. This evaluation is expected to take up to six months and Bidco will seek to implement the resulting actions as soon as possible.

As part of its evaluation, as referred to above, Bidco will review the level of costs in the HEY, National Network Services and Enterprise businesses to ensure that the level of headcount, capabilities and cost structure are consistent with the strategy that will be decided upon for each part of the KCOM business. It is anticipated that material cost savings and efficiencies may be achievable reflecting KCOM management's ongoing review aimed at reducing costs, but these are unquantified at this stage. Once

KCOM ceases to be a listed company, some central management, corporate and support functions, including PLC-related functions, may be reduced in scope, which is likely to require reduced headcount. Bidco has not yet had access to sufficient information to determine how many headcount changes could occur across the KCOM Group, or how any changes to the cost structure would be implemented. Any headcount changes, additional investments referred to in (c) above and business disposals referred to in (e) above could change the balance of the skills and functions of the remaining employees and management.

Bidco intends to safeguard the existing employment rights of the management and employees of KCOM in accordance with applicable law and does not envisage any material change in the conditions of employment of the management and employees of KCOM, other than the possible implementation of incentivisation arrangements for certain members of management as described below.

The non-executive directors of KCOM intend to resign as KCOM Directors with effect from completion of the Acquisition.

Bidco recognises the importance of the KCOM pension schemes to their members. Bidco confirms that it has no intention of changing members' pension rights under the schemes and that the current level of employer contributions under the schemes' existing funding arrangements will continue. Prior to the Announcement, Bidco engaged in an initial discussion with the chair of the trustees of KCOM's defined benefit pension schemes in relation to the upcoming triennial valuation process and the Acquisition. Following completion of the Acquisition, Bidco intends to continue such discussions with the trustees of KCOM's defined benefit pension schemes in respect of the triennial valuation, the Acquisition and the funding position of the schemes. The KCOM defined benefit pension schemes are closed to new members and to future accrual.

Following the Scheme becoming Effective, Bidco intends to review the management incentive arrangements of KCOM. Bidco has not entered into, and has not had discussions on proposals to enter into, any form of incentivisation arrangements with members of KCOM's management team, but plans to put in place incentive arrangements for certain members of the KCOM management team following completion of the Acquisition.

Bidco intends to maintain KCOM's corporate headquarters and headquarters' functions in Hull. Bidco does not intend to change the locations of the places of business of the National Network Services and Enterprise businesses; however, these may be impacted by the review of strategic options for those businesses including any potential disposal of these businesses (as referenced in (e) above). Bidco has no intention to redeploy the fixed assets of KCOM. KCOM has no dedicated research and development function.

KCOM is currently listed on the Official List and, as set out in paragraph 11, an application will be made to the London Stock Exchange to cancel trading in KCOM Shares and de-list KCOM from the Official List, in each case to take effect on or shortly after the Effective Date.

7. Response from the KCOM Directors

The KCOM Directors welcome Bidco's statements regarding the safeguarding of existing employment rights of the management and employees of KCOM in accordance with applicable law, and that Bidco does not envisage any material change in their conditions of employment (other than the possible implementation of incentivisation arrangements for certain members of management as described above). The KCOM Directors note that Bidco has no intention of changing members' pension rights under the schemes and that the current level of employer contributions under the schemes' existing funding arrangements will continue. It is positive that Bidco recognises the importance of the pension schemes to members, operates in the pensions industry itself, and that it has already engaged in initial discussions with the chair of the trustees of KCOM's defined benefit schemes.

The KCOM Directors note that Bidco intends to undertake a detailed strategic evaluation of KCOM and its businesses, which will include an assessment of the work carried out in connection with the Strategy Review. This is especially relevant given it will involve the evaluation of initiatives to improve the existing performance (including the level of headcount), and reviewing strategic options including the potential for disposals, of the National Network Services and Enterprise businesses. The KCOM Directors acknowledge Bidco's statements on the likely need to reduce headcount including in some central

management, corporate and support functions, such as PLC-related functions once KCOM ceases to be a listed company.

It is positively noted by the KCOM Directors that Bidco has stated that it intends to maintain KCOM's corporate headquarters and headquarters' functions in Hull. This is positive as it recognises the strong local heritage KCOM has in the area.

The KCOM Directors also note that, although they may be impacted by the review of strategic options, Bidco does not intend to change the locations of the places of business of the National Network Services and Enterprise businesses.

8. KCOM Share Schemes

Participants in the KCOM Share Schemes will be contacted separately regarding the effect of the Acquisition on their rights under the KCOM Share Schemes. Appropriate proposals in respect of their rights will be made to participants in the KCOM LTIP in accordance with the Takeover Code. Information relating to the effect of the Scheme on participants in the KCOM Share Schemes is set out in paragraph 8 of Part II of this document.

9. Irrevocable undertakings and letter of intent

Bidco has received irrevocable undertakings from KCOM Directors who are interested in KCOM Shares to vote in favour of the Scheme at the Court Meeting, and in favour of the General Meeting Resolution to be proposed at the General Meeting, in respect of their own beneficial holdings of 317,016 KCOM Shares representing, in aggregate, approximately 0.06 per cent. of KCOM's issued ordinary share capital on the Last Practicable Date.

Bidco has also received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting, and in favour of the General Meeting Resolution to be proposed at the General Meeting, from Teleios Capital Partners and Invesco Asset Management in respect of a total of 131,758,930 KCOM Shares representing, in aggregate, approximately 25.5 per cent. of KCOM's issued ordinary share capital on the Last Practicable Date.

Bidco has therefore received irrevocable undertakings in respect of a total of 132,075,946 KCOM Shares representing, in aggregate, approximately 25.6 per cent. of KCOM's issued ordinary share capital on the Last Practicable Date.

Further details of these irrevocable undertakings (and the circumstances in which they will cease to be binding or otherwise fall away) are set out paragraph 8 of Appendix 3 to this document.

In addition, Majedie Asset Management provided Bidco with a non-binding letter of intent to vote in favour of the resolutions relating to the Acquisition at the KCOM Meetings in respect of 17,006,505 KCOM Shares representing approximately 3.3 per cent. of KCOM's issued ordinary share capital on the Last Practicable Date. However, as announced on 29 April 2019, Majedie Asset Management has sold its entire holding of KCOM Shares and, therefore, there are no longer any KCOM Shares which are subject to this letter of intent.

10. Current trading and prospects of KCOM

On 27 November 2018, the KCOM Group announced its half year results for the period ended 30 September 2018 which included the following outlook statement:

"The strong performance in Hull & East Yorkshire is expected to continue during the second half of the year, supported in part by the launch in early December of a new unlimited fibre broadband portfolio for consumer customers.

While we have started to take action to address some of the issues in our national segments, we anticipate that the trading performance in Enterprise and National Network Services will remain challenging during the second half of the year and that this will continue into next year. As a business, we are seeking to address these medium-term challenges by reducing cost and complexity at the same time as identifying those opportunities to deliver value from KCOM's assets. The Board believes that the Group has the potential to execute well on those opportunities."

The Group confirms trading and net debt were in line with management expectations for the financial year ended 31 March 2019.

11. Delisting of KCOM Shares and re-registration

The attention of KCOM Shareholders is drawn to paragraph 11 of the Explanatory Statement set out in Part II of this document in relation to Bidco's intentions with regard to the de-listing of KCOM Shares and the re-registration of KCOM as a private company.

12. United Kingdom taxation

A summary of certain relevant UK taxation matters, which is intended as a general guide only, is set out in Appendix 2 to this document. If you are in any doubt as to your tax position, or if you are subject to tax in a jurisdiction outside the UK, you should consult an appropriate independent professional adviser immediately.

13. Overseas Shareholders

Overseas Shareholders should refer to paragraph 17 of Part II of this document.

14. Action to be taken

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of KCOM Scheme Shareholder opinion. You are therefore strongly urged to sign and return your Forms of Proxy (if you hold KCOM Shares in certificated form – that is, not in CREST) or, if you hold KCOM Shares in uncertificated form, to vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual, as soon as possible. You may (instead of completing a Form of Proxy) vote electronically by logging on to the shareholder portal at www.kcom-shares.com. Your attention is drawn to pages 8 to 10 of this document, in the section entitled “Action to be taken”, which explains the actions you should take in relation to the Acquisition.

If you have any questions relating to this document (or any information incorporated into this document by reference to another source), the KCOM Meetings or the completion and return of your Forms of Proxy, please contact KCOM's registrars, Link Asset Services, during business hours on 0800 029 4521. Charges for calls to Freephone numbers will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The shareholder helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. Please note the shareholder helpline cannot provide advice on the merits of the Scheme nor give any financial, investment, legal or tax advice.

15. Further Information

Your attention is drawn to the letter from Rothschild & Co set out in Part II of this document (being the Explanatory Statement pursuant to section 897 of the Companies Act). The terms of the Scheme are set out in full in Part III of this document. Your attention is also drawn to the further information contained in this document and, in particular, to the Conditions to the implementation of the Scheme and the Acquisition in Appendix 1 to this document, the information on UK taxation in Appendix 2 to this document and the additional information set out in Appendix 3 to this document.

A copy of this document (together with any document incorporated by reference) is and will be available, free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on KCOM's website at www.kcomplc.com during the course of the Acquisition.

You are advised to read the whole of this document and not just rely on the summary information contained in this letter.

16. Recommendation

The KCOM Directors, who have been so advised by Rothschild & Co as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its

advice to the KCOM Directors, Rothschild & Co has taken into account the commercial assessments of the KCOM Directors. Rothschild & Co is providing independent financial advice to the KCOM Directors for the purpose of Rule 3 of the Takeover Code.

Accordingly, the KCOM Directors recommend unanimously that KCOM Shareholders vote in favour of the Scheme at the Court Meeting and in favour of the General Meeting Resolution to be proposed at the General Meeting, as the KCOM Directors who are interested in KCOM Shares have irrevocably undertaken to do in respect of their own beneficial holdings of 317,016 KCOM Shares representing, in aggregate, approximately 0.06 per cent. of KCOM's issued share capital on the Last Practicable Date.

Yours faithfully

Patrick De Smedt
Interim Chairman
KCOM Group Public Limited Company

PART II – EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act)



9 May 2019

To KCOM Shareholders and, for information only, to persons with information rights and participants in the KCOM LTIP

Dear KCOM Shareholder,

RECOMMENDED CASH ACQUISITION OF KCOM BY HUMBER BIDCO LIMITED (A WHOLLY-OWNED INDIRECT SUBSIDIARY OF UNIVERSITIES SUPERANNUATION SCHEME LIMITED)

1. Introduction

On 24 April 2019, the Boards of KCOM and Bidco announced that they had reached agreement on the terms of a recommended cash offer pursuant to which Bidco would acquire the entire issued and to be issued share capital of KCOM.

The Acquisition is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act. The Scheme requires, amongst other things, the approval of the KCOM Scheme Shareholders and the sanction of the Court.

Your attention is drawn to the letter from the interim Chairman of KCOM set out in Part I of this document, which forms part of this Explanatory Statement. That letter contains, among other things, the background to and reasons for the KCOM Directors' unanimous recommendation that all KCOM Shareholders vote in favour of the resolutions to approve and implement the Acquisition.

The KCOM Directors have been advised by Rothschild & Co as to the financial terms of the Acquisition. Rothschild & Co has been authorised by the KCOM Directors to write to you to explain the Scheme and the Acquisition and to provide you with other relevant information.

The terms of the Scheme are set out in full in Part III of this document.

Statements made or referred to in this Explanatory Statement relating to information concerning Bidco and USSIM, the financial effects of the Acquisition on Bidco and USSIM, their reasons for the Acquisition and their financing of the Acquisition reflect the views of Bidco and USSIM. Statements made or referred to in this letter regarding the background to and reasons for the recommendation of the KCOM Directors, information concerning the business of the KCOM Group, and/or intentions or expectations of or concerning the KCOM Group, reflect the views of the KCOM Directors or the Bidco Directors, as relevant.

Please note that the timings set out in this document are indicative only and are subject to change.

2. The Acquisition

The Acquisition will, if approved, be effected by way of a scheme of arrangement under Part 26 of the Companies Act. The Acquisition is subject to the Conditions and further terms set out in Appendix 1 to this document. Under the terms of the Scheme, all of the KCOM Shares will be transferred to Bidco and, in exchange, KCOM Scheme Shareholders on KCOM's register of members at the Scheme Record Time will receive:

for each KCOM Scheme Share 97 pence in cash

The Acquisition Price values the entire issued and to be issued share capital of KCOM at approximately £504 million, which represents a premium of approximately:

- (a) 33.8 per cent. to the Closing Price of 72.5 pence for each KCOM Share on 23 April 2019 (the latest practicable date prior to the Announcement);
- (b) 36.1 per cent. to the volume-weighted average price of 71.2 pence for each KCOM Share for the one month period prior to 23 April 2019; and
- (c) 38.0 per cent. to the volume-weighted average price of 70.3 pence for each KCOM Share for the three month period prior to 23 April 2019.

If any dividend or other distribution is authorised, declared, made or paid in respect of KCOM Shares on or after the Announcement Date, Bidco reserves the right to reduce the Acquisition Price by an amount up to the amount of such dividend or other distribution for each KCOM Share, in which case eligible KCOM Shareholders will be entitled to receive and retain such dividend or other distribution.

3. Background to and reasons for the Acquisition

USSL is the corporate trustee of one of the largest private sector pension funds in the UK with assets under management of £64 billion as at 31 March 2018 and over 400,000 members across more than 350 universities and other higher education and associated institutions in the UK.

USSL, through its investment manager, USSIM, is a long-term owner of assets with a track record of investing in UK infrastructure and infrastructure-like businesses.

Bidco believes that the acquisition of KCOM represents an attractive opportunity to become the owner of a well-established business with a strong local heritage. Further, Bidco believes that it would be an ideal partner for KCOM to continue to develop its Hull & East Yorkshire (**HEY**) business and to review options for its National Network Services and Enterprise businesses.

The specific attractions of KCOM to USSL include:

- (a) HEY's ownership of its critical infrastructure and the significant investment made to-date in its fibre network to give Hull the highest level of fibre-to-the-premises penetration in the UK, well ahead of the UK Government's target of national rollout of fibre by 2033;
- (b) the opportunity for further capital investment to support new business strategies and new network buildout in and beyond the areas covered by the HEY business; and
- (c) long-term stable and predictable cash flows, stemming from the critical services that the HEY business provides its customers.

4. Irrevocable undertakings and letter of intent

Bidco has received irrevocable undertakings from KCOM Directors who are interested in KCOM Shares to vote in favour of the Scheme at the Court Meeting, and in favour of the General Meeting Resolution to be proposed at the General Meeting, in respect of their own beneficial holdings of 317,016 KCOM Shares representing, in aggregate, approximately 0.06 per cent. of KCOM's issued ordinary share capital on the Last Practicable Date.

Bidco has also received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting, and in favour of the General Meeting Resolution to be proposed at the General Meeting, from Teleios Capital Partners and Invesco Asset Management in respect of a total of 131,758,930 KCOM Shares representing, in aggregate, approximately 25.5 per cent. of KCOM's issued ordinary share capital on the Last Practicable Date.

Bidco has therefore received irrevocable undertakings in respect of a total of 132,075,946 KCOM Shares representing, in aggregate, approximately 25.6 per cent. of KCOM's issued ordinary share capital on the Last Practicable Date.

Further details of these irrevocable undertakings (and the circumstances in which they will cease to be binding or otherwise fall away) are set out paragraph 8 of Appendix 3 to this document.

In addition, Majedie Asset Management provided Bidco with a non-binding letter of intent to vote in favour of the resolutions relating to the Acquisition at the KCOM Meetings in respect of 17,006,505 KCOM Shares representing approximately 3.3 per cent. of KCOM's issued ordinary share capital on the Last Practicable Date. However, as announced on 29 April 2019, Majedie Asset Management has sold its entire holding of KCOM Shares and, therefore, there are no longer any KCOM Shares which are subject to this letter of intent.

5. Financing of the Acquisition and cash confirmation

The consideration payable to KCOM Shareholders pursuant to the Scheme will be financed by a combination of: (a) equity financing from USSL in accordance with the terms of an equity commitment letter between USSL and Bidco (the **Equity Commitment Letter**); and (b) third party debt in accordance with the terms of a term loan facility under the facilities agreement dated 24 April 2019 entered into by, among others, Bidco as borrower and Lloyds Bank plc, National Westminster Bank plc and NatWest Markets plc as arrangers (the **Arrangers**) (the **Senior Facilities Agreement**), the proceeds of which may be used to: (i) fund the cash consideration payable to KCOM Shareholders under the terms of the Acquisition; (ii) pay fees, costs and expenses in connection with the financing and the Acquisition; and (iii) refinance certain existing indebtedness of the KCOM Group. This term loan facility is made available on a certain funds basis.

Further details of the Equity Commitment Letter and the Senior Facilities Agreement are set out in paragraph 6 of Appendix 3 to this document.

Each of Arma Partners and Gleacher Shacklock, in their capacity as joint financial advisers to Bidco, are satisfied that sufficient cash resources are available to Bidco to satisfy, in full, the cash consideration payable to KCOM Shareholders under the terms of the Acquisition.

6. Information on KCOM

KCOM, a leading provider of IT and communications solutions to consumers and businesses across the UK, is one of the UK's longest-established communications companies, helping customers get connected since 1904. Throughout the decades, KCOM has stayed at the forefront of technology and communications. KCOM is focussed on three markets:

- (a) Hull and East Yorkshire: KCOM provides voice and internet-based services to 140,000 consumers and businesses in the region;
- (b) Enterprise: KCOM serves large enterprise and public sector organisations that need complex technology solutions to serve customers better and adapt to an ever-changing competitive and regulatory environment; and
- (c) National Network Services: KCOM serves UK-based multi-site organisations that rely on connectivity as part of their business operations.

Further information on KCOM is available at www.kcomplc.com.

7. The KCOM Directors and the effect of the Scheme on their interests

The KCOM Shares in which the KCOM Directors (or their family members, connected persons or related trusts) are interested will be subject to the Scheme. Information on the KCOM Shares in which the KCOM Directors are interested is provided in paragraph 3.2 of Appendix 3 to this document. Particulars of service contracts and letters of appointment of the KCOM Directors and the benefits payable in connection therewith are set out in paragraph 7 of Appendix 3 to this document. Each KCOM Director who is interested (or whose connected persons are interested) in KCOM Shares has irrevocably undertaken to vote (or procure the voting of) such shares in favour the Scheme at the Court Meeting and the General Meeting Resolution to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the

Takeover Offer). Further details of these irrevocable undertakings are set out in paragraph 8 of Appendix 3 to this document.

Otherwise than as set out in this document, the effect of the Scheme on the interests of the KCOM Directors does not differ from its effect on the like interest of any other person.

8. KCOM Share Schemes

The Scheme will extend to any KCOM Shares which are unconditionally allotted, issued or transferred under the KCOM Share Schemes prior to the Scheme Record Time.

(a) KCOM LTIP

Participants in the KCOM LTIP will receive a letter explaining the effect of the Acquisition on their awards under the KCOM LTIP and appropriate proposals will be made to such participants in accordance with the Takeover Code. Set out below is a summary of the impact of the Acquisition and the proposals that will be made.

In accordance with the rules of the KCOM LTIP, subsisting awards, to the extent not already vested, will vest on the sanction of the Scheme by the Court, subject to the satisfaction of the relevant performance conditions. The vesting of awards under the KCOM LTIP will also be subject to a time pro rating reduction in accordance with the rules of the KCOM LTIP, unless the Remuneration Committee decides that such a reduction is inappropriate in respect of any particular award. Participants in the KCOM LTIP will be offered the opportunity to exercise their vested awards, acquire KCOM Shares and participate in the Acquisition on the same terms as other KCOM Shareholders.

(b) KCOM SIP

Participants in the KCOM SIP who are beneficially entitled to plan shares will participate in the Acquisition on the same terms as other KCOM Shareholders in respect of their plan shares.

9. Background to and reasons for recommending the Acquisition

The details of the background to and reasons for the KCOM Directors recommending the Acquisition are set out in full in the letter from the interim Chairman of KCOM in Part I of this document.

10. Structure of the Acquisition

(a) Introduction

It is intended that the Acquisition will be implemented by a Court-approved scheme of arrangement between KCOM and the KCOM Scheme Shareholders under Part 26 of the Companies Act, the provisions of which are set out in full in Part III of this document. The purpose of the Scheme is for Bidco to become the owner of the entire issued and to be issued share capital of KCOM.

Under the Scheme, the KCOM Scheme Shares will be transferred to Bidco and, in consideration of the transfer to Bidco of the KCOM Scheme Shares, the KCOM Scheme Shareholders will receive 97 pence in cash for each KCOM Scheme Share held by them.

On the Effective Date, share certificates in respect of KCOM Scheme Shares will cease to be valid. In addition, entitlements within the CREST system to the KCOM Scheme Shares will be cancelled on or shortly before the Effective Date.

Any KCOM Scheme Shares issued on or before the Scheme Record Time will be subject to the terms of the Scheme. KCOM Scheme Shareholders whose names appear on the register of members of KCOM at the Scheme Record Time, that is 10.00 p.m. on the Business Day immediately following the Court Sanction Date, will receive the Acquisition Price in cash for each KCOM Scheme Share held by them.

To become Effective, the Scheme requires the approval of a majority in number of those KCOM Scheme Shareholders who are present and voting (and entitled to vote), either in person or by

proxy, at the Court Meeting (or any adjournment thereof) and who represent 75 per cent. or more in value of all KCOM Scheme Shares held by such KCOM Scheme Shareholders. The Scheme also requires the sanction of the Court and the passing of the General Meeting Resolution to be proposed at the General Meeting, as well as satisfaction or (where applicable) waiver of the other Conditions set out in Appendix 1 to this document.

Upon the Scheme becoming Effective, it will be binding on all KCOM Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

(b) ***The KCOM Meetings***

Notices of the Court Meeting and the General Meeting are set out in Appendix 6 and Appendix 7 to this document. Entitlements to attend and vote at the KCOM Meetings and the number of votes which may be cast at them will be determined by reference to holdings of KCOM Scheme Shares as shown in the register of members of KCOM at the Voting Record Time.

The Court Meeting

You will find set out in Appendix 6 to this document Notice of the meeting of the KCOM Scheme Shareholders which has been convened with permission of the Court for the purpose of considering and, if thought fit, approving the Scheme (with or without modification).

The Court Meeting, which has been convened for 11.00 a.m. on 5 June 2019, is being held with the permission of the Court to enable the KCOM Scheme Shareholders to consider and, if thought fit, approve the Scheme. At the Court Meeting, voting will be by way of poll and each KCOM Scheme Shareholder present in person or by proxy will be entitled to one vote for each KCOM Scheme Share held. The approval required at the Court Meeting is a majority in number of those KCOM Scheme Shareholders who are present and voting (and entitled to vote), either in person or by proxy, and who represent 75 per cent. or more in value of all KCOM Scheme Shares held by such KCOM Scheme Shareholders.

It is important that as many votes as possible are cast (whether in person or by proxy) at the Court Meeting so that the Court may be satisfied that there is a fair representation of KCOM Scheme Shareholder opinion.

You are therefore strongly urged to complete and return the BLUE Form of Proxy or appoint a proxy through CREST or electronically as soon as possible and, in any event, so as to be received by 11.00 a.m. on 3 June 2019 for the Court Meeting or, if such meeting is adjourned, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for such adjourned meeting. Doing so will not prevent you from attending, voting and speaking at the Court Meeting or any adjournment thereof if you so wish and are so entitled. A Form of Proxy for the Court Meeting not lodged at the relevant time may be handed to the Chairman of the Court Meeting before the taking of the poll.

The General Meeting

In addition to the Court Meeting, the General Meeting has been convened for 11.15 a.m. on 5 June 2019, or as soon thereafter as the Court Meeting has concluded or been adjourned, to consider and, if thought fit, pass the General Meeting Resolution (which requires votes in favour representing at least 75 per cent. of the votes cast either in person or by proxy) to:

- (i) authorise the KCOM Directors to take all actions as they may consider necessary or appropriate to give effect to the Scheme; and
- (ii) make certain amendments to the KCOM Articles (as described below).

Voting on the General Meeting Resolution will be on a poll whereby each KCOM Shareholder present in person or by proxy will be entitled to one vote for every KCOM Share held.

All KCOM Shareholders will be entitled to vote on the General Meeting Resolution.

It is proposed, as part of the General Meeting Resolution to be proposed at the General Meeting relating to the Scheme, that the KCOM Articles be amended to ensure that any KCOM Shares issued under the KCOM Share Schemes or otherwise after the Voting Record Time in respect of the Court Meeting and on or prior to the Scheme Record Time will be subject to the Scheme. It is also proposed that the KCOM Articles be amended so that any KCOM Shares issued to any person other than Bidco (or its nominee(s)) on or after the Scheme Record Time will automatically be acquired by Bidco in consideration for the payment by Bidco to such person of such cash consideration as would have been payable under the Scheme had such KCOM Shares been KCOM Scheme Shares. This will avoid any person (other than Bidco) being left with KCOM Shares after such shares have ceased trading on the main market of the London Stock Exchange, which is expected to occur at 7.30 a.m. on the date falling two Business Days after the Court Sanction Date.

You are strongly urged to complete and return the WHITE Form of Proxy or appoint a proxy through CREST or electronically as soon as possible and, in any event so as to be received by 11.15 a.m. on 3 June 2019 for the General Meeting or, if such meeting is adjourned, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for such adjourned meeting. Doing so will not prevent you from attending, voting and speaking at the General Meeting or any adjournment thereof if you so wish and are so entitled.

The proposed amendments to the KCOM Articles are set out in full in the Notice of the General Meeting in Appendix 7 to this document.

(c) ***Modifications to the Scheme***

The Scheme contains a provision for KCOM and Bidco jointly to consent on behalf of all persons affected to any modification, addition or condition to the Scheme which the Court may impose, or, if required, approve. The Court would be unlikely to impose or approve any modification, addition or condition to the Scheme which might be material to the interests of KCOM Scheme Shareholders unless KCOM Scheme Shareholders were informed of any such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of KCOM Scheme Shareholders should be held.

In accordance with the Takeover Code, except with the consent of the Panel, modification or revision to the Scheme may only be made: (i) more than 14 days prior to the date of the KCOM Meetings (or any later date to which such meetings are adjourned); or (ii) at a later date, with the consent of the Panel.

A switch to a Takeover Offer is not a modification or revision for the purposes of this paragraph.

(d) ***Alternative means of implementing the Acquisition***

Bidco reserves the right to elect, subject to the consent of the Panel and the terms of the Co-operation Agreement, to implement the Acquisition by way of a Takeover Offer. In such event, the Takeover Offer will be implemented on the same terms and conditions as those which would apply to the Scheme subject to appropriate amendments, including (without limitation) an acceptance condition set at 75 per cent. (or such other percentage (being more than 50 per cent.) as Bidco may decide) in nominal value of the shares to which such Takeover Offer relates and of the voting rights attaching to those shares. If Bidco does elect to implement the Acquisition by way of a Takeover Offer, and if sufficient acceptances of such Takeover Offer are received and/or sufficient KCOM Shares are otherwise acquired, it is the intention of Bidco to apply the provisions of sections 979 to 982 (inclusive) of the Companies Act to acquire compulsorily any outstanding KCOM Shares to which such Takeover Offer relates.

(e) ***Conditions to the Scheme and the Acquisition***

The Scheme is subject to the Conditions and further terms set out in Appendix 1 to this document and will only become Effective if, among other things, the following events occur on or before the Long Stop Date or such later date as may be agreed in writing by Bidco and KCOM (with the Panel's consent and as the Court may approve (if such approval is required)):

- (i) the approval of the Scheme by a majority in number of KCOM Scheme Shareholders, representing at least 75 per cent. in value of the KCOM Scheme Shares voted by those KCOM Scheme Shareholders present and voting (and entitled to vote), either in person or by proxy, at the Court Meeting;
- (ii) the General Meeting Resolution being duly passed by KCOM Shareholders representing 75 per cent. or more of votes cast, whether in person or by proxy, at the General Meeting;
- (iii) the approval of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to KCOM and Bidco);
- (iv) the delivery of a copy of the Court Order to the Registrar of Companies; and
- (v) all other Conditions to the Scheme, as set out in Appendix 1 to this document, being satisfied or (where applicable) waived.

The Acquisition will lapse if:

- (i) the Court Meeting and the General Meeting are not held by the 22nd day after the expected date of such meetings as set out in this document (or such later date as may be agreed between Bidco and KCOM and, in the case of the Court Meeting, as the Court may allow);
- (ii) the Court Hearing to approve the Scheme is not held by the 22nd day after the expected date of such hearing as set out in this document (or such later date as may be agreed between Bidco and KCOM and as the Court may allow); or
- (iii) the Scheme does not become Effective by the Long Stop Date,

provided however that the deadline for the Scheme to become Effective may be extended by agreement between KCOM and Bidco (with the Panel's consent and, if required, the Court's approval).

(f) ***Sanction of the Scheme by the Court***

Under the Companies Act, the Scheme will also require the sanction of the Court. Subject to satisfaction or (where applicable) waiver of the other Conditions (and, in particular, to the required FCA change of control approval being forthcoming no later than 5 June 2019), the Court Hearing is expected to be held on 10 June 2019. Bidco has confirmed that it will be represented by Counsel at such hearing so as to consent to the Scheme and to undertake to the Court to be bound thereby. KCOM Scheme Shareholders are entitled to attend the Court Hearing, should they wish to do so, in person or through Counsel.

The Scheme will become Effective in accordance with its terms on delivery of a copy of the Court Order to the Registrar of Companies. This is presently expected to occur on 12 June 2019 subject to satisfaction (or, where applicable, waiver) of the Conditions (and, in particular, to the required FCA change of control approval being forthcoming no later than 5 June 2019).

If the Scheme becomes Effective, it will be binding on all KCOM Scheme Shareholders, irrespective of whether or not they attended or voted in favour of the Scheme at the Court Meeting or in favour of the General Meeting Resolution proposed at the General Meeting. If the Scheme does not become Effective by the Long Stop Date (or such later date as may be agreed in writing by Bidco and KCOM with the Panel's consent and as the Court may approve (if such approval is required)) the Scheme will not become Effective, and the Acquisition will not proceed.

11. De-listing and re-registration

The last day of dealings in, and for registration of transfers of, KCOM Shares is expected to be 11 June 2019. It is expected that KCOM will close its register of members at 10.00 p.m. on 11 June 2019 and

that trading of the KCOM Shares on the London Stock Exchange's main market for listed securities will be suspended at 7.30 a.m. on 12 June 2019.

Prior to the Scheme becoming Effective, KCOM will make an application for the cancellation of the listing of KCOM Shares on the Official List and for the cancellation of trading of the KCOM Shares on the London Stock Exchange's main market for listed securities. The delisting is expected to become effective by 8.00 a.m. on 13 June 2019.

All of the expected dates referred to in this paragraph 11 assume that the required FCA change of control approval is forthcoming no later than 5 June 2019.

On the Effective Date, share certificates in respect of KCOM Shares will cease to be valid and entitlements to KCOM Shares held within the CREST system will be cancelled.

It is proposed that, following the Scheme becoming Effective and after its shares are de-listed, KCOM will be re-registered as a private limited company.

12. Settlement

Subject to the Scheme becoming Effective, settlement of the cash consideration to which any holder of KCOM Scheme Shares is entitled thereunder will be effected in the manner set out below.

(a) ***Cash consideration where KCOM Scheme Shares are held in uncertificated form (that is, in CREST)***

Where, at the Scheme Record Time, a KCOM Scheme Shareholder holds KCOM Scheme Shares within CREST, settlement of cash consideration will be effected through CREST by the creation of an assured payment obligation in favour of the appropriate CREST account through which the relevant KCOM Scheme Shareholder holds such uncertificated shares in respect of the cash consideration due to him/her in accordance with the terms of the Scheme as soon as practicable and, in any event, no later than 14 days after the Effective Date.

As at the close of trading on the last day of dealings in KCOM Shares prior to the Effective Date (the last day of dealings is expected to be 11 June 2019), each holding of KCOM Scheme Shares credited to any stock account in CREST will be disabled and all entitlements to KCOM Scheme Shares held within CREST will be cancelled on the Effective Date.

Bidco reserves the right to settle all or any part of the entitlements referred to above to all or any KCOM Scheme Shareholders who hold KCOM Scheme Shares in uncertificated form at the Scheme Record Time by cheque in the manner referred to in paragraph (b) below if, for reasons outside its reasonable control, it is not able to effect settlement in uncertificated form.

(b) ***Cash consideration where KCOM Scheme Shares are held in certificated form***

Where at the Scheme Record Time, a KCOM Scheme Shareholder holds KCOM Scheme Shares in certificated form, settlement of cash consideration due to such KCOM Scheme Shareholder pursuant to the Scheme will be effected by cheque to be sent as soon as practicable and, in any event, no later than 14 days after the Effective Date. All cheques will be in pounds sterling drawn on the branch of a UK clearing bank. Payments made by cheque will be payable to the KCOM Scheme Shareholder(s) concerned. Payments will not be sent via CHAPS or BACS. Cheques will be despatched by first class post or international standard post, if overseas (or by such other method as may be approved by the Panel) at the risk of the person entitled thereto. Cheques will be sent to KCOM Scheme Shareholders at the address appearing in KCOM's register of members at the Scheme Record Time or, in the case of the joint holders, to the holder whose name appears first in such register in respect of the joint holding concerned.

On the Effective Date, each certificate representing a holding of KCOM Shares will cease to be valid. Following settlement of the consideration to which a KCOM Shareholder is entitled under the Scheme, such KCOM Shareholder will be bound to destroy such certificate(s).

(c) **General**

Save with the consent of the Panel, settlement of the consideration to which any KCOM Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms set out in this Part II without regard to any lien, right of set-off, counterclaim or analogous right to which Bidco may otherwise be, or claim to be, entitled against any KCOM Shareholder.

13. Offer-related arrangements

On 4 March 2019, USSIM and KCOM entered into a confidentiality agreement in relation to the Acquisition (the **Confidentiality Agreement**), pursuant to which USSIM undertook, subject to certain exceptions, to keep information relating to the KCOM Group confidential and to not disclose it to third parties (other than permitted recipients) unless required by applicable law or regulation. USSIM agreed to certain standstill obligations in respect of taking any action in respect of an offer for, or requisitioning any general meeting of, KCOM. USSIM and KCOM also agreed to certain non-solicit provisions in relation to employees of both entities. Further details of the Confidentiality Agreement are set out in paragraph 5(a) of Appendix 3 to this document.

On 24 April 2019, Bidco and KCOM entered into a co-operation agreement, which records the intention of Bidco and KCOM to implement the Acquisition by way of the Scheme (the **Co-operation Agreement**). However, Bidco may with the consent of the Panel implement the Acquisition by way of a Takeover Offer if certain conditions are fulfilled. Pursuant to the Co-operation Agreement, Bidco and KCOM have agreed to co-operate in relation to any clearances and/or approvals as may be required from any relevant regulatory authority in connection with the Acquisition. Further details of the Co-operation Agreement are set out in paragraph 5(b) of Appendix 3 to this document.

14. United Kingdom taxation

A summary of certain relevant UK taxation matters, which is intended as a general guide only, is set out in Appendix 2 to this document. If you are in any doubt as to your tax position, or if you are subject to tax in a jurisdiction outside the UK, you should consult your independent professional adviser.

15. Cancellation of listing

Once the Court has sanctioned the Scheme, but prior to the Scheme becoming Effective, KCOM will make an application to the FCA for the cancellation of the listing of KCOM Shares on the Official List and to the London Stock Exchange for the cancellation of trading of the KCOM Shares on the London Stock Exchange's main market for listed securities, in each case with effect from the Business Day immediately following the Effective Date.

The last day of dealings in, and for registration of transfers of, KCOM Shares will be the Business Day immediately following the Court Sanction Date and is expected (subject to the required FCA change of control approval being forthcoming no later than 5 June 2019) to be 11 June 2019. The admission of KCOM Shares to the Official List and to trading on the premium segment of the London Stock Exchange's market for listed securities will then be suspended. On the Effective Date, share certificates in respect of KCOM Shares will cease to be valid and entitlements to KCOM Shares held within the CREST system will be cancelled.

Following the Effective Date, it is intended that KCOM will be re-registered as a private limited company.

16. Action to be taken

The Scheme is subject to the satisfaction or waiver (when applicable) of, amongst other things, the Conditions referred to in paragraph 10(e) above and set out in full in Appendix 1 to this document. In order to become Effective, the Scheme must be approved by a majority in number of those KCOM Scheme Shareholders who are present and voting (and entitled to vote), either in person or by proxy, at the Court Meeting and who represent 75 per cent. or more in value of all KCOM Scheme Shares held by such KCOM Scheme Shareholders. Implementation of the Scheme will also require the passing of the General Meeting Resolution by KCOM Shareholders at the General Meeting.

The Court Meeting and the General Meeting will both be held at the Kingston Suite, KCOM Stadium, Hull, HU3 6HU. The Court Meeting will be held at 11.00 a.m. on 5 June 2019 and the General Meeting will be held at 11.15 a.m. on 5 June 2019 (or, if later, as soon thereafter as the Court Meeting has been concluded or adjourned). Under the Companies Act, the Scheme is also subject to the sanction of the Court.

If the Scheme becomes Effective, it will be binding on all KCOM Scheme Shareholders, including those who did not vote or who voted against it at either or both of the KCOM Meetings.

(a) ***KCOM Shareholders with shares held in uncertificated form (that is, in CREST)***

If you hold your KCOM Shares in uncertificated form (that is, in CREST) you may vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes for the Notice of the General Meeting set out at the end of this document).

Proxies submitted via CREST (under CREST ID RA10) must be received by not later than 11.00 a.m. on 3 June 2019 in the case of the Court Meeting and 11.15 a.m. on 3 June 2019 in the case of the General Meeting (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for the adjourned meeting).

(b) ***KCOM Shareholders with shares held in certificated form (that is, not in CREST)***

You will find enclosed with this document:

- a BLUE Form of Proxy for use in respect of the Court Meeting; and
- a WHITE Form of Proxy for use in respect of the General Meeting.

Whether or not you plan to attend both or either of the KCOM Meetings, please complete and sign the enclosed Forms of Proxy and return them in accordance with the instructions printed thereon as soon as possible but, in any event, so as to be received by post or, during normal business hours, by hand to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, United Kingdom by not later than 11.00 a.m. on 3 June 2019 in the case of the Court Meeting and 11.15 a.m. on 3 June 2019 in the case of the General Meeting (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for the adjourned meeting). The Forms of Proxy have a pre-paid address printed on them for use in the UK only. Forms of Proxy sent by fax only will not be valid.

If the BLUE Form of Proxy for use at the Court Meeting is not lodged by the above time, it may be handed to Link Asset Services, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting before the taking of the poll and it will still be valid. However, in the case of the General Meeting, unless the WHITE Form of Proxy is lodged so as to be received by 11.15 a.m. on 3 June 2019 it will be invalid. The WHITE Form of Proxy may NOT be handed to the Chairman of the General Meeting or Link Asset Services. The completion and return of the Forms of Proxy will not prevent you from attending and voting at either the Court Meeting or the General Meeting, or any adjournment thereof, in person should you wish to do so.

(c) ***General***

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF KCOM SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY, OR APPOINT A PROXY THROUGH CREST OR ELECTRONICALLY, AS SOON AS POSSIBLE.

If you have any questions about the KCOM Meetings or the completion and return of the Forms of Proxy, please call Link Asset Services on 0800 029 4521 between 9.00 a.m. and 5.30 p.m.,

Monday to Friday (except UK public holidays). Charges for calls to Freephone numbers will vary by provider. Calls from outside the UK will be charged at applicable international rates. Calls may be recorded and randomly monitored for security and training purposes. Please note the shareholder helpline cannot provide advice on the merits of the Scheme nor give any financial, investment, legal or tax advice.

Notices convening the Court Meeting and the General Meeting are set out in Appendix 6 and Appendix 7 to this document.

17. Overseas Shareholders

The implications of the Scheme and the Acquisition in jurisdictions other than the United Kingdom and the ability of KCOM Shareholders who are not resident in the United Kingdom to participate in the Acquisition may be affected by laws and/or regulations in those jurisdictions and therefore any persons who are not resident in the United Kingdom or who are subject to the laws of any jurisdiction other than the United Kingdom (including Restricted Jurisdictions) should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to vote their KCOM Scheme Shares in respect of the Scheme at the Court Meeting or with respect to the General Meeting Resolution at the General Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting and/or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with applicable legal or regulatory requirements of any jurisdiction may constitute a violation of securities laws in that jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, or from within, a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction.

The Acquisition will be subject to the applicable requirements of English law, the Takeover Code, the Panel, the London Stock Exchange and the FCA.

Copies of the Announcement, this document, the Forms of Proxy and any other formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition.

If the Acquisition is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

18. Governing law

The Scheme will be governed by English law and is subject to the jurisdiction of the Court. The rules of the Takeover Code apply to the Acquisition.

19. Further information

The terms of the Scheme are set out in full in Part III of this document. Your attention is also drawn to the further information contained in this document, including to the Conditions to the implementation of the Scheme and the Acquisition in Appendix 1 to this document, the information on UK taxation in Appendix 2 to this document and the additional information set out in Appendix 3 to this document.

Yours very truly
for and on behalf of

Warner Mandel
Managing Director
N M Rothschild & Sons Limited

PART III – THE SCHEME OF ARRANGEMENT

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
COMPANIES COURT (ChD)**

CR-2019-002842

IN THE MATTER OF KCOM GROUP PUBLIC LIMITED COMPANY

and

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act 2006)

BETWEEN

KCOM GROUP PUBLIC LIMITED COMPANY

and

THE KCOM SCHEME SHAREHOLDERS

(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

Acquisition	the proposed acquisition by Bidco of the entire issued and to be issued share capital of KCOM, other than any KCOM Shares held by Bidco or, otherwise, directly or indirectly by USSL, by means of this Scheme
Acquisition Price	97 pence in cash per KCOM Scheme Share
Announcement Date	24 April 2019
Bidco	Humber Bidco Limited, a private limited company incorporated in England and Wales under registered number 11940887 with its registered office at C/O Universities Superannuation Scheme Limited, Royal Liver Building, Liverpool, United Kingdom, L3 1PY
Business Day	a day, not being a public holiday, Saturday or Sunday, on which banks in London are open for normal business
certificated or in certificated form	a share or other security which is not in uncertificated form (that is, not in CREST)
Companies Act	the Companies Act 2006, as amended from time to time
Court	the High Court of Justice in England and Wales
Court Meeting	the meeting of KCOM Scheme Shareholders convened by order of the Court pursuant to section 896 of the Companies Act, for the purposes of considering, and if thought fit, approving the Scheme (with or without amendment)
Court Order	the order of the Court to sanction the Scheme under section 899 of the Companies Act
Court Sanction Date	the date on which the Court Order is made
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) (the Regulations) in respect of which Euroclear UK & Ireland Ltd is the Operator (as defined in the Regulations) in accordance with which securities may be held and transferred in uncertificated form
Effective	the Scheme having become effective in accordance with its terms upon the delivery of the Court Order to the Registrar of Companies
Effective Date	the date upon which the Scheme becomes Effective
Euroclear	Euroclear UK & Ireland Limited
Excluded Shares	any KCOM Shares: (a) which are registered in the name of or beneficially owned by USSL or its nominee(s) or any subsidiary undertaking of USSL or its nominee(s); or (b) which are held in treasury (unless such KCOM Shares cease to be so held)

FCA	the Financial Conduct Authority or its successor from time to time
KCOM	KCOM Group Public Limited Company, a public limited company incorporated in England and Wales with registered number 02150618
KCOM Group	KCOM and its subsidiary undertakings from time to time
KCOM LTIP	the KCOM Group PLC Long-Term Incentive Plan
KCOM Scheme Shareholders	holders of KCOM Scheme Shares
KCOM Scheme Shares	<p>KCOM Shares:</p> <p>(a) in issue as at the date of this document;</p> <p>(b) if any, issued after the date of this document and prior to the Voting Record Time; and</p> <p>(c) if any, issued on or after the Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme,</p> <p>but in each case other than the Excluded Shares</p>
KCOM Shares	the ordinary shares of 10 pence each in the capital of KCOM from time to time
holder	a registered holder
Panel	the Panel on Takeovers and Mergers
Registrar of Companies	the Registrar of Companies in England and Wales
Scheme or Scheme of Arrangement	this scheme of arrangement in its present form under sections 895 to 899 of the Companies Act between KCOM and the holders of KCOM Scheme Shares with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by KCOM and Bidco
Scheme Record Time	10.00 p.m. on the Business Day immediately following the Court Sanction Date
subsidiary, subsidiary undertaking and undertaking	have the meaning given to them in the Companies Act
Takeover Code	the City Code on Takeovers and Mergers issued from time to time by the Panel
uncertificated or in uncertificated form	recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
USSIM	USS Investment Management Limited, the investment manager of USSL
USSL	Universities Superannuation Scheme Limited, a company incorporated in England and Wales with registered number 01167127, acting in its capacity as sole corporate trustee of Universities Superannuation Scheme

Voting Record Time

10.00 p.m. on 3 June 2019 (or, if the Court Meeting is adjourned, 10.00 p.m. on the date which is two days before the date fixed for the adjourned meeting, excluding any day which is not a Business Day)

- (B) The issued share capital of KCOM as at the close of business on 7 May 2019 (being the latest practicable date prior to the publication of this document) is 516,603,910 ordinary shares of 10 pence each, all of which are credited as fully paid. KCOM does not hold any KCOM Shares in treasury at the date of this Scheme.
- (C) 3,227,165 KCOM Shares are expected to be issued prior to the Effective Date to satisfy the exercise of options granted pursuant to the KCOM LTIP which remain unexercised as at the date of this document.
- (D) As at the close of business on 7 May 2019 (being the latest practicable date prior to the publication of this document), no KCOM Shares were registered in the name of, or beneficially owned by, USSL (who indirectly owns and controls 100 per cent. of the issued share capital of Bidco).
- (E) USSL and Bidco have agreed to appear by Counsel at the hearing to sanction this Scheme and to consent thereto and to undertake to the Court to be bound thereby and to execute and do, or procure to be executed and done, all such documents, acts or things as may be necessary or desirable to be executed or done by them or on their behalf for the purpose of giving effect to this Scheme.

THE SCHEME

1. Transfer of KCOM Scheme Shares

1.1 On the Effective Date, Bidco (and/or its nominee(s)) shall acquire all of the KCOM Scheme Shares, fully paid-up with full title guarantee, and free from all liens, equities, charges, options, encumbrances, rights of pre-emption and any other third party rights or interest of any nature and together with all rights attaching or accruing to them after the Announcement Date, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any), and any return of capital (whether by way of reduction of share capital or share premium account or otherwise), declared, made or paid by KCOM by reference to a record date on or after the Announcement Date.

1.2 For such purposes, the KCOM Scheme Shares shall be transferred to Bidco (and/or its nominee(s)) and such transfer shall be effected by means of a form of transfer or other instrument of transfer and to give effect to such transfers any person may be appointed by Bidco as attorney and/or agent and/or otherwise and shall be authorised as such attorney and/or agent and/or otherwise on behalf of the relevant holder of KCOM Scheme Shares to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer, or procure the transfer by means of CREST, of such KCOM Scheme Shares and every form, instrument or instruction of transfer so executed shall be effective as if it had been executed by the holder or holders of the KCOM Scheme Shares thereby transferred. The equitable or beneficial interest in the KCOM Scheme Shares shall only be transferred to Bidco and/or its nominee(s) together with the legal interest in such KCOM Scheme Shares pursuant to such form of transfer or other instrument or instruction of transfer. KCOM shall register, or procure the registration of, the transfer of the KCOM Scheme Shares forthwith upon receipt of a proper and duly stamped instrument of transfer.

1.3 With effect from the Effective Date and pending the registration of Bidco (and/or its nominee(s)) as the holder of the KCOM Scheme Shares pursuant to clauses 1.1 and 1.2 of this Scheme each KCOM Scheme Shareholder irrevocably:

1.3.1 appoints Bidco (and/or its nominee(s)) as its attorney, or failing that, agent to exercise on its behalf (to the exclusion of the relevant KCOM Scheme Shareholder) any voting rights attached to the KCOM Scheme Shares and any or all rights and privileges attaching to the KCOM Scheme Shares;

1.3.2 appoints Bidco (or its nominee(s)) as its attorney, or failing that, agent to sign any consent to short notice of any general or separate class meeting of KCOM and on their behalf to execute a form of proxy in respect of its KCOM Scheme Shares appointing any person nominated by Bidco to attend general and separate class meetings of KCOM; and

1.3.3 authorises KCOM to send to Bidco and/or its nominee(s) any notice, circular, warrant or other document or communication which may be sent to it as a member of KCOM,

such that from the Effective Date, no KCOM Scheme Shareholder shall be entitled to exercise any voting rights allocated to the KCOM Scheme Shares or any other rights or privileges attaching to the KCOM Scheme Shares.

2. Consideration for the transfer of KCOM Scheme Shares

2.1 In consideration for the transfer of the KCOM Scheme Shares to Bidco, Bidco shall (subject to the remaining provisions of this Scheme) pay or procure that there shall be paid to or for the account of each KCOM Scheme Shareholder whose name appears in the register of members of KCOM at the Scheme Record Time:

for each KCOM Scheme Share 97 pence in cash

2.2 If any dividend or other distribution is authorised, declared, made or paid in respect of KCOM Shares after the Announcement Date and prior to the Effective Date, Bidco reserves the right to reduce the Acquisition Price by the amount of any such dividend or other distribution.

2.3 The exercise by Bidco of its right under Clause 2.2 shall be the subject of an announcement, and shall not constitute a revision or variation of the terms of this Scheme. If Bidco exercises its right under Clause 2.2 to reduce the Acquisition Price by all or part of the amount of a dividend (or other distribution) that has not been paid, KCOM Scheme Shareholders will be entitled to receive and retain any such subsequent dividend or other distribution (or part thereof).

3. Settlement of consideration

3.1 As soon as practicable after the Effective Date, and in any event no more than 14 days thereafter, Bidco shall:

3.1.1 in the case of cash consideration payable by Bidco for KCOM Scheme Shares which at the Scheme Record Time are in certificated form, despatch or procure the despatch to the persons entitled thereto, in accordance with the provisions of clauses 3.2 and 3.3, cheques for the sums payable to them respectively in accordance with clause 2.1; and

3.1.2 in the case of cash consideration payable by Bidco for KCOM Scheme Shares which at the Scheme Record Time are in uncertificated form, procure that Euroclear is instructed to create an assured payment obligation in respect of the sums payable in accordance with the CREST assured payment arrangements, provided that Bidco reserves the right to make payment of the said consideration by cheque as aforesaid in sub-clause 3.1.1 if, for any reason, it wishes to do so.

3.2 All deliveries of notices and/or cheques required to be made under this Scheme shall be made by sending the same by first class post or international standard post, if overseas (or by such other method as may be approved by the Panel), in pre-paid envelopes addressed to the person entitled thereto, to the address appearing in the register of members of KCOM or, in the case of joint holders, to the address of the holder whose name stands first in such register in respect of the joint holding concerned at the Scheme Record Time, and none of KCOM, Bidco or their respective agents or nominees shall be responsible for any loss or delay in the transmission or delivery of any notices and/or cheques sent in accordance with this clause, which shall be sent at the risk of the persons entitled thereto.

3.3 All cheques shall be in pounds sterling and drawn on a United Kingdom clearing bank, and shall be made payable to the KCOM Scheme Shareholder concerned or, in the case of joint holders, to the holder whose name stands first in the register of members of KCOM in respect of the joint holding concerned at the Scheme Record Time and the encashment of any such cheque shall be a complete discharge of Bidco's obligations under this Scheme to pay the moneys represented thereby.

3.4 In respect of payments made through CREST, Bidco shall ensure that an assured payment obligation is created in accordance with the CREST assured payment arrangements. The creation of such an assured payment obligation shall be a complete discharge of Bidco's obligations under this Scheme to pay the moneys represented thereby.

3.5 In the case of KCOM Scheme Shares acquired by current or former employees or directors of KCOM or any member of the KCOM Group on the exercise of options under the KCOM LTIP after the Court Hearing, Bidco shall procure the payment of the cash consideration payable for the KCOM Scheme Shares through the relevant employing companies' payroll (and subject to all relevant payroll deductions) in accordance with the terms of the letters sent to participants in the KCOM LTIP.

3.6 The provisions of this clause 3 shall be subject to any prohibition or condition imposed by law.

4. Share certificates, cancellations and mandates

With effect from, or as soon as possible after, the Effective Date:

- 4.1 all certificates representing KCOM Scheme Shares shall cease to have effect as documents of title to the KCOM Scheme Shares comprised therein and every KCOM Scheme Shareholder shall be bound at the request of KCOM to deliver up the same to KCOM (or any person appointed by KCOM to receive the same for cancellation) or destroy the same;
- 4.2 in respect of those holders of KCOM Scheme Shares holding their shares in uncertificated form, KCOM shall procure that Euroclear is instructed to cancel or transfer the entitlements to such KCOM Scheme Shares;
- 4.3 subject to the completion of such transfers, forms, instruments or instructions as may be required in accordance with paragraph 1.2 and the payment of any UK stamp duty thereon, KCOM shall make appropriate entries in the register of members of KCOM to reflect the transfer of the KCOM Scheme Shares to Bidco; and
- 4.4 all mandates to KCOM in force at the Scheme Record Time relating to KCOM Scheme Shares shall, as from the Effective Date, cease to be valid.

5. Operation of the Scheme

- 5.1 This Scheme shall become effective as soon as a copy of the Court Order shall have been delivered to the Registrar of Companies.
- 5.2 Unless the Scheme has become effective on or before 11.59 p.m. on 31 August 2019, or such later date, if any, as KCOM and Bidco may (with the consent of the Panel) agree and the Court may allow, the Scheme shall never become effective.

6. Modification

KCOM and Bidco may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition that the Court may approve or impose. The Takeover Code may require the Panel's consent to be obtained in connection with any such modification or addition.

7. Governing law

This Scheme is governed by English law and is subject to the jurisdiction of the English courts.

Dated: 9 May 2019

APPENDIX 1

CONDITIONS AND FURTHER TERMS OF THE SCHEME AND THE ACQUISITION

The Acquisition is subject to the Conditions and terms set out in this Appendix.

PART A

CONDITIONS TO THE SCHEME AND ACQUISITION

1. The Acquisition is conditional upon the Scheme becoming unconditional and Effective, subject to the Takeover Code, by no later than 11.59 p.m. on the Long Stop Date.

Scheme approval

2. The Scheme is conditional upon:
 - (a) the approval of the Scheme at the Court Meeting (or at any adjournment of any such meeting) by a majority in number representing not less than 75 per cent. in value of the KCOM Scheme Shares held by KCOM Scheme Shareholders (or the relevant class or classes thereof, if applicable) present, entitled to vote and voting, either in person or by proxy and such Court Meeting (or any adjournment of any such meeting) being held on or before the 22nd day after the expected date of the Court Meeting as set out in this document (or such later date, if any, as Bidco and KCOM may agree and the Court may allow); and
 - (b) all resolutions necessary to approve and implement the Scheme and to approve certain related matters being duly passed by the requisite majority or majorities at the General Meeting (or at any adjournment of that meeting) and the General Meeting (or any adjournment of that meeting) being held on or before the 22nd day after the expected date of the General Meeting as set out in this document (or such later date, if any, as Bidco and KCOM and may agree and the Court may allow); and
 - (c) the sanction of the Scheme by the Court with or without modification (but subject to any such modification being acceptable to Bidco and KCOM) and the Court Hearing being held on or before the 22nd day after the expected date of the Court Hearing as set out in this document (or such later date, if any, as Bidco and KCOM may agree and the Court may allow); and
 - (d) the delivery of an office copy of the Court Order to the Registrar of Companies.
3. In addition, Bidco and KCOM have agreed that, subject to the requirements of the Takeover Code, the Acquisition is conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless the following Conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

FCA approvals

- (a) In respect of each notice under section 178 of FSMA which USSL or any other person in the USSL Group who has decided to acquire control over any member of the KCOM Group which is a UK authorised person (as such term is defined in section 191G of FSMA) is under a duty to give in connection with the proposed implementation of the Acquisition:
 - (i) the FCA having given notice in writing pursuant to section 189(4)(a) of FSMA that it has determined unconditionally to approve each such acquisition pursuant to section 185 of FSMA;
 - (ii) in relation to such acquisition, the FCA having given notice in writing pursuant to section 189(7) of FSMA subject to condition(s) specified in the decision notice and such condition(s) being satisfactory to the section 178 notice-giver, acting reasonably; or

- (iii) the FCA being treated, under section 189(6) of FSMA, as having approved each such acquisition,

where for the purposes of this Condition 3(a), “control” shall be construed in accordance with the provisions of Part XII of FSMA (read, as appropriate, with the FSMA (Controllers) (Exemption) Order 2009);

Third Party clearances

- (b) no relevant government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other similar body or person whatsoever in any jurisdiction (each a **Third Party**) having given written notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, decision, order or change to published practice, or having taken any other steps (in each case, not having withdrawn the same) (in each case which would be material in the context of the Wider Bidco Group or Wider KCOM Group, as the case may be, taken as a whole) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
 - (i) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider KCOM Group by any member of the Wider Bidco Group void, illegal and/or unenforceable under the laws of any jurisdiction, or otherwise directly or indirectly prevent, prohibit, or restrain, restrict, impede, materially challenge, delay or otherwise interfere with the implementation of, or impose additional material conditions or material obligations with respect thereto or otherwise challenge or interfere therewith;
 - (ii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Bidco Group directly or indirectly to acquire or hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or loans or other securities convertible into shares or any other securities (or the equivalent) in KCOM (or any member of the Wider KCOM Group) or to exercise management control over, any member of the Wider KCOM Group to an extent which is material in the context of the Wider KCOM Group taken as a whole;
 - (iii) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider KCOM Group of all or any part of their respective businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their respective businesses (or any part thereof) or to own, control or manage any of their respective assets or properties or any part thereof which, in any such case, is material in the context of the Wider KCOM Group taken as a whole;
 - (iv) other than pursuant to sections 974 to 991 of the Companies Act, require any member of the Wider Bidco Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider KCOM Group owned by any third party (other than in the implementation of the Acquisition);
 - (v) result in any member of the Wider KCOM Group ceasing to be able to carry on business under any name under which it presently does so (in each case to an extent which is material in the context of the Wider KCOM Group taken as a whole);
 - (vi) impose any material limitation on, or result in any delay of, the ability of any member of the Wider Bidco Group or any member of the Wider KCOM Group to integrate or co-ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider Bidco Group and/or the Wider KCOM Group in a manner which is material in the context of the Wider Bidco Group and/or the Wider KCOM Group, in each case taken as a whole; or

- (vii) otherwise adversely affect the business, assets, value, profits, prospects or operational performance of any member of the Wider KCOM Group to an extent which is material in the context of the Wider KCOM Group taken as a whole,

and all applicable waiting or other time periods (including any extensions thereof) during which a Third Party could take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Acquisition or proposed acquisition of any KCOM Shares having expired, lapsed or been terminated;

- (c) other than as contemplated by Condition 3(a) above, all notifications, filings or applications which are necessary under applicable legislation or regulation of any relevant jurisdiction having been made in connection with the Acquisition and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with in respect of the Scheme and the Acquisition; and
- (d) all Authorisations which are necessary in any jurisdiction for or in respect of the Acquisition or the proposed acquisition of any shares or other securities in, or control of, KCOM by any member of the Wider Bidco Group having been obtained in terms and in a form reasonably satisfactory to Bidco from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider KCOM Group has entered into contractual arrangements and all such Authorisations which are necessary for any member of the Wider KCOM Group to carry on its business in any jurisdiction having been obtained in each case where the consequence of a failure to make such notification or filing or to wait for the expiry, lapse or termination of any such waiting or other time period or to comply with such obligation or obtain such Authorisation would be unlawful in any relevant jurisdiction or have a material adverse effect on the Wider KCOM Group, any member of the Bidco Group or the ability of Bidco to implement the Scheme and all such Authorisations remaining in full force and effect at the time at which the Scheme becomes otherwise unconditional and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations.

Confirmation of absence of adverse circumstances

- (e) Except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider KCOM Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, in each case as a consequence of the Acquisition or the proposed acquisition by any member of the Wider Bidco Group of any shares or other securities in KCOM or because of a change in the control or management of any member of the Wider KCOM Group or otherwise, would or might reasonably be expected to result in (in each case to an extent which is, or would be, material in the context of the Wider KCOM Group as a whole, or in the context of the Scheme):
 - (i) any monies borrowed by, or any other indebtedness or liabilities (including, without limitation, guarantees, letters of credit and hedging contracts), whether actual or contingent, of, or any grant available to, any member of the Wider KCOM Group being or becoming repayable, or capable of being declared repayable immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (ii) any such arrangement, agreement, licence, permit, lease or instrument, or the rights, liabilities, obligations or interests of any member of the Wider KCOM Group thereunder being or becoming capable of being terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
 - (iii) any such member of the Wider KCOM Group ceasing to be able to carry on business under any name under which it presently does so;

- (iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider KCOM Group being or falling to be disposed of or charged or ceasing to be available to any member of the Wider KCOM Group or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider KCOM Group otherwise than in the ordinary course of business;
- (v) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider KCOM Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen), becoming enforceable;
- (vi) business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider KCOM Group being materially prejudiced or adversely affected;
- (vii) the creation or acceleration of any material liability (actual or contingent) by any member of the Wider KCOM Group, other than trade creditors or other liabilities incurred in the ordinary course of business; or
- (viii) any liability of any member of the Wider KCOM Group to make any severance, termination, bonus or other payment to any of its directors or other officers,

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider KCOM Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, could result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (viii) of this Condition, in each case to an extent which is material in the context of the Wider KCOM Group taken as a whole.

No material transactions, claims or changes in the conduct of the business of the KCOM Group

- (f) Except as Disclosed, no member of the Wider KCOM Group having since 30 September 2018:
 - (i) save as between KCOM and wholly-owned subsidiaries of KCOM or for KCOM Shares issued pursuant to the exercise of options or vesting of awards granted in the ordinary course under, or any other issue of KCOM Shares in the ordinary course pursuant to, the KCOM Share Schemes, issued or agreed to be issued or authorised or proposed or announced its intention to authorise or propose the issue of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities;
 - (ii) other than to another member of the KCOM Group and the interim dividend of £0.01 for each KCOM Share paid on 1 February 2019, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus issue, dividend or other distribution (whether payable in cash or otherwise);
 - (iii) save for transactions between KCOM and its wholly-owned subsidiaries, or between its wholly-owned subsidiaries or transactions in the ordinary course of business, merged or demerged with any body corporate or acquired or disposed of any body corporate, partnership or business or acquired or disposed of, or transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so, in each case, other than in the ordinary course of business (in each case to an extent which is material in the context of the Wider KCOM Group taken as a whole);
 - (iv) made, authorised, proposed or announced an intention to propose any change in its loan capital in each case, to the extent which is material in the context of the Wider KCOM Group taken as a whole;

- (v) issued, authorised or proposed or announced an intention to authorise or propose the issue of, or made any change in or to the terms of, any debentures or, save in the ordinary course of business, incurred or increased any indebtedness or become subject to any contingent liability which in any case is material in the context of the Wider KCOM Group as a whole;
- (vi) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary, any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is outside the ordinary course of business or is of a long-term, unusual or onerous nature, or which involves or could reasonably be expected to involve an obligation of a nature or magnitude and which, in any such case, is material in the context of the Wider KCOM Group or in the context of the Acquisition, or which is or is reasonably likely to be restrictive on the business of any member of the Wider KCOM Group taken as a whole;
- (vii) disposed of intellectual property rights of any member of the Wider KCOM Group which is material in the context of the Wider KCOM Group taken as a whole or which is other than in the ordinary course of business;
- (viii) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary the terms of or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, commitment, arrangement or any service agreement with any director or senior executive of the Wider KCOM Group;
- (ix) proposed, agreed to provide or modified to a material extent the terms of the KCOM Share Schemes or any share option scheme, incentive scheme, or other benefit relating to the employment or termination of employment, of any employee of the Wider KCOM Group;
- (x) procured the trustees of any pension scheme or other retirement or death benefit arrangement established for the directors, former directors, employees or former employees of any entity in the Wider KCOM Group or their dependants (a **Relevant Pension Plan**), or any such trustees having taken any action since 30 September 2018, to:
 - (A) make or agree to any material change to: (a) the terms of the trust deeds, rules, policy or other governing documents constituting any Relevant Pension Plan; (b) the basis on which benefits accrue, pensions which are payable or the persons entitled to accrue or be paid benefits, under any Relevant Pension Plan; (c) the basis on which the liabilities of any Relevant Pension Plan are funded or valued; or (d) the basis or rate of employer contribution to a Relevant Pension Plan, in each case other than as required by applicable law;
 - (B) carry out any act: (a) which would or could reasonably be expected to lead to the commencement of the winding-up of any Relevant Pension Plan; (b) which would or is reasonably likely to create a material debt owed by an employer to any Relevant Pension Plan; (c) which would or might accelerate any obligation on any employer to fund or pay additional contributions to any Relevant Pension Plan, in each case other than as required by applicable law;
- (xi) entered into, implemented or effected, or authorised, proposed or announced its intention to implement or effect, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement other than the Scheme;
- (xii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect of the matters mentioned in sub paragraph (i) above, made any other change to any part of its share capital;

- (xiii) waived, compromised or settled any claim (whether actual or threatened) otherwise than in the ordinary course of business and which is material in the context of the Wider KCOM Group taken as a whole;
- (xiv) save as is envisaged by the Acquisition, made any material alteration to its articles of association or other constitutional documents;
- (xv) (other than in respect of a member of the Wider KCOM Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, receiver, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed (in each case to an extent which is material in the context of the Wider KCOM Group when taken as a whole);
- (xvi) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business (in each case to an extent which is material to the Wider KCOM Group when taken as a whole);
- (xvii) entered into any material contract, commitment, agreement or arrangement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition and which is material in the context of the Wider KCOM Group taken as a whole or in the context of the Acquisition;
- (xviii) terminated or varied the terms of any agreement or arrangement between any member of the Wider KCOM Group and any other person in a manner which would or would reasonably likely to be expected to have a material adverse effect on the financial position of the Wider KCOM Group taken as a whole; or
- (xix) other than with the consent of Bidco, having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of KCOM Shareholders at the General Meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code.

No material adverse change

- (g) Except as Disclosed, since 30 September 2018:
 - (i) there having been no adverse change or deterioration in the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider KCOM Group which, in any such case, is material in the context of the Wider KCOM Group taken as a whole or in the context of the Acquisition and no circumstances have arisen which would or might reasonably be expected to result in any such adverse change;
 - (ii) no material litigation, arbitration proceedings, prosecution or other material legal proceedings including, without limitation, with regard to intellectual property rights used by the Wider KCOM Group to which any member of the Wider KCOM Group is or may become a party (whether as claimant or defendant or otherwise) and no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party against or in respect of any member of the Wider KCOM Group having been threatened, announced or instituted by or against, or remaining outstanding in respect of, any member of the Wider KCOM Group in each case which is material in the context of the Wider KCOM Group taken as a whole;

- (iii) no contingent or other liability having arisen, increased or become apparent which would reasonably be likely adversely to affect the business, assets, financial or trading position, profits, prospects or operational performance of any member of the Wider KCOM Group to an extent which is material to the Wider KCOM Group taken as a whole or in the context of the Acquisition; and
- (iv) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider KCOM Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and reasonably likely to have an adverse effect on the Wider KCOM Group taken as a whole or in the context of the Acquisition.

No discovery of certain matters

- (h) Except as Disclosed, since 30 September 2018 Bidco not having discovered:
 - (i) that any financial, business or other information concerning the Wider KCOM Group publicly announced or disclosed to any member of the Wider Bidco Group at any time by or on behalf of any member of the Wider KCOM Group or to any of their advisers is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not materially misleading; or
 - (ii) that any member of the Wider KCOM Group is subject to any material liability, contingent or otherwise, other than in the ordinary course of business; or
 - (iii) that there is any information which affects the import of any information publicly announced prior to the date of the Announcement by or on behalf of any member of the Wider KCOM Group and which is material in the context of the Wider KCOM Group taken as a whole.

Intellectual Property

- (i) Save as Disclosed, no circumstance having arisen or ceasing to exist, or no event having occurred, in each case, in relation to any intellectual property owned or used by any member of the Wider KCOM Group which would have a material adverse effect on the Wider KCOM Group taken as a whole.

Anti corruption and sanctions

- (j) Save as Disclosed, Bidco not having discovered that:
 - (i) any past or present member, director, officer or employee of the Wider KCOM Group or any person that performs or has performed services for or on behalf of any such company is or has at any time engaged in any activity, practice or conduct (or omitted to take any action) in connection with the performance of such services which would constitute an offence under the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, Part 3 of the Criminal Finances Act 2017 (each as amended) or any other applicable anti-corruption or anti-tax-evasion legislation; or
 - (ii) any past or present member, director, officer or employee of the Wider KCOM Group or any person who has performed services for and on behalf of any such company has engaged in any activity or business with, or made any investments in, or made any funds or assets available to or received any funds or assets from: (i) any government, entity or individual in respect of which US or EU persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or EU laws or regulations, including the economic sanctions administered by HM Treasury & Customs, the United Nations or the EU (or any of their respective member states) or the United States Office of Foreign Assets Control; or (ii) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the EU or any of its member states, in

each case to an extent which is material in the context of the Wider KCOM Group taken as a whole; or

- (iii) any member of the KCOM Group has been engaged in any transaction which would cause Bidco to be in breach of any applicable law or regulation upon its acquisition of KCOM, including the economic sanctions of the United States Office of Foreign Assets Control, or HM Treasury & Customs, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the EU or any of its member states.

No criminal property

- (k) Save as Disclosed, Bidco not having discovered that any material asset of any member of the Wider KCOM Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

PART B

WAIVER AND INVOCATION OF THE CONDITIONS

1. The Scheme will not become Effective unless the Conditions have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by Bidco and KCOM to be or remain to be satisfied by no later than the Long Stop Date.
2. Subject to the requirements of the Panel in accordance with the Takeover Code, Bidco reserves the right in its sole discretion (subject to the requirements of the Takeover Code and the Panel) to waive (if capable of waiver) in whole or in part, all or any of Conditions 3(b) to 3(k) of Part A.
3. Under Rule 13.5(a) of the Takeover Code, Bidco may not invoke a Condition to the Acquisition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. Conditions 2(a), 2(b), 2(c) and 2(d) of Part A and, if applicable, any acceptance condition if the Acquisition is implemented by means of a Takeover Offer, are not subject to this provision of the Takeover Code.

PART C

IMPLEMENTATION BY WAY OF TAKEOVER OFFER

Bidco reserves the right to elect, subject to the consent of the Panel and the terms of the Co-operation Agreement, to implement the Acquisition by way of a Takeover Offer. In such event, the Takeover Offer will be implemented on the same terms and conditions as those which would apply to the Scheme subject to appropriate amendments, including (without limitation) an acceptance condition set at 75 per cent. (or such other percentage (being more than 50 per cent.) as Bidco may decide) in nominal value of the shares to which such Takeover Offer relates and of the voting rights attaching to those shares.

PART D

CERTAIN FURTHER TERMS OF THE ACQUISITION

1. The availability of the Acquisition to persons not resident in the UK may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the UK should inform themselves about, and observe, any applicable requirements. Further information in relation to Overseas Shareholders is contained in paragraph 17 of Part II of this document.
2. If Bidco is required by the Panel to make an offer for KCOM Shares under the provisions of Rule 9 of the Takeover Code, Bidco may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that Rule.
3. The KCOM Shares will be acquired by Bidco fully paid and free from all liens, charges, equities, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights attaching to them as at the date of the

Announcement or subsequently attaching or accruing to them including, without limitation, voting rights and the right to receive and retain, in full, all dividends and other distributions (if any), declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of the Announcement and before the Effective Date.

4. If any dividend or other distribution is authorised, declared, made or paid in respect of the KCOM Shares on or after the date of the Announcement and prior to the Effective Date, Bidco reserves the right to reduce the Acquisition Price by an amount up to the amount of such dividend or other distribution for each KCOM Share. If Bidco exercises this right or makes such reduction in respect of a dividend or other distribution that has not been paid, KCOM Shareholders will be entitled to receive and retain that dividend or other distribution.
5. The Acquisition will lapse and the Scheme will not become Effective if the Acquisition or any matter arising from or relating to it becomes subject to a CMA Phase 2 Reference before 11.59 p.m. on the date immediately preceding the date of the Court Meeting.
6. The Scheme will be governed by the laws of England and Wales and be subject to the jurisdiction of the Court and to the Conditions and further terms set out in this Appendix 1. The Acquisition will comply with the applicable requirements of the UK Listing Authority, the London Stock Exchange and the Court, as well as with the Takeover Code.
7. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

APPENDIX 2

UNITED KINGDOM TAXATION

The following paragraphs, which are intended as a general guide only, are based on current UK tax legislation and what is understood to be HM Revenue & Customs' current practice (both of which are subject to change, possibly with retrospective effect), and summarise certain limited aspects of the UK tax treatment of the Scheme becoming effective. They are not intended to be a complete analysis of all the potential UK tax consequences of acquiring, holding or disposing of KCOM Shares. They relate only to the position of KCOM Scheme Shareholders who are the absolute beneficial owners of their KCOM Shares and who hold their KCOM Shares as an investment (other than under a self-invested personal pension or an individual savings account or as employment-related securities for UK tax purposes) and (except insofar as express reference is made to the treatment of non-UK residents) who are resident or, in the case of individuals, resident and domiciled solely in the UK for tax purposes. They do not apply to certain categories of KCOM Scheme Shareholder such as brokers, dealers, intermediaries, those subject to specific tax regimes or those benefitting from specific reliefs or exemptions. The tax treatment of the Scheme may be different for KCOM Shareholders who acquire or acquired their KCOM Shares through the KCOM Share Schemes. If you are in any doubt as to your taxation position, or if you are subject to taxation in any jurisdiction other than the UK, you should consult an appropriate professional adviser immediately.

(a) Tax on chargeable gains as a result of the Scheme

The receipt by a KCOM Scheme Shareholder of cash under the Scheme will be treated as consideration for a disposal of his/her KCOM Scheme Shares which may, depending on the KCOM Scheme Shareholder's particular circumstances (including the availability of exemptions, reliefs or allowable losses), give rise to a liability to UK tax on chargeable gains.

Subject to any available relief or exemptions, gains arising on the disposal of KCOM Scheme Shares by an individual KCOM Scheme Shareholder pursuant to the Scheme will be subject to capital gains tax at a rate of 10 per cent. or 20 per cent., depending on that individual's personal circumstances (including his/her other taxable income and whether that individual realises any other chargeable gains in the relevant tax year). The capital gains tax annual exempt amount (£12,000 for the 2019/20 tax year) may be available to an individual KCOM Scheme Shareholder to offset a chargeable gain arising on his/her disposal of KCOM Scheme Shares pursuant to the Scheme.

Subject to any available relief or exemptions, gains arising on the disposal of KCOM Scheme Shares by a KCOM Scheme Shareholder within the charge to corporation tax will be subject to corporation tax, at a rate of 19 per cent. for the financial year starting 1 April 2019. Indexation allowance may be available to such KCOM Scheme Shareholders to reduce the amount of a chargeable gain, but not to create or increase an allowable loss for the purposes of corporation tax on chargeable gains. Indexation allowance has effectively been frozen so that it is only calculated up to December 2017, irrespective of when the relevant disposal actually takes place.

(b) Other direct tax matters

Special tax provisions may apply to KCOM Shareholders who have acquired or who acquire their KCOM Shares under a KCOM Share Scheme, including provisions imposing a charge to income tax.

(c) Stamp Duty and stamp duty reserve tax ("SDRT")

No UK stamp duty or SDRT should be payable by KCOM Scheme Shareholders on the transfer of their KCOM Shares under the Scheme.

APPENDIX 3

ADDITIONAL INFORMATION

1. Responsibility statements

- 1.1 The KCOM Directors, whose names are set out in paragraph 2.1 of this Appendix 3, accept responsibility for all the information contained in this document (including any expressions of opinion), other than information for which responsibility is taken pursuant to paragraph 1.2 of this Appendix 3. To the best of the knowledge and belief of the KCOM Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The USSIM Directors, whose names are set out in paragraph 2.2 of this Appendix 3, and the Bidco Directors, whose names are set out in paragraph 2.3 of this Appendix 3, each accept responsibility for all the information contained in this document (including any expressions of opinion) relating to USSL, USSIM, Bidco and themselves and their respective immediate families and the related trusts of and persons connected with them, and persons deemed to be acting in concert with Bidco. To the best of the knowledge and belief of the Bidco Directors and the USSIM Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors and concert parties

- 2.1 The KCOM Directors are as follows:

<i>Name</i>	<i>Position</i>
Patrick De Smedt	Interim Non-Executive Chairman
Graham Sutherland	Chief Executive
Anna Bielby	Chief Financial Officer
Elizabeth Barber	Non-Executive Director
Peter Smith	Non-Executive Director

The registered office of KCOM, whose registered number is 02150618, and the business address of each of the directors of KCOM, is 37 Carr Lane, Hull, East Yorkshire, HU1 3RE.

- 2.2 The USSIM Directors are as follows:

<i>Name</i>	<i>Position</i>
Virginia Holmes	Director
Bill Galvin	Director
Roger Gray	Director
Howard Brindle	Director
Dr Kevin Carter	Director
Anthony Owens	Director
Chris Rowlands	Director
Michael Powell	Director

The registered office of USSIM, whose registered number is 03380864, is Royal Liver Building, Liverpool, Merseyside, L3 1PY.

- 2.3 The Bidco Directors are as follows:

<i>Name</i>	<i>Position</i>
Rob Horsnall	Director
Bob Hewson	Director

The registered office of Bidco, whose registered number is 11940887, is Royal Liver Building, Liverpool, United Kingdom, L3 1PY.

- 2.4 In addition to the Bidco Directors (together with their close relatives and related trusts) and members of the Wider Bidco Group, the persons who, for the purposes of the Takeover Code, are acting in concert with Bidco in respect of the Acquisition are:

<i>Name</i>	<i>Type</i>	<i>Registered Office</i>	<i>Relationship with Bidco</i>
Arma Partners	Limited liability partnership incorporated in England & Wales	The Shard, London Bridge Street, London, SE1 9SG	Joint financial adviser to Bidco in connection with the Acquisition
Gleacher Shacklock	Limited liability partnership incorporated in England & Wales	Cleveland House, 33 King Street, London, SW1Y 6RJ	Joint financial adviser to Bidco in connection with the Acquisition

- 2.5 In addition to the KCOM Directors (together with their close relatives and related trusts) and members of the KCOM Group, the persons who, for the purposes of the Takeover Code, are acting in concert with KCOM in respect of the Acquisition are:

<i>Name</i>	<i>Type</i>	<i>Registered Office</i>	<i>Relationship with KCOM</i>
Rothschild & Co	Private limited company, incorporated in England and Wales	New Court, St Swithin's Lane, London, EC4N 8AL	Financial adviser in connection with the Acquisition for the purposes of Rule 3 of the Takeover Code
Investec	Public limited company, incorporated in England and Wales	30 Gresham Street, London, EC2V 7QP	Joint financial adviser and joint corporate broker in connection with the Acquisition
Peel Hunt	Limited liability partnership incorporated in England & Wales	Moor House, 120 London Wall, London, EC2Y 5ET	Joint financial adviser and joint corporate broker in connection with the Acquisition

3. Disclosure of interests and dealings in shares

Definitions

- 3.1 For the purposes of this paragraph 3:

- (a) **“acting in concert”** has the meaning attributed to it in the Takeover Code;
- (b) **“arrangement”** includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (c) **“connected adviser”** has the meaning attributed to it in the Takeover Code;
- (d) **“connected person”** has the meaning attributed to it in sections 252 to 255 of the Companies Act;
- (e) **“control”** means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives *de facto* control;

- (f) **“dealing”** or **“dealt”** includes the following:
- (i) the offer or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
 - (ii) the taking, granting, offer, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
 - (iii) subscribing or agreeing to subscribe for relevant securities;
 - (iv) the exercise of conversion of any relevant securities carrying conversion or subscription rights;
 - (v) the offer of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
 - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
 - (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he/she has a short position;
- (g) **“derivative”** includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying security;
- (h) **“disclosure date”** means 7 May 2019, being the latest practicable date prior to the publication of this document;
- (i) **“disclosure period”** means the period commencing on 24 April 2018, being the date 12 months prior to the commencement of the Offer Period, and ending on the disclosure date;
- (j) **“exempt principal trader”** or **“exempt fund manager”** has the meaning attributed to it in the Takeover Code;
- (k) **“financial collateral arrangement”** means a security financial collateral arrangement which provides a right for the collateral taker to use and dispose of KCOM securities as if it were the owner of those securities;
- (l) being **“interested”** in relevant securities includes where a person:
- (i) owns relevant securities;
 - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
 - (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (iv) is party to any derivative whose value is determined by reference to its price and which results, or may result, in such person having a long position in it;
- (m) **“relevant KCOM securities”** means shares in KCOM (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;

- (n) “**relevant Bidco securities**” means equity interests in Bidco or any entity owned or controlled by Bidco (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- (o) “**relevant securities**” means relevant KCOM securities or relevant Bidco securities; and
- (p) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

Interests in relevant KCOM securities

3.2 As at the close of business on the disclosure date:

- (a) the interests of the KCOM Directors and their respective close relatives, related trusts and connected persons, in relevant KCOM securities (excluding options which are disclosed in paragraph (b) below) were as follows:

<i>Name</i>	<i>Number of KCOM Shares</i>
Patrick De Smedt	–
Graham Sutherland	250,000
Anna Bielby*	17,016
Elizabeth Barber	–
Peter Smith	50,000

***Note** Yorkshire Building Society is the registered holder of the 17,016 KCOM Shares in which Anna Bielby is beneficially interested.

- (b) the following options over KCOM Shares had been granted to the KCOM Directors and their respective close relatives, related trusts and connected persons under the KCOM LTIP and remained outstanding:

<i>Director</i>	<i>Maximum number of KCOM Shares</i>	<i>Exercise price per KCOM Share</i>	<i>Date of grant</i>	<i>Vesting date</i>
Anna Bielby	404,494	Nil	15 February 2019	15 February 2022
	75,078	Nil	11 July 2018	11 July 2021
	29,050	Nil	7 July 2017	7 July 2020
Graham Sutherland	872,340	Nil	30 November 2018	30 November 2021

General

3.3 As at the close of business on the disclosure date, save as disclosed in this paragraph 3:

- (a) Bidco had no interest in or right to subscribe for, or had any short position in relation to, any relevant KCOM securities, nor had it dealt in any relevant KCOM securities during the disclosure period;
- (b) none of the Bidco Directors or any of their respective close relatives, connected persons or related trusts, had an interest in or a right to subscribe for, or had any short position in relation to, any relevant KCOM securities, nor had any such person dealt in any relevant KCOM securities during the disclosure period;
- (c) no person acting in concert with Bidco had an interest in or a right to subscribe for, or had any short position in relation to, any relevant KCOM securities, nor had any such person dealt in any relevant KCOM securities during the disclosure period;
- (d) no person with whom Bidco or any person acting in concert with Bidco has an arrangement had an interest in or a right to subscribe for, or had any short position in relation to, any relevant KCOM securities, nor had any such person dealt in any relevant KCOM securities during the disclosure period;

- (e) none of Bidco, the directors of Bidco (or their respective close relatives, connected persons or related trusts), any person acting in concert with Bidco, or any person with whom Bidco or any person acting in concert with Bidco has an arrangement, has any interest in the relevant KCOM securities;
- (f) none of the KCOM Directors or any of their respective close relatives, connected persons or related trusts had an interest in or a right to subscribe for, or had any short position in relation to, any relevant KCOM securities, nor had any such person dealt in any relevant KCOM securities during the period between the start of the Offer Period and the disclosure date;
- (g) no person acting in concert with KCOM had any interest in, or right to subscribe for, or had any short position in relation to, any relevant KCOM securities, nor had any such person dealt in any relevant KCOM securities during the period between the start of the Offer Period and the disclosure date;
- (h) no person with whom KCOM or any person acting in concert with KCOM has an arrangement had any interest in or right to subscribe for or had any short position in relation to any relevant KCOM securities, nor had such person dealt in any relevant KCOM securities during the period between the start of the Offer Period and the disclosure date;
- (i) neither KCOM nor any of the KCOM Directors (including any members of such directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, any relevant Bidco securities, nor had any such person dealt in any relevant Bidco securities during the period between the start of the Offer Period and the disclosure date;
- (j) KCOM had not redeemed or purchased any relevant KCOM securities during the disclosure period;
- (k) neither KCOM nor any person acting in concert with KCOM had borrowed or lent any relevant KCOM securities (including any financial collateral arrangements), save for any borrowed shares which have either been on-lent or sold;
- (l) neither Bidco nor any person acting in concert with Bidco had borrowed or lent any relevant KCOM securities (including any financial collateral arrangements), save for any borrowed shares which have either been on-lent or sold;
- (m) there were no arrangements which existed between KCOM or any person acting in concert with KCOM and any other person in relation to any relevant securities; and
- (n) there were no arrangements which existed between Bidco or any person acting in concert with Bidco and any other person in relation to any relevant securities.

4. Market quotations

The following table shows the closing middle-market quotations of KCOM Shares, as derived from the Daily Official List on the following dates, unless otherwise indicated:

- (i) the first Business Day of each of the six months immediately before the date of this document;
- (ii) 23 April 2019, being the last Business Day before the commencement of the Offer Period; and

- (iii) 7 May 2018, being the latest practicable date prior to the publication of this document.

<i>Date</i>	<i>Price per KCOM Share</i>
7 May 2019	98.0 pence
1 May 2019	97.7 pence
23 April 2019	72.5 pence
1 April 2019	71.3 pence
1 March 2019	71.9 pence
1 February 2019	69.0 pence
2 January 2019	71.6 pence
3 December 2018	60.3 pence
1 November 2018	91.3 pence

5. KCOM Group material contracts

Save as set out in this paragraph 5, no contracts have been entered into by members of the KCOM Group, other than contracts entered into in the ordinary course of business, which are or may be material, during the period beginning on 24 April 2017 (being two years before the date of commencement of the Offer Period) and ending on the Last Practicable Date.

(a) Confidentiality Agreement

USSIM and KCOM have entered into the Confidentiality Agreement pursuant to which USSIM has undertaken to keep confidential information relating to KCOM and not to disclose it to third parties (other than permitted recipients) unless required by applicable law or regulation. These confidentiality obligations shall remain in force notwithstanding the completion or termination of discussions concerning the Acquisition between the parties.

USSIM has also agreed to customary standstill arrangements pursuant to which USSIM has agreed that, without the prior written consent of KCOM, for a period of 12 months from the date of the Confidentiality Agreement, USSIM and its connected persons (including USSL) will not acquire KCOM Shares or any interest in any KCOM Shares. These restrictions fall away immediately following the making of the Announcement.

The Confidentiality Agreement also contains undertakings from USSIM to KCOM and from KCOM to USSIM that, for a period of 12 months from the date of the Confidentiality Agreement, neither party will solicit, employ or offer to employ officers, managers or senior employees of the other party.

(b) Co-operation Agreement

Bidco and KCOM have entered into the Co-operation Agreement, which records the intention of Bidco and KCOM to implement the Acquisition by way of the Scheme. However, Bidco may with the consent of the Panel implement the Acquisition by way of a Takeover Offer if: (a) KCOM consents (an **Agreed Switch**); (b) a third party announces a firm intention to make an offer for KCOM; or (c) the KCOM Directors withdraw, adversely qualify or adversely modify their unanimous and unconditional recommendation of the Acquisition.

Pursuant to the Co-operation Agreement, Bidco and KCOM have agreed to co-operate in relation to any clearances and/or approvals as may be required from any relevant regulatory authority in connection with the Acquisition.

In the event of an Agreed Switch, the Co-operation Agreement: (a) contains restrictions on Bidco's ability to declare an offer unconditional as to acceptances unless the Conditions have been satisfied or (where applicable) waived or are reasonably likely to be satisfied or waived; and (b) where Bidco declares an offer unconditional as to acceptances but the Condition at paragraph 3(a) of Part A of Appendix 1 remains to be satisfied before the last day permitted under Rule 31.7 of the Takeover Code, requires Bidco to obtain the Panel's consent to extend the deadline to allow such Condition to be fulfilled and, if required by the Panel, shall (where applicable) waive all other outstanding Conditions.

The Co-operation Agreement will terminate: (a) if agreed in writing between Bidco and KCOM; (b) if any condition to the Acquisition is or becomes incapable of satisfaction by the Long Stop

Date (and Bidco serves notice of termination); (c) if a third party announces a firm intention to make an offer which is recommended by the KCOM Directors (and Bidco serves notice of termination); (d) if the KCOM Directors do not recommend, or withdraw, or adversely qualify or adversely modify the recommendation of, the Acquisition (and either party serves notice of termination); or (e) unless the parties otherwise agree, if the Effective Date has not occurred by the Long Stop Date and in certain other circumstances specified in the Co-operation Agreement.

6. Bidco material contracts

Save as set out in this paragraph 6, no contracts have been entered into by Bidco or its subsidiaries, other than contracts entered into in the ordinary course of business, which are or may be material, during the period beginning on 24 April 2017 (being two years before the date of commencement of the Offer Period) and ending on the Last Practicable Date.

(a) *Confidentiality Agreement*

See paragraph 5(a) above for details of the Confidentiality Agreement between USSIM and KCOM.

(b) *Co-operation Agreement*

See paragraph 5(b) above for details of the Co-operation Agreement between Bidco and KCOM.

(c) *Equity Commitment Letter*

Bidco and USSL entered into an Equity Commitment Letter pursuant to which USSL has undertaken to Bidco, subject to the Scheme becoming effective: (i) to pay to Bidco in immediately available funds a maximum aggregate amount of £400,000,000 on or before the date on which consideration payments are required to be despatched to KCOM Shareholders in connection with the Scheme; and (ii) to procure that the amount it has paid to Bidco is applied by Bidco in satisfying its payment obligations in connection with the Scheme (the **Funding Obligations**).

The Equity Commitment Letter shall remain in full force until the earlier of: (1) the termination or lapsing of the Acquisition in accordance with this document; (2) 11.59 p.m. on the Long Stop Date (provided that the Acquisition has not become unconditional and Effective prior to that time); and (3) satisfaction in full of the Funding Obligations.

(d) *Senior Facilities Agreement*

The Senior Facilities Agreement provides for a term facility in an aggregate principal amount of up to £290,000,000 (the **Term Facility**), a capex term facility in an aggregate principal amount of up to £80,000,000 (the **Capex Facility**) and a revolving facility in an aggregate principal amount of up to £25,000,000 (the **Revolving Facility** and together with the Term Facility and the Capex Facility, the **Facilities**), each of which Bidco may borrow upon the satisfaction of certain conditions.

The proceeds of borrowings under the Term Facility may be used to: (i) fund the cash consideration payable to KCOM Shareholders under the terms of the Scheme; (ii) pay fees, costs and expenses in connection with the financing and the Scheme; and (iii) refinance certain existing indebtedness of the KCOM Group, which existing indebtedness is required to be repaid within 15 Business Days of the date of the first utilisation of the Term Facility (the **Closing Date**).

The proceeds of borrowings under the Capex Facility may be used to fund certain capital expenditure costs of the Bidco group, and the proceeds of borrowings under the Revolving Facility may be used to fund the general corporate and working capital purposes of the Bidco group.

This Term Facility is made available on a customary certain funds basis, subject to satisfaction of the conditions precedent set out in the Senior Facilities Agreement.

The Term Facility is available from the date of the Senior Facilities Agreement to the earlier of (a) if the Acquisition is intended to be completed pursuant to a Scheme, the date upon which the Scheme lapses (including, subject to exhausting any rights of appeal, if the relevant court refuses to sanction the Scheme) or is withdrawn, unless prior to such earlier date Bidco has notified the

Facility Agent that it proposes to make an Scheme; (b) if the Acquisition is intended to be completed pursuant to an Scheme, the date upon which the Scheme lapses or is withdrawn, unless prior to such earlier date Bidco has notified the Agent that it proposes to effect the Acquisition by way of a Scheme; and (c) the date that is 180 days from the date of the Announcement, provided that, if the Acquisition is completed pursuant to an Scheme, so long as the Closing Date has occurred on or before the date that is 180 days from the date of the Announcement, the availability period shall automatically be extended to the date falling six months after the Closing Date.

The Capex Facility and the Revolving Facility are available from the Closing Date to the date that is one month before the Termination Date (as defined below).

The maturity of the Facilities is the date falling 5 years after the Closing Date (the **Termination Date**). The Facilities are repayable in full on the Termination Date.

Loans under the Facilities will bear interest at a rate of LIBOR plus the margin described below. The margin on Facility A and the Capex Facility will be 2.25 per cent. per annum until the second anniversary of the Closing Date, 2.50 per cent. per annum thereafter until the third anniversary of the Closing Date, thereafter until the fourth anniversary of the Closing Date, 2.75 per cent. per annum and thereafter 3.00 per cent. per annum. The margin on the Revolving Facility will be 2.25 per cent. per annum. Arrangement fees, ticking fees and commitment fees, among other fees, are also payable under the terms of the Senior Facilities Agreement.

Humber Midco Limited (**Midco**), being the sole shareholder of Bidco, granted security pursuant to an English law security agreement dated 24 April 2019 (the **Security Agreement**) over (a) its shareholding in Bidco and (b) its rights in relation to intercompany receivables owed by Bidco to Midco. Bidco has, pursuant to the Security Agreement, granted security over its assets (including over any shareholding it acquires in KCOM). In addition, it is a requirement under the Senior Facilities Agreement that sufficient members of the KCOM Group provide guarantees and security in favour of the Lenders following completion of the transaction, subject to certain limitations (including in respect of financial assistance laws). Subject to agreed security principles, the Facilities will be secured by security on equivalent terms to that granted by Bidco under the Security Agreement.

Under the terms of the Senior Facilities Agreement, Bidco has agreed that it will not amend or waive any material term of the Announcement, any scheme circular or, as the case may be, any offer document, in a manner or to the extent that would be materially prejudicial to the interests of the Lenders taken as a whole under the Finance Documents (as defined in the Senior Facilities Agreement), other than where such amendment or waiver is: (i) made with the consent of all Arrangers (acting reasonably), (ii) increases the price paid for the KCOM Shares where that increase is funded by a subscription for shares in, and capital contributions to, Bidco and/or investor debt contributed or made available to Bidco on permitted terms, (iii) in the case of a Scheme, reduces the acceptance condition to a certain agreed threshold; (iv) extends the period in which the KCOM Scheme Shareholders can accept the terms of the Scheme; or (v) (subject to certain limitations) to enable the Scheme to be approved by the Court or become effective (or for the Scheme to become or be declared unconditional), save as required by the Panel, or the Court or reasonably determined by Bidco (acting on the advice of its legal advisers) as being necessary or desirable to comply with the requirements of the Takeover Code, the Panel or the Court or any other relevant regulatory body or applicable law or regulation.

(e) *Intercreditor Agreement*

On 24 April 2019, Bidco entered into an intercreditor agreement with, among others, Midco as parent, Bidco as the company and the security agent named therein (the **Intercreditor Agreement**). The Intercreditor Agreement sets out, among other things, when payments can be made in respect of certain indebtedness of the debtors in the Bidco Group (the **Debtors**) and when enforcement action can be taken in respect of that indebtedness. The Intercreditor Agreement additionally provides for hedge counterparties to receive guarantees and indemnities from the Debtors on substantially the same terms (including the relevant limitations) as such guarantees and indemnities are provided by the obligors to the finance parties under the Senior Facilities Agreement.

7. Service contracts and letters of appointment of the KCOM Directors

Graham Sutherland

Graham Sutherland's service agreement as Executive Director and Chief Executive Officer is dated 9 October 2018. Mr Sutherland's employment with the KCOM Group commenced on 15 October 2018. Mr Sutherland's service agreement is terminable by either party on twelve months' written notice.

Mr Sutherland is entitled to a salary of £410,000 per annum, a car allowance of £16,000 per annum, a mobile phone for business use (or reimbursement for any business calls made on his personal mobile phone) and reimbursement of reasonable expenses.

Anna Bielby

Anna Bielby's service agreement as Executive Director and Chief Financial Officer is dated 10 January 2019. Ms Bielby's employment with the KCOM Group commenced on 1 July 2014 and she was appointed Chief Financial Officer on 7 January 2019. Ms Bielby's service agreement is terminable by either party on six months' written notice.

Ms Bielby is entitled to a salary of £240,000 per annum, a car allowance £1,166.67 per month, a mobile phone for business use (or reimbursement for any business calls made on her personal mobile phone) and reimbursement of reasonable expenses.

Executive director benefits

Each executive director is entitled to participate in the group stakeholder plan whereby KCOM will contribute 20 per cent. of his/her salary. Alternatively, each executive director may elect to take some or all of the 20 per cent. of his/her salary as a cash payment.

Each executive director is entitled to participate in the KCOM annual bonus plan up to 100 per cent. of his/her salary.

Each executive director is also entitled to private medical insurance and sickness benefit, death in service and income protection schemes.

The Chairman and the other KCOM Non-Executive Directors

Patrick De Smedt

Patrick De Smedt has a letter of appointment, to act as a non-executive director, entered into on 12 January 2016. His appointment as interim Chairman of KCOM commenced on 1 January 2019. He is entitled to an annual fee of £132,000 (which covers all duties including his service on the Audit, Nomination and Remuneration Committees (except committee chairmanships)), plus reasonable and properly-documented expenses.

Elizabeth Barber

Elizabeth Barber has a letter of appointment, to act as a non-executive director, entered into on 30 March 2015. She is entitled to an annual fee of £53,000 (which covers all duties including her service on Audit, Nomination and Remuneration Committees (except committee chairmanships)) and an additional fee of £6,000 for taking on the chairmanship of the Audit Committee, plus reasonable and properly-documented expenses.

Peter Smith

Peter Smith has a letter of appointment, to act as a non-executive director, entered into on 26 December 2014. He is entitled to an annual fee of £53,000 (which covers all duties including his service on the Audit, Nomination and Remuneration Committees (except committee chairmanships)) and an additional fee of £6,000 for taking on the chairmanship of the Remuneration Committee, plus reasonable and properly-documented expenses.

Each non-executive director's appointment is terminable by either party giving three months' written notice.

Save as disclosed above:

- (a) there are no service contracts in force between any director or proposed director of KCOM;
- (b) none of the service contracts described above were entered into during the six months preceding the date of this document, nor have any amendments been made to any such service contract during that period; and
- (c) there are no service contracts of any director or proposed director of KCOM or of any of its subsidiaries which do not expire or cannot be terminated by KCOM or its relevant subsidiary within the next 12 months without payment of compensation (other than statutory compensation) or in respect of which there are provisions for pre-determining compensation on termination of an amount which equals or exceeds 12 months' salary and benefits in kind.

8. Irrevocable undertakings

8.1 Director irrevocable undertakings

The following KCOM Directors have given irrevocable undertakings in respect of their own beneficial holdings of KCOM Shares (or those KCOM Shares over which they have control) to vote (or procure a vote) in favour of the resolutions relating to the Acquisition at the KCOM Meetings or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept (or procure the acceptance of) such Takeover Offer:

<i>Name</i>	<i>Number of KCOM Shares in respect of which undertaking is given</i>	<i>Percentage of KCOM's issued share capital at the date of this document</i>
Graham Sutherland	250,000	0.048
Anna Bielby	17,016	0.003
Peter Smith	50,000	0.010

The obligations of the KCOM Directors under the irrevocable undertakings given by them shall lapse and cease to have effect on and from the earlier of the following occurrences:

- (a) Bidco announces, with the consent of the Panel, that it does not intend to proceed with the Acquisition;
- (b) the Acquisition is withdrawn, lapses or otherwise terminates in accordance with its terms; or
- (c) the Scheme has not become Effective before the Long Stop Date.

These irrevocable undertakings remain binding in the event a competing offer is made for KCOM.

8.2 Shareholder irrevocable undertakings

The following KCOM Shareholders have given irrevocable undertakings in respect of their own beneficial holdings of KCOM Shares (or those KCOM Shares over which they have control) to vote (or procure a vote) in favour of the resolutions relating to the Acquisition at the KCOM Meetings or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept (or procure the acceptance of) such Takeover Offer:

<i>Name</i>	<i>Number of KCOM Shares in respect of which undertaking is given</i>	<i>Percentage of KCOM's issued share capital at the date of this document</i>
Teleios Capital Partners	83,127,586	16.09
Invesco Asset Management	48,631,344	9.41

The obligations of Teleios Capital Partners under its irrevocable undertaking shall lapse and cease to have effect on and from the earlier of the following occurrences:

- (a) Bidco announces, with the consent of the Panel, that it does not intend to proceed with the Acquisition;
- (b) a third party makes a firm offer announcement under Rule 2.7 of the Takeover Code and:
 - (i) such third party offer represents an improvement of at least 10 per cent. over the Acquisition Price at the time that the third party offer is announced; and (ii) a period of 21 days has elapsed from the announcement of such third party offer without Bidco having revised the terms of the Acquisition so that the value of the consideration for each KCOM Share is equal to or exceeds the value of the consideration for each KCOM share under the third party offer;
- (c) the Acquisition is withdrawn, lapses or otherwise terminates in accordance with its terms; or
- (d) the Scheme has not become Effective before the Long Stop Date.

The obligations of Invesco Asset Management under its irrevocable undertaking shall lapse and cease to have effect on and from the earlier of the following occurrences:

- (a) Invesco Asset Management has cast its vote in relation to the Acquisition and the Court Meeting has taken place;
- (b) the Acquisition is withdrawn, lapses or does not become wholly unconditional or effective in accordance with its terms;
- (c) an announcement of a competing offer in respect of KCOM is made in accordance with Rule 2.7 of the Takeover Code, whether made by way of an offer or a scheme of arrangement or any other transaction which constitutes an offer for the purposes of the Takeover Code, and the consideration payable to KCOM Shareholders under such competing offer is, in Invesco Asset Management's reasonable opinion, at least 10 per cent. higher than that payable pursuant to the Acquisition; and
- (d) the Scheme has not become Effective before 4 June 2019 (or such later date as Bidco and KCOM may agree).

Under its irrevocable undertaking, Invesco Asset Management has the ability to sell its KCOM Shares after the Court Meeting has taken place. Prior to the Court Meeting, Invesco Asset Management can only (except to the extent required by law or regulation) sell or otherwise dispose of its KCOM Shares provided that the transferee of those KCOM Shares enters into an irrevocable undertaking in favour of Bidco on substantially the same terms as the irrevocable undertaking given by Invesco Asset Management.

9. No set-off of consideration

Settlement of the consideration to which each KCOM Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Bidco may otherwise be, or claim to be entitled, against such shareholder.

10. Bases of calculations and sources of information

- 10.1 The aggregate transaction value of the entire issued and to be issued share capital of KCOM of £504 million has been calculated on the basis of:
 - 10.1.1 516,603,910 KCOM Shares in issue on the Last Practicable Date; and
 - 10.1.2 3,227,165 KCOM Shares which may be issued on or after the date of this document on the exercise of options or vesting of awards under the KCOM LTIP (taking into account the exercise by KCOM's remuneration committee of applicable discretions).
- 10.2 Unless otherwise stated, financial information relating to the KCOM Group has been extracted or derived (without any adjustment) from the KCOM Group's audited consolidated financial statements for the financial year ended on 31 March 2018, from KCOM Group's audited

consolidated financial statements for the financial year ended 31 March 2017 and from the KCOM Group's unaudited interim financial statements for the six months ended 30 September 2018, as applicable.

- 10.3 The issued share capital of KCOM as at the close of business on the Last Practicable Date is 516,603,910 ordinary shares of 10 pence each, all of which are credited as fully paid. KCOM does not hold any KCOM Shares in treasury at the date of this document.
- 10.4 As at the Last Practicable Date, the number of KCOM Scheme Shares entitled to be voted at the Court Meeting is 516,603,910 KCOM Shares in issue as at the date of this document.
- 10.5 Unless otherwise stated, all prices for KCOM Shares are Closing Prices.
- 10.6 Certain figures included in this document have been subject to rounding adjustments.

11. Acquisition-related fees and expenses

- 11.1 The aggregate fees and expenses which are expected to be incurred by Bidco in connection with the Acquisition are estimated to amount to £24,000,000 plus applicable VAT. This aggregate number consists of the following categories:
 - 11.1.1 financing arrangements: £7,300,000 plus applicable VAT;
 - 11.1.2 financial and corporate broking advice: £9,600,000 plus applicable VAT;
 - 11.1.3 legal advice: £2,000,000 plus applicable VAT. These services are provided by reference to hourly rates and the estimated amount included here reflects the time incurred up to the latest practicable date prior to the publication of this document and an estimate of further time required;
 - 11.1.4 accounting advice: £800,000 plus applicable VAT;
 - 11.1.5 public relations advice: £100,000 plus applicable VAT;
 - 11.1.6 other professional services: £1,200,000 plus applicable VAT; and
 - 11.1.7 other costs and expenses: £3,000,000 plus applicable VAT.
- 11.2 The aggregate fees and expenses which are expected to be incurred by KCOM in connection with the Acquisition are estimated to amount to £7,095,000* plus applicable VAT. This aggregate number consists of the following categories:
 - 11.2.1 financial and corporate broking advice: £6,060,000 plus applicable VAT;
 - 11.2.2 legal advice: £340,000 plus applicable VAT. These services are provided by reference to hourly rates and the estimated amount included here reflects the time incurred up to the latest practicable date prior to the publication of this document and an estimate of further time required;
 - 11.2.3 public relations advice: £150,000 plus applicable VAT; and
 - 11.2.4 other professional services: £450,000 plus applicable VAT; and
 - 11.2.5 other costs and expenses: £95,000 plus applicable VAT.

*Note KCOM has not received any accounting advice in respect of the Acquisition and has therefore not incurred any fees in this regard.

12. Financial and ratings information

- 12.1 As Bidco was incorporated on 11 April 2019 for the purposes of making the Acquisition, no financial information is available or has been published in respect of Bidco. Bidco has not traded since its date of incorporation, has paid no dividends and Bidco has not entered into any obligations, other than in connection with the Acquisition.
- 12.2 No ratings agency has publicly accorded Bidco with any current credit rating or outlook.

12.3 No ratings agency has publicly accorded KCOM with any current credit rating or outlook.

13. Other information

13.1 Save as disclosed in this document, neither USSIM nor Bidco is a party to any agreement or arrangement which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Scheme or Acquisition.

13.2 Save as disclosed in this document, there has been no significant change in the financial or trading position of the KCOM Group since 30 September 2018, being the date to which KCOM's last published unaudited interim accounts were prepared.

13.3 Arma Partners has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

13.4 Gleacher Shacklock has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

13.5 Rothschild & Co has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

13.6 Peel Hunt has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

13.7 Investec has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

13.8 Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Bidco or any person acting in concert with Bidco for the purposes of the Acquisition and any of the KCOM Directors or recent directors, shareholders or recent shareholders of KCOM, or any person interested or recently interested in shares of KCOM, having any connection with, or dependence upon, the Acquisition.

13.9 Save as disclosed in this document, there is no agreement, arrangement or understanding whereby the beneficial ownership of any of the KCOM Shares to be acquired by Bidco pursuant to the Acquisition will be transferred to any other person, save that Bidco reserves the right to transfer any such KCOM Shares to any member of the Wider Bidco Group.

13.10 Save as disclosed in this document, no proposal exists in connection with the Acquisition that any payment or other benefit shall be made or given by Bidco to any KCOM Director as compensation for loss of office or as consideration for, or in connection with, his/her retirement from office.

13.11 The financial information on KCOM contained in this document does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act. Statutory accounts of KCOM for each of the years ended 31 March 2017 and 31 March 2018 respectively have been delivered to the Registrar of Companies for England and Wales and are available on KCOM's website www.kcomplc.com. The auditors of KCOM have made reports on each of these statutory accounts which were unqualified as defined by section 495 of the Companies Act and which did not contain any statements made under section 498(2) or (3) of the Companies Act.

14. Documents available for inspection

Until and including the Effective Date (or the date on which the Scheme lapses or is withdrawn if earlier) copies of the following documents will be available on USS' website at www.uss.co.uk and KCOM's website at www.kcomplc.com.

14.1 the articles of association of Bidco;

14.2 the KCOM Articles;

14.3 a draft of the KCOM Articles as proposed to be amended by the General Meeting Resolutions;

14.4 the consent letters referred to in paragraphs 13.3 to 13.7 of this Appendix 3;

- 14.5 the Confidentiality Agreement;
- 14.6 the Co-operation Agreement;
- 14.7 the irrevocable undertakings referred to in paragraph 8 of this Appendix 3;
- 14.8 the documents referred to in relation to the financing of the Acquisition referred to in paragraphs 6(d) and 6(e) of this Appendix 3; and
- 14.9 this document and the Forms of Proxy.

15. Incorporation by reference

- 15.1 Parts of other documents are incorporated by reference in, and form part of, this document.
- 15.2 Appendix 4 to this document sets out the documents which are incorporated into this document.
- 15.3 A person who has received this document may request a copy of such documents incorporated by reference. A copy of any such documents or information incorporated by reference will not be sent to such persons unless requested from Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or by telephone on 0800 029 4521. If requested, copies will be provided, free of charge, within two Business Days of receipt of the request.

9 May 2019

APPENDIX 4

INFORMATION INCORPORATED BY REFERENCE

The following sets out the financial information in respect of KCOM as required by Rule 24.3 of the Takeover Code. The documents referred to below (or parts thereof) are incorporated by reference into this document and are available on KCOM's website in respect of the KCOM financial information.

The information is available in "read-only" format and can be printed from the website detailed above.

Please see paragraph 15.3 of Appendix 3 for details of obtaining hard copies of documents incorporated by reference into this document.

No incorporation of website information

Save as expressly referred to herein, neither the content of Bidco or KCOM's websites, nor the content of any website accessible from hyperlinks on Bidco or KCOM's website, is incorporated into, or forms part of, this document.

Information incorporated by reference

Page number in reference

The unaudited interim accounts of KCOM for the six months ended 30 September 2018 contained in the announcement dated 27 November 2018 available from KCOM's website www.kcomplc.com

Pages 10 to 39

The audited accounts of KCOM for the financial year ended 31 March 2018 contained in KCOM's annual report for the financial year ended 31 March 2018 available from KCOM's website www.kcomplc.com

Pages 76 to 123

The audited accounts of KCOM for the financial year ended 31 March 2017 contained in KCOM's annual report for the financial year ended 31 March 2017 available from KCOM's website www.kcomplc.com

Pages 74 to 115

KCOM ratings and outlooks

There are no current public ratings or outlooks accorded to KCOM by any rating agencies.

APPENDIX 5

DEFINITIONS

The following definitions apply throughout this document (with the exception of Part III of this document) unless the context requires otherwise:

Acquisition	the proposed acquisition by Bidco of the entire issued and to be issued share capital of KCOM, other than any KCOM Shares held by Bidco or, otherwise, directly or indirectly by USSL, by means of the Scheme, on the terms and subject to the Conditions set out in this document (or by means of a Takeover Offer under certain circumstances described in this document) and, where the context admits, any subsequent revision, variation, extension or renewal thereof
Acquisition Price	97 pence in cash for each KCOM Share
Announcement	the announcement released on the Announcement Date by KCOM and Bidco in accordance with Rule 2.7 of the Takeover Code
Announcement Date	24 April 2019
associated undertaking	shall be construed in accordance with paragraph 19 of Schedule 6 to The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) but for this purpose ignoring paragraph 19(1)(b) of Schedule 6 to those regulations
Annual Report	the annual report and financial statements of KCOM for the year ended 31 March 2018
Arma Partners	Arma Partners LLP
Authorisations	authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals
Bidco	Humber Bidco Limited, a private limited company incorporated in England and Wales under registered number 11940887 with its registered office at c/o Universities Superannuation Scheme Limited, Royal Liver Building, Liverpool, United Kingdom, L3 1PY
Bidco Directors	the directors of Bidco as at the date of this Announcement or, where the context so requires, the directors of Bidco from time to time
Bidco Group	Bidco and its subsidiaries
Board	as the context requires, the KCOM Directors or the Bidco Directors
Business Day	a day, not being a public holiday, Saturday or Sunday, on which banks in London are open for normal business
certificated or in certificated form	a share or other security which is not in uncertificated form (that is, not in CREST)
Closing Price	the closing price of a KCOM Share as derived from the Daily Official List on any particular date

CMA	the Competition and Markets Authority of the UK
CMA Phase 2 Reference	a reference of the Acquisition to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
Companies Act	the Companies Act 2006, as amended from time to time
Conditions	the conditions to the Acquisition (including the Scheme) which are set out in Appendix 1 to this document
Confidentiality Agreement	the confidentiality agreement dated 4 March 2019 between USSIM and KCOM, as described in paragraph 13 of Part II of this document
connected persons	has the meaning given to it in sections 252 to 255 of the Companies Act
Court	the High Court of Justice in England and Wales
Court Hearing	the hearing of the Court to sanction the Scheme
Court Meeting	the meeting of KCOM Scheme Shareholders convened by order of the Court pursuant to section 896 of the Companies Act, notice of which is set out in Appendix 6 to this document, for the purposes of considering, and if thought fit, approving the Scheme (with or without amendment) and any adjournment, postponement or reconvention thereof
Court Order	the order of the Court sanctioning the Scheme under section 899 of the Companies Act
Court Sanction Date	the date on which the Court Order is made
Co-operation Agreement	the agreement dated 24 April 2019 between Bidco and KCOM, as described in paragraph 13 of Part II of this document
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) (the Regulations) in respect of which Euroclear UK & Ireland Ltd is the Operator (as defined in the Regulations) in accordance with which securities may be held and transferred in uncertificated form
CREST Manual	the CREST Manual published by Euroclear as amended from time to time
CREST member	a person who is, in relation to CREST, a system member (as defined in the Regulations)
CREST participant	a person who is, in relation to CREST, a system participant (as defined in the Regulations)
CREST sponsor	a person who is, in relation to CREST, a sponsoring system-participant (as defined in the Regulations)
CREST sponsored member	a CREST member admitted to CREST as a sponsored member
Daily Official List	the daily official list of the London Stock Exchange
Dealing Disclosure	an announcement pursuant to Rule 8 of the Takeover Code containing details of dealings in relevant securities of a party to an offer
Disclosed	the information which has been fairly disclosed:

	<ul style="list-style-type: none"> (a) by or on behalf of KCOM to Bidco or USSL or the professional advisers of Bidco or USSL (in their capacity as such in relation to the Acquisition) prior to the date of the Announcement; (b) in the Annual Report; (c) in the Announcement; (d) in any other public announcement made by KCOM prior to the Announcement Date; or (e) by or on behalf of KCOM (or its advisers) in writing during the course of the due diligence exercise carried out by Bidco or its professional advisers or on a call in connection with the Acquisition
Effective	in the context of the Acquisition: (a) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms, upon the delivery of an office copy of the Court Order to the Registrar of Companies; or (b) if the Acquisition is implemented by way of the Takeover Offer, the Takeover Offer having been declared or having become unconditional in all respects in accordance with the requirements of the Takeover Code
Effective Date	the date on which the Acquisition becomes Effective
Equity Commitment Letter	the equity commitment letter dated 24 April 2019 from USSL to Bidco entered into in connection with the Acquisition
Euroclear	Euroclear UK & Ireland Limited
Excluded Shares	<p>any KCOM Shares:</p> <ul style="list-style-type: none"> (a) which are registered in the name of or beneficially owned by USSL or its nominee(s) or any subsidiary undertaking of USSL or its nominee(s); or (b) which are held in treasury (unless such KCOM Shares cease to be so held)
Explanatory Statement	the explanatory statement prepared in compliance with section 897 of the Companies Act and contained in Part II of this document
FCA	the Financial Conduct Authority or its successor from time to time
FCA Handbook	the FCA's Handbook of rules and guidance as amended from time to time
Form(s) of Proxy	the form of proxy in connection with each of the Court Meeting and the General Meeting, which shall accompany this document
FSMA	the Financial Services and Markets Act 2000 (as amended from time to time)
General Meeting	the general meeting of KCOM Shareholders (including any adjournment, postponement or reconvention thereof) to be convened for the purpose of considering and, if thought fit, approving the General Meeting Resolution in relation to the Acquisition, notice of which is set out in Appendix 7 to this document

General Meeting Resolution	the resolution to be proposed by KCOM at the General Meeting in connection with: (a) authorising the KCOM Directors to take all required action in relation to the Scheme; and (b) amending KCOM's articles of association and such other matters as may be necessary to implement the Scheme
Gleacher Shacklock	Gleacher Shacklock LLP
HEY	the Hull & East Yorkshire division of the KCOM Group
Invesco Asset Management	Invesco Asset Management Limited
Investec	Investec Bank plc
KCOM or Company	KCOM Group Public Limited Company, a public limited company incorporated in England and Wales with registered number 02150618
KCOM Articles	the articles of association of KCOM from time to time
KCOM Directors	the directors of KCOM as at the date of this document or, where the context so requires, the directors of KCOM from time to time
KCOM Group	KCOM and its subsidiary undertakings from time to time
KCOM LTIP	the KCOM Group PLC Long-Term Incentive Plan
KCOM Meetings	the Court Meeting and the General Meeting
KCOM Scheme Shares	<p>KCOM Shares:</p> <ul style="list-style-type: none"> (a) in issue as at the date of this document; (b) if any, issued after the date of this document and prior to the Voting Record Time; and (c) if any, issued on or after the Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme, <p>but in each case other than the Excluded Shares</p>
KCOM Scheme Shareholders	holders of KCOM Scheme Shares
KCOM Share(s)	the ordinary shares of 10 pence each in the capital of KCOM
KCOM Share Schemes	the KCOM LTIP and the KCOM SIP
KCOM Shareholders	holders of KCOM Shares
KCOM SIP	the KCOM Group PLC Share Incentive Plan and the Kingston Communications All Employee Share Plan
holder	a registered holder
Last Practicable Date	7 May 2019
Link Asset Services	a trading name for Link Market Services Limited
London Stock Exchange	London Stock Exchange plc or its successor
Long Stop Date	31 August 2019 or such later date (if any) as Bidco and KCOM may agree, with the consent of the Panel, and the Court may allow

Majedie Asset Management	Majedie Asset Management Limited
member account ID	the identification code or number attached to any member account in CREST
Offer Period	the offer period (as defined by the Takeover Code) relating to KCOM, which commenced on the Announcement Date
Official List	the Official List maintained by the UK Listing Authority
Opening Position Disclosure	an announcement pursuant to Rule 8 of the Takeover Code containing details on interests or short positions in, or rights to subscribe for, any relevant securities of a party to an offer
Overseas Shareholders	KCOM Shareholders (or nominees of, or custodians or trustees of, KCOM Shareholders) who are not resident in, ordinarily resident in, or citizens of, the United Kingdom
Panel	the Panel on Takeovers and Mergers
PRA	the Prudential Regulation Authority or its successor from time to time
participant ID	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
Peel Hunt	Peel Hunt LLP
Registrar of Companies	the Registrar of Companies in England and Wales
Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)
Regulatory Information Service or RIS	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
Remuneration Committee	the remuneration committee of the Board of KCOM
Restricted Jurisdiction	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to KCOM Shareholders in that jurisdiction
Rothschild & Co	N M Rothschild & Sons Limited
Scheme	the proposed scheme of arrangement under Part 26 of the Companies Act between KCOM and KCOM Scheme Shareholders in order to implement the Acquisition, upon the terms and subject to the conditions set out in this document (with or subject to any modification, addition or condition which Bidco and KCOM may agree and the Court may impose or, if required, approve)
Scheme Record Time	10.00 p.m. on the Business Day immediately following the Court Sanction Date
Senior Facilities Agreement	the facilities agreement dated on or about the date of the Announcement between, among others, Lloyds Bank plc as facility agent and Bidco
Significant Interest	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of: (a) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking; or (b) the relevant partnership interest

Strategy Review	the in-depth review of KCOM's businesses and strategy announced by KCOM in the interim statement of results for the six months ended 30 September 2018 released on 27 November 2018
subsidiary, subsidiary undertaking and undertaking	have the meaning given to them in the Companies Act
Takeover Code	the City Code on Takeovers and Mergers issued from time to time by the Panel
Takeover Offer	if the Acquisition is implemented by way of a takeover offer, as defined in Chapter 3 of Part 28 of the Companies Act, the offer to be made by or on behalf of Bidco to acquire the entire issued and to be issued ordinary share capital of KCOM (excluding the Excluded Shares) on the terms and subject to the conditions to be set out in the related offer document and, where the context permits, any subsequent revision, variation, extension or renewal of such takeover offer
Teleios Capital Partners	Teleios Capital Partners LLC
Third Party	each of a central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority	the FCA as the authority for listing in the UK when it is exercising its powers under Part 6 of FSMA
USS	Universities Superannuation Scheme
USSIM	USS Investment Management Limited, a company incorporated in England and Wales with registered number 03380864
USSIM Directors	the directors of USSIM as at the date of this document or, where the context so requires, the directors of USSIM from time to time
USSL	Universities Superannuation Scheme Limited, a company incorporated in England and Wales with registered number 01167127, acting in its capacity as sole corporate trustee of Universities Superannuation Scheme
USSL Group	USSL and its subsidiary undertakings from time to time
uncertificated or in uncertificated form	recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
US or United States	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
US Exchange Act	the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
US Securities Act	the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
Voting Record Time	10.00 p.m. on 3 June 2019 (or, if the Court Meeting is adjourned, 10.00 p.m. on the date which is two days immediately preceding

the date fixed for the adjourned meeting (excluding any day which is not a Business Day))

Wider Bidco Group

Bidco Group and associated undertakings and any other body corporate, partnership, joint venture or person in which Bidco and all such undertakings (aggregating their interests) have a Significant Interest

Wider KCOM Group

KCOM Group and associated undertakings and any other body corporate, partnership, joint venture or person in which KCOM and all such undertakings (aggregating their interests) have a Significant Interest

All references to time in this document are to London time.

Words importing the singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.

All references in this document to any statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validly therefrom.

APPENDIX 6

NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
COMPANIES COURT (ChD)
DEPUTY INSOLVENCY AND COMPANIES COURT JUDGE SCHAFFER

CR-2019-002842

IN THE MATTER OF KCOM GROUP PUBLIC LIMITED COMPANY

(THE COMPANY)

– and –

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that by an Order dated 8 May 2019 made in the above matters, the Court has given permission for a meeting (the **Court Meeting**) to be convened of the holders of KCOM Scheme Shares (as defined in the Scheme of Arrangement referred to below), for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 (the **Scheme of Arrangement**) proposed to be made between the Company and the holders of the KCOM Scheme Shares and that such Court Meeting will be held at the Kingston Suite, KCOM Stadium, Hull, HU3 6HU on 5 June 2019 at 11.00 a.m. at which place and time all holders of the KCOM Scheme Shares are requested to attend. Voting will be by way of a poll.

A copy of the said Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this notice forms part.

KCOM Scheme Shareholders entitled to attend and vote at the meeting may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their place. A blue form of proxy for use at the Court Meeting is enclosed with this notice. Completion and return of this form of proxy will not prevent KCOM Scheme Shareholders from attending and voting at the Court Meeting or any adjournment thereof in person.

In the case of joint holders, any one such joint holder may tender a vote, whether in person or by proxy, at the Court Meeting, however, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company.

It is requested that forms appointing proxies be lodged by post or, during normal business hours only, by hand with the Company's registrars, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 11.00 a.m. on 3 June 2019 (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for the adjourned meeting), but if forms are not so lodged they may be handed to the Chairman at the meeting before the taking of the poll.

KCOM Scheme Shareholders entitled to attend and vote at the Court Meeting who hold their shares through CREST may appoint a proxy using the CREST proxy voting service. Proxies submitted using the CREST proxy voting service must be transmitted so as to be received by Link Asset Services (under CREST participant ID RA10) not later than 11.00 a.m. on 3 June 2019 (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for the adjourned meeting). The time of receipt will be taken to be the time from which Link Asset Services are able to retrieve the message by enquiry to CREST.

Entitlement to attend and vote at the Court Meeting, or any adjournment thereof, and the number of votes which may be cast thereat, will be determined by reference to the register of members of the

Company at 10.00 p.m. on 3 June 2019 (or, if the meeting is adjourned, 10.00 p.m. on the date which is two days before the date fixed for the adjourned meeting, excluding any day which is not a Business Day). Changes to the register of members of the Company after such time will be disregarded.

By the said Order, the Court has appointed Patrick De Smedt or, failing him, Graham Sutherland or failing them any other director of the Company to act as Chairman of the Court Meeting and has directed the Chairman to report the result thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 9 May 2019

ADDLESHAW GODDARD LLP
Milton Gate
60 Chiswell Street
London
EC1Y 4AG

Solicitors for the Company

1. The statement of rights of KCOM Scheme Shareholders (as defined in the Scheme of Arrangement referred to above) in relation to the appointment of proxies described in this Notice of Court Meeting does not apply to nominated persons (as defined in Note 2 below). Such rights can only be exercised by KCOM Scheme Shareholders.
2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a **nominated person**) may, under an agreement between him/her and the member by whom he/she was nominated have a right to be appointed (or to have someone else appointed) as a proxy for the Court Meeting. 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 member as to the exercise of voting rights.

APPENDIX 7

NOTICE OF GENERAL MEETING

KCOM GROUP PUBLIC LIMITED COMPANY

(the COMPANY)

(Registered in England and Wales No. 02150618)

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of the Company will be held at the Kingston Suite, KCOM Stadium, Hull, HU3 6HU on 5 June 2019, at 11.15 a.m. (or as soon thereafter as the Court Meeting (as defined in the document of which this Notice forms part) shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:

SPECIAL RESOLUTION

THAT:

for the purpose of giving effect to the scheme of arrangement dated 9 May 2019 between the Company and the holders of the KCOM Scheme Shares (each as defined in the said scheme of arrangement), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman thereof, in its original form or subject to such modification, addition or condition agreed in writing by the Company and Humber Bidco Limited (**Bidco**) and approved or imposed by the Court (the **Scheme**):

- (1) the Scheme be approved in its original form or subject to such modification, addition or condition agreed in writing between the Company and Bidco (and approved or imposed by the Court) and the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect; and
- (2) with effect from the passing of this resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new Article 163:

“Scheme of Arrangement

- (A) In this Article 163, the “Scheme” means the scheme of arrangement dated 9 May 2019, between the Company and the holders of the KCOM Scheme Shares (each as defined in the Scheme) under sections 895 to 899 of the Companies Act in its original form or with or subject to any modification, addition or condition agreed in writing between the Company and Humber Bidco Limited and approved or imposed by the Court and (save as defined in this Article) expressions defined in the Scheme shall have the same meanings in this Article.
- (B) Notwithstanding any other provision of these Articles, if the Company issues any ordinary shares (other than to Humber Bidco Limited or its nominee(s)) on or after the adoption of this Article and on or before the Scheme Record Time (as defined in the Scheme), such shares shall be issued subject to the terms of the Scheme and the holders of such shares shall be bound by the Scheme accordingly.
- (C) Subject to the Scheme becoming effective, if any ordinary shares are issued to any person (a **New Member**) (other than under the Scheme or to Humber Bidco Limited or its nominee(s)) on or after the Scheme Record Time (the **Transfer Shares**), they will be immediately transferred to Humber Bidco Limited (the **Purchaser**) (or as it may direct) in consideration for and conditional on the payment to the New Member of such cash consideration as would have been payable under the Scheme had such Transfer Shares been KCOM Scheme Shares.

- (D) On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) effected after the Effective Date, the value of the cash payment per share to be paid under paragraph (C) of this Article shall be adjusted by the Directors in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this Article to ordinary shares shall, following such adjustment, be construed accordingly.
- (E) To give effect to any transfer required by paragraph (C) above, the Company may appoint any person as agent for the New Member to transfer the Transfer Shares to the Purchaser and/or its nominee(s) and do all such other things and execute and deliver all such documents as may in the opinion of the agent be necessary or desirable to vest the Transfer Shares in the Purchaser or its nominee(s) and pending such vesting to exercise all such rights attaching to the Transfer Shares as the Purchaser may direct. If an agent is so appointed, the New Member shall not thereafter (except to the extent that the agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Transfer Shares unless so agreed by the Purchaser. The agent shall be empowered to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder) in favour of the Purchaser and the Company may give a good receipt for the purchase price of the Transfer Shares and may register the Purchaser as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for the Transfer Shares. The Purchaser shall send a cheque drawn on a UK clearing bank in favour of the New Member (or any subsequent holder) for the purchase price of such Transfer Shares within five Business Days of the time on which the Transfer Shares are issued to the New Member.”

By order of the Board of KCOM Group Public Limited Company

Sally Jones
Company Secretary

9 May 2019

37 Carr Lane, Hull, East Yorkshire, HU1 3RE

Notes:

1. A shareholder of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
2. A WHITE form of proxy is enclosed with this notice. Instructions for use are shown on the form. Lodging a WHITE form of proxy will not prevent the member from attending and voting in person.
3. To be valid, the WHITE 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 at the offices of the Company's Registrars, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, not later than 11.15 a.m. on 3 June 2019 (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for the adjourned meeting). Completion and return of a form of proxy will not prevent a member from attending and voting at the General Meeting, or any adjournment thereof, in person if he/she wishes to do so. Electronic proxy appointments must be received not later than 11.15 a.m. on 3 June 2019 (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for the adjourned meeting).
4. As an alternative to completing the WHITE form of proxy, you can appoint a proxy electronically by logging on to the shareholder portal at www.kcom-shares.com. Please note, shareholders will require their investor code in order to register for the shareholder portal if they have not already registered (the investor code can be found on a shareholder's share certificate or form of proxy or on any dividend tax voucher/confirmations previously received). Once registered, you will have the opportunity to appoint a proxy online. For an electronic proxy to be valid, your appointment must be received by 11.15 a.m. on 3 June 2019 (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for the adjourned meeting).
5. Entitlement to attend and vote at the General Meeting, or any adjournment thereof, and the number of votes which may be cast thereat, will be determined by reference to the register of members of the Company at 10.00 p.m. on 3 June 2019 (or, if the meeting is adjourned, 10.00 p.m. on the date which is two days before the date fixed for the adjourned meeting, excluding any day which is not a Business Day). Changes to the register of members of the Company after such time will be disregarded.

6. If you submit your proxy electronically through CREST, to be valid the appropriate CREST message (regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Link Asset Services (under CREST participant ID RA10), by no later than 11.15 a.m. on 3 June 2019 (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a Business Day) prior to the time and date set for the adjourned meeting). The time of receipt will be taken to be the time from which Link Asset Services is able to retrieve the message by enquiry to CREST.
7. 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.
8. 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 and the normal system timings and limitations apply to the input CREST Proxy Instructions.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001.
10. The special resolution will be put to a vote on a poll. On a poll, each shareholder has one vote for every share held.
11. The “vote withheld” option is provided to enable you to abstain on the special resolution. However, it should be noted that a “vote withheld” is not a vote in law and will not be counted in the calculation of the preparation of votes “For” and “Against” the specified resolution.
12. Copies of the Company’s existing articles of association and copies of the new articles of association as amended pursuant to paragraph 2 of the special resolution are available for inspection at the offices of Addleshaw Goddard LLP at Milton Gate, 60 Chiswell Street, London EC1Y 4AG and at the Company’s registered office, until opening of business on the day on which the meeting is held and will also be available for inspection at the place of the General Meeting for at least 15 minutes prior to and during the General Meeting.
13. Any shareholder attending the General Meeting has the right to ask questions. The Company must cause to be answered questions relating to the business to be dealt with at the General Meeting put by a shareholder attending the meeting. However, shareholders should note that no answer need be given in the following circumstances:
 - (a) if to do so would interfere unduly with the preparation of the meeting or would involve a disclosure of confidential information;
 - (b) if the answer has already been given on a website in the form of an answer to a question; or
 - (c) if it is undesirable in the interests of the Company or the good order of the meeting that the question answered.
14. As at 7 May 2019 (being the last practicable date prior to the publication of this Notice): (i) the Company’s share capital consisted of 516,603,910 ordinary shares, all carrying one vote each; and (ii) the total voting rights in the Company were 516,603,910.

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