

# Notice of Annual General Meeting 2011



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, solicitor, accountant, bank manager or other financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or from another appropriate independent financial adviser if you are resident in any territory outside the United Kingdom.**

If you have sold or transferred all your ordinary shares in Pace plc, please send this document, together with the related form of proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale was effected, for onward transmission to the purchaser or transferee. If you have sold or transferred, or sell or transfer as above, part only of your holding of shares in Pace plc, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

## **Pace plc**

(Registered in England and Wales under registered number: 1672847)

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Pace plc (the "Company") will be held at Salts Mill, Victoria Road, Saltaire, West Yorkshire, BD18 3LF at 12 pm on 12 May 2011 for the following purposes:

## **Ordinary Business**

- RESOLUTION 1** To receive and, if thought fit, to adopt the report of the directors of the Company and the accounts of the Company for the year ended 31 December 2010 and the auditors' report thereon.
- RESOLUTION 2** To approve the remuneration report of the directors for the year ended 31 December 2010.
- RESOLUTION 3** To declare a final dividend of 1.45 pence per ordinary share in respect of the year ended 31 December 2010.
- RESOLUTION 4** To re-elect Mike McTighe as a director of the Company.
- RESOLUTION 5** To re-elect John Grant as a director of the Company.
- RESOLUTION 6** To re-appoint KPMG Audit Plc as auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
- RESOLUTION 7** To authorise the directors to determine the auditors' remuneration.

## **Special Business**

To consider and, if thought fit, to pass the following resolutions of which resolutions 8 and 12 will be proposed as ordinary resolutions of the Company and resolutions 9, 10 and 11 will be proposed as special resolutions of the Company.

- RESOLUTION 8** (a) THAT the directors be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company, and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to an aggregate nominal amount of £5,075,683 provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of the conclusion of the next annual general meeting of the Company and 11 August 2012, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares or grant Rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and

## Notice of AGM Resolutions *continued*

- (b) THAT the directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (as defined in Section 560 of the Act) in connection with an offer by way of a rights issue in favour of holders of ordinary shares where the new equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, up to an aggregate nominal amount of £10,151,366 (such amount to be reduced by the nominal amount of any shares allotted or Rights granted under paragraph (a) above) provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of the conclusion of the next annual general meeting of the Company and 11 August 2012, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares or grant Rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and
- (c) THAT all previous unutilised authorities given to the directors pursuant to Section 551 of the Act shall be revoked (save to the extent that the same are exercisable pursuant to Section 551(7) of the Act by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

**RESOLUTION 9** THAT, subject to the passing of resolution 8, the directors be and are hereby generally empowered, pursuant to Section 570 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash, pursuant to the authority conferred by resolution 8 as if Section 561 of the Act did not apply to such allotment, provided that this power shall be limited to:

- (a) allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company and, if in accordance with their rights the directors so determine, holders of other equity securities of any class made in proportion (as nearly as may be) to their existing holdings of ordinary shares or (as the case may be) other equity securities of the class concerned (so that any offer to holders of other equity securities of any class shall be on the basis of their rights to receive such offer and, failing which, shall be on the basis that their holdings had been converted into or that they had subscribed for ordinary shares on the basis then applicable) but subject to the directors having a right to make such exclusions or other arrangements in connection with the offering as they deem necessary or expedient:
  - (i) to deal with equity securities representing fractional entitlements; and
  - (ii) to deal with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange, in any territory; and
- (b) the allotment, otherwise than pursuant to sub-paragraph (a) above, of equity securities for cash up to an aggregate nominal value of £761,352; and

this power, unless renewed, shall expire on the earlier of the conclusion of the next following annual general meeting of the Company and 11 August 2012, provided that the Company may at any time prior to the expiry of the power conferred by this resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired. All previous unutilised authorities under Sections 570 and 573 of the Act shall cease to have effect.

**RESOLUTION 10** THAT the Company be generally and unconditionally authorised for the purpose of Section 701 of the Act to make one or more market purchases (as defined in Section 693(4) of the Act) of ordinary shares of 5 pence each in the capital of the Company provided that:

- (a) the maximum aggregate number of ordinary shares that may be purchased is 45,681,000;
- (b) the minimum price (excluding expenses) which may be paid for each ordinary share is 5 pence (being the nominal value thereof);
- (c) the maximum price (excluding expenses) which may be paid for any ordinary share is the higher of:
  - (i) an amount equal to 105% of the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and
  - (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid for an ordinary share in the Company on the trading venues where the market purchases by the Company pursuant to the authority conferred by this resolution will be carried out; and
- (d) this authority, unless renewed, shall expire at the earlier of the conclusion of the next annual general meeting of the Company and 11 August 2012 (except in relation to the purchase of ordinary shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry). All previous unutilised authorities for the Company to make market purchases of ordinary shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and where such purchase has not yet been executed.

**RESOLUTION 11** THAT a general meeting of the Company (other than an annual general meeting) may be called on not less than 14 clear days' notice.

**RESOLUTION 12** THAT the increase in the fixed limit on the number of ordinary shares that may be issued under the Pace Americas US Sharesave Plan 2005 as described in the Chairman's letter on page 10 of the Notice of Annual General Meeting 2011 be and is hereby approved.

Dated: 25 March 2011

By order of the Board

**Anthony J Dixon**

Company Secretary

Registered Office:

Salts Mill, Victoria Road, Saltaire, West Yorkshire, BD18 3LF

# Notes

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## **(1) Your right to appoint a proxy**

A member (shareholder) of the Company who is entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, speak and to vote instead of him/her. A proxy need not be a member of the Company. A Form of Proxy is enclosed with this Notice, and guidance on how to complete the form is set out in Note 4 below. A shareholder can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.

## **(2) Your entitlement to vote**

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders entered on the register of members of the Company as at 6 p.m. on 10 May 2011 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at that time. If the Meeting is adjourned, the time by which a person must be entered on the register of members is 6 p.m. on the day preceding the date fixed for the adjourned Meeting. Changes to entries on the Company's register of members after the relevant time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

## **(3) Documents available for inspection**

Copies of the service contracts and letters of appointment of the directors of the Company, the register of members, the details of proxies, the current Articles of Association, the register of the interests of directors (and their families) in the shares of the Company are available for inspection at the Company's registered office during normal business hours (Saturdays, Sundays and Bank Holidays excepted) and will also be available for inspection at the annual general meeting from 11 a.m. on 12 May 2011 until the conclusion of the Meeting. The rules of the Pace Americas US Sharesave Plan 2005 (marked-up to show the proposed amendments) will also be available for inspection at these times at both the Company's registered office and the offices of Pinsent Masons LLP, 30 Crown Place, London EC2A 4ES.

## **(4) How to fill in the form of proxy**

In order to appoint a proxy you should sign and return the enclosed Form of Proxy to the Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, to arrive not later than 12 p.m. on 10 May 2011 or, if the Meeting is adjourned, not later than 48 hours before the time the adjourned meeting is due to start. You may also deliver the Form of Proxy by hand to the same address during usual business hours. If you do not specifically nominate another person to attend the Meeting and to vote on your behalf, the Chairman of the Meeting will be appointed as your proxy and will vote or abstain on a poll, on your behalf in accordance with your instructions.

If you wish to appoint as your proxy someone other than the Chairman, cross out the words "the Chairman of the Meeting or " on the Form of Proxy and write the full name of your proxy in the space provided – you can appoint more than one proxy if you wish. Please remember to ensure that the person concerned is able to attend the Meeting.

If you wish to instruct your proxy how to vote or abstain on each resolution in the event of a poll, please put an "X" in the appropriate box alongside each of the resolutions (which are shown in abbreviated form and numbered in the same order as shown in the Notice of Meeting) on the Form of Proxy. Please note that if you do not give any instructions on a particular resolution, your proxy may vote or abstain on the resolution as he or she thinks fit. Unless you instruct otherwise, your proxy may vote or abstain as he or she thinks fit on any other business (including amendments to resolutions) which may properly come before the Meeting. Completing and returning the Form of Proxy will not prevent you from attending the Meeting and voting in person.

## **(5) Voting rights**

As at 23 March 2011 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 304,540,979 ordinary shares carrying one vote each. Every member has one vote on a show of hands and, on a poll, one vote for each share held.

## **(6) Nominated Persons**

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 shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the annual general 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 shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 4 above does not apply to Nominated Persons. The rights described in paragraphs 1 and 4 above can only be exercised by shareholders of the Company.

## **(7) CREST Members**

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take 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 UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 12 pm on 10 May 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited 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, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by mean of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

## **(8) Corporate Representatives**

In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

## **(9) Other**

Under Sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authenticated by the person or persons making it, must be received by the Company not later than , being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

The Company must cause to be answered at the Meeting any question relating to the business being dealt with at the Meeting which is put by a member attending the Meeting, except in certain circumstances, including (i) if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered; or (ii) if to do so would involve the disclosure of confidential information, or would interfere with the preparation for the Meeting; or (iii) if the answer has already been given on the Company's website in the form of an answer to a question.

It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts that are to be laid before the Meeting or any circumstance connected with an auditor of the Company ceasing to hold office since the annual general meeting held in 2010. The business which may be dealt with at the Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on its website.

You may not use any electronic address provided either in the Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice of Meeting, and other information required by Section 311A of the Companies Act 2006, can be found at the Company's website: [www.pace.com](http://www.pace.com)

# Explanatory notes to the resolutions

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## RESOLUTION 1

The directors will present their report and the audited accounts for the year ended 31 December 2010 together with the auditors' report thereon.

## RESOLUTION 2

Shareholders are given the opportunity by law to vote on whether or not they approve the directors' remuneration report. In accordance with legislation, approval of the directors' remuneration report is proposed as an ordinary resolution.

## RESOLUTION 3

Final dividends are approved by the shareholders of the Company but cannot be more than the amount recommended by the directors. The directors are recommending a final dividend for the year ended 31 December 2010 of 1.45 pence per ordinary share due and payable on 6 July 2011 to the Shareholders on the register at close of business on 10 June 2011. This resolution seeks shareholders' approval of the proposed dividend.

## RESOLUTIONS 4-5

The Articles of Association of the Company require a proportion of the directors to retire at each annual general meeting of the Company. In addition, the Combined Code on Corporate Governance recommends that directors should submit themselves for re-election at least once every three years. This year two of the current directors, Mike McTighe and John Grant, will retire and each offer themselves for re-election. Biographical details relating to each director can be found on page 13 of the Company's annual report and accounts for the year ended 31 December 2010 (the "Annual Report").

## RESOLUTION 6-7

The Company is required to appoint auditors at each general meeting at which accounts are laid before shareholders, to hold office until the next such meeting. These resolutions propose that KPMG Audit Plc be re-appointed as auditors for the current year and that the directors be authorised to set their fees.

## RESOLUTION 8

Section 549 of the Companies Act 2006 provides, in relation to all companies, that the directors may not allot shares in the Company, or grant rights to subscribe for, or to convert any security into, shares in the Company unless authorised to do so by the Company in general meeting or by its Articles of Association. Accordingly, this resolution seeks renewal, for a further period expiring at the earlier of the close of the next annual general meeting of the Company and 11 August 2012, of the authority previously granted to the directors at the last annual general meeting of the Company. This authority will relate to a total of 101,513,660 ordinary shares of 5 pence each, representing approximately one third of the Company's issued share capital as at the date of this Notice.

In line with institutional investor guidelines, the directors have also sought authority to allot ordinary shares of up to an amount representing two thirds of the issued ordinary share capital of the Company (less any shares issued under the general authority described above) in connection only with a fully pre-emptive rights issue, which is an issue of shares in which all ordinary shareholders are offered an opportunity to participate in proportion to their existing holdings of ordinary shares.

The directors have no present intention of allotting, or agreeing to allot, any shares otherwise than in connection with employee share schemes, to the extent permitted by such schemes.

# Explanatory Notes

*continued*

The Company does not currently hold any ordinary shares as treasury shares (further information on treasury shares is in the explanatory note relating to resolution 10).

The directors believe that obtaining this authority is in the best interests of shareholders as a whole and recommend that shareholders vote in favour of this resolution.

## **RESOLUTION 9**

If the directors wish to allot any of the unissued shares of the Company for cash in accordance with the authority granted pursuant to resolution 8, they are required to be offered first to shareholders in proportion to their existing shareholdings.

In certain circumstances, it may be in the interests of the Company for the directors to be able to allot some shares for cash without having to offer them first to existing shareholders. In line with normal practice, this resolution, which will be proposed as a special resolution, seeks approval to renew the current authority to exclude the statutory pre-emption rights for issues of shares having a maximum aggregate nominal value of up to £761,352, representing 5% of the Company's issued share capital as at the date of this Notice.

In addition, there are legal, regulatory and practical reasons why it may not always be possible to issue new shares under a rights issue to some shareholders, particularly those resident overseas. To cater for this, the resolution also permits the directors to make appropriate exclusions or arrangements to deal with such difficulties.

The directors do not intend to issue more than 7.5% of the issued share capital of the Company for cash on a non pre-emptive basis in any rolling three year period without prior consultation with the shareholders and the Investment Committees of the Association of British Insurers and the National Association of Pension Funds.

This authority would be effective until the earlier of the conclusion of the next annual general meeting of the Company or 11 August 2012. The directors believe that obtaining this authority is in the best interests of shareholders as a whole and recommend that shareholders vote in favour of this resolution.

## **RESOLUTION 10**

With the authority of the shareholders of the Company in general meeting, the Company is empowered by its Articles of Association to purchase its own shares subject to the provisions of the Companies Act 2006. The directors believe that, in common with many other listed companies, it is prudent to seek general authority from the shareholders now in order that they may act if circumstances arise in which they consider such purchases to be desirable. Resolution 10, which will be proposed as a special resolution, authorises the purchase by the Company of up to 45,681,000 ordinary shares (representing 15% of the issued share capital as at the date of this notice) and sets the minimum and maximum prices at which they may be bought.

The directors will use this authority only after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall financial position of the Company. The directors will only purchase and cancel such shares when it would result in an increase in earnings per share and the directors believe it to be in the best interests of shareholders generally. The directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review. Any purchases pursuant to this authority would only be made on the London Stock Exchange. The authority will be valid until the earlier of the conclusion of the next annual general meeting and 11 August 2012. The directors intend to seek the renewal of these powers at subsequent annual general meetings.

It is not mandatory for a listed company to cancel shares it acquires and it may hold its own shares subject to certain restrictions. Shares held by a company in this way are known as “treasury shares”. The Company would consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury shares. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base. No dividends would be paid on shares whilst held in treasury and no voting rights would attach to any such treasury shares. Prior to any repurchase the Company will advise shareholders through a Regulatory Information Service if any shares repurchased are to be cancelled.

On 23 March 2011 there were options to subscribe for 15,296,584 ordinary shares in the capital of the Company, representing 5.02% of the Company’s issued ordinary share capital. If the authority to purchase the Company’s ordinary shares was exercised in full and those shares were subsequently cancelled, then these options would together represent 5.91% of the Company’s issued and voting ordinary share capital as at the date of this Notice.

The directors believe that obtaining this authority is in the best interests of shareholders as a whole and recommend that shareholders vote in favour of this resolution.

#### **RESOLUTION 11**

The notice period required by the Companies Act 2006 for general meetings of the Company is 21 days, unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. Annual General Meetings must always be held on at least 21 clear days’ notice.

At the last annual general meeting of the Company, shareholders authorised the calling of general meetings (other than annual general meetings) on not less than 14 clear days’ notice, and it is proposed that this authority be renewed until the annual general meeting to be held in 2012, when it will again be proposed.

In order to be able to call a general meeting on less than 21 clear days’ notice, the Company must make a means of electronic voting available to all shareholders for that meeting. The directors believe that obtaining this authority is desirable as it gives the Company an additional degree of flexibility and that it is in the best interests of shareholders as a whole. Accordingly, the directors recommend that shareholders vote in favour of this resolution.

#### **RESOLUTION 12**

Now that Pace has significantly more US employees following the 2Wire acquisition, shareholders are asked to approve an increase in the fixed share limit that applies (for US legal reasons) to the Pace Americas US Sharesave Plan 2005. The normal 10% in 10 years dilution limit for all Pace employee share plans would also continue to apply.

Further explanation is contained in the accompanying letter from the Chairman set out on page 10.

# Letter from the Chairman of Pace plc

Registered in England and Wales with registered number 1672847)

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Directors:

Robert Michael McTighe (Non-executive Chairman)  
Neil Gaydon (Chief Executive Officer)  
Stuart Andrew Hall (Chief Financial Officer)  
David Alyn McKinney (Chief Operating Officer)  
Patricia Chapman-Pincher (Non-executive director)  
John Grant (Non-executive director)  
Michael Inglis (Non-executive director)

Registered Office:  
Victoria Road  
Saltaire  
West Yorkshire  
BD18 3LF

Date 25th March 2011

Dear Shareholder

This letter gives details of a change to our Pace Americas US Sharesave Plan 2005 ("US Sharesave") which is proposed to be adopted at the Annual General Meeting.

## **Amendment to the Pace Americas US Sharesave Plan 2005**

Resolution 12 in the Notice of Annual General Meeting seeks shareholders' support for a change to the rules of the all-employee share plan offered to US-based employees, the US Sharesave. The proposed change will increase the number of shares available under this plan from the current level that was set when US Sharesave was established in 2005 (2 million shares). This change requires shareholders' approval.

Pace is proposing this change at the current time as it wants to continue offering US Sharesave on an all-employee basis and the large increase in US staff members following the 2Wire acquisition has made it likely that the current 2 million shares limit within the US Sharesave plan will be exceeded on a future offering of the plan.

Plans that are offered to US employees often have to contain such "fixed share number" limits in order to comply with US legal requirements (state-level securities laws and US tax-approval requirements). Both the originally set limit and the newly proposed limit for US Sharesave will operate within the Company's standard "10% in 10 years" share plans dilution limit, and so the proposed change will not increase the overall share plans dilution limits previously approved by Pace shareholders. The new proposed "fixed number of shares limit" for US Sharesave is the same as that approved by shareholders for the Pace International Performance Share Plan when that plan was established in October 2010, being a number of shares equal to 10% of issued share capital at that time.

## **Recommendation**

The directors consider that the proposal described in this letter is in the best interests of the Company and its shareholders as a whole and recommend that you vote in favour of all proposed resolutions at the Annual General Meeting, as they intend to do in respect of their own beneficial holdings.

Yours sincerely

**Mike McTighe**

Non-executive Chairman