

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** 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.

9 May 2019

To participants in the KCOM Group PLC Share Incentive Plan (**MyShare**)

Dear

MyShare Account Number

Number of shares held in MyShare as at 9 May 2019 <number of shares>

**Recommended cash acquisition of KCOM Group Public Limited Company (KCOM) by Humber Bidco Limited (Bidco) - to be implemented by means of a scheme of arrangement under Part 26 of the Companies Act 2006**

As you may know, on 24 April 2019, the Boards of KCOM and Bidco announced that they had reached an 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 (**Acquisition**).

It is intended that the Acquisition will be implemented by means of a scheme of arrangement under Part 26 of the Companies Act (**Scheme of Arrangement**). The Acquisition will require, among other things, the approval of KCOM Shareholders and the sanction of the Court.

**YBS Share Plans is part of Yorkshire Building Society.**

YBS Share Plans, Yorkshire House, Yorkshire Drive, Bradford, BD5 8LJ • Tel: 0345 1 200 300 • Fax: 01274 357 950 • [ybsshareplans.co.uk](http://ybsshareplans.co.uk)

Yorkshire Building Society provides share plan trustee and administration services, including deposit taking, all of which are subject to English law, with deposit taking being regulated by the Financial Conduct Authority. The provision of share plan trustee and administration services is not regulated by the Financial Conduct Authority. We are not responsible for share plan deposits held by local savings carriers outside the UK.

Yorkshire Building Society is a member of the Building Societies Association and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Yorkshire Building Society is entered in the Financial Services Register and its registration number is 106085. Head Office: Yorkshire House, Yorkshire Drive, Bradford, BD5 8LJ.

All communications with us may be monitored/recorded to improve the quality of our service and for your protection and security. Calls to 03 numbers are charged at the same standard network rate as 01 or 02 landline numbers, even when calling from a mobile.

The details of the Acquisition are set out in the scheme document relating to the Scheme of Arrangement (**Scheme Document**), a copy of which (together with a copy of this Letter) is available at [www.kcomplc.com](http://www.kcomplc.com). Words and expressions which are defined in the Scheme Document have the same meaning when used in this letter (**Letter**) and the enclosed form of direction (**Form of Direction**). You should read this Letter (including the attached Question and Answer Appendix) in conjunction with the Scheme Document and the enclosed Form of Direction.

### **Purpose of this Letter**

The purpose of this Letter is to explain the effect of the Acquisition on the shares you hold in MyShare (**Shares**) and what instructions you may give to Yorkshire Building Society (**YBS**) as the trustee of MyShare (the **Trustee**) in respect of your Shares.

The number of Shares you hold as at the date of this letter is shown on page 1 of this letter.

### **The effect of the Acquisition on your Shares**

Under MyShare, you may currently hold Shares which were acquired as partnership shares, matching shares, free shares and/or dividend shares. If the Acquisition becomes effective, under the terms of the Scheme of Arrangement you will receive 97p for each of your Shares. Any holding period and forfeiture restrictions applicable to your Shares will cease to apply when the Acquisition becomes effective.

If the Acquisition becomes effective, the Trustee will receive the cash proceeds for all Shares in MyShare within 14 days after completion of the Acquisition.

If the Trustee holds bank details for you, the proceeds will be paid back to the bank details it holds as shown below:

Last four digits of the bank account held by the Trustee

Please check the above details carefully. If the bank details are incorrect then please contact YBS Share Plans on 0345 1 200 300 to have them removed. If no bank details are set out above, then you will receive the proceeds by cheque to your home address.

If the Acquisition is not approved by KCOM Shareholders, or for any other reason does not become effective, your Shares will remain in MyShare. The Trustee would then write to you in due course to let you know whether or not, and on what basis, contributions to MyShare would then restart. Nothing in this letter amends the terms of your holding under MyShare.

### **Form of Direction**

As a participant in MyShare you are an indirect KCOM Shareholder (i.e. shares are held on your behalf by the Trustee, YBS). Consequently, under the terms of MyShare, you are entitled to direct the Trustee to vote on the Acquisition at the meetings of KCOM Shareholders (although you are not entitled, by virtue of the Shares held in MyShare, to attend the meetings). To give a direction to the Trustee, you must complete the enclosed Form of Direction and return it to the Trustee in accordance with the instructions set out below.

### **To vote in favour of or against the Acquisition**

In order for the votes attached to your Shares to be exercised, you must validly complete the enclosed Form of Direction and return it in the prepaid envelope provided or to Yorkshire Building Society, YBS Share Plans, Yorkshire House, Yorkshire Drive, Rooley Lane, Bradford, England, BD5 8LJ. Your Form of Direction should be returned as soon as possible but in any event so as to arrive **by 5 p.m. on 23 May 2019**.

Although you may direct YBS as Trustee to vote in relation to your Shares at the meetings of KCOM shareholders to be held in relation to the Acquisition, you are not obliged to do so.

### **UK Taxation Consequences relating to Acquisition**

A brief summary of the UK tax implications of the Acquisition becoming effective in relation to your Shares is set out in the Questions and Answers that accompany this Letter.

**If you are in any doubt as to what action to take or as to your tax position, you should consult your own independent financial adviser duly authorised under the Financial Services and Markets Act 2000 without delay.**

**Further information**

The Questions and Answers Appendix contains some further information in relation to the impact of the Acquisition. However, if you have any queries in relation to this Letter or how to complete the Form of Direction you should contact the YBS Share Plans Helpline on 0345 1 200 300. Lines are open Monday to Friday 9am to 5pm (excluding public holidays in England and Wales).

Yours faithfully

A handwritten signature in black ink, appearing to read "Anthony Price". The signature is written in a cursive, slightly slanted style.

For and on behalf of Yorkshire Building Society as trustee of the KCOM Share Incentive Plan

**NOTES:**

- (a) The distribution of this Letter and the Form of Direction 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 these documents come 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. You should also refer to the Important Notices on page 3 of the Scheme Document.
- (b) Nothing in this Letter or the Form of Direction should be construed as legal, investment, financial or tax advice.
- (c) The Form of Direction shall be deemed an integral part of this Letter.
- (d) Accidental omission to despatch this letter to, or any failure to receive the same by, any person to whom this letter should be sent shall not invalidate the contents of this Letter in any way.
- (e) The treatment of Shares in relation to the Scheme of Arrangement will be governed by the provisions of the Scheme Document.
- (f) All instructions given pursuant to the Form of Direction will be irrevocable.
- (g) This Letter will also apply to any Shares you acquired under the Kingston Communications All Employee Share Plan, and references in this Letter to MyShare should be taken as including that plan.
- (h) In the event of any conflict between this Letter and the Form of Direction and the rules of MyShare and the applicable legislation, the rules of MyShare and the applicable legislation take precedence.
- (i) The terms set out in this Letter and the Form of Direction shall be governed by and construed in accordance with English Law.