

2014/15 LTIP Awards to Executive Directors

This updates the information provided in the Annual Report on Remuneration in relation to the 2014/15 LTIP awards, as included in the Annual Report & Accounts 2014 of Just Retirement Group plc. In particular, it corrects a typographical error on page 67 in relation to the description of the relative TSR performance condition applying to the 2014/15 LTIP awards. The Committee's intention was that full vesting of this part of the 2014/15 award should occur for upper quartile performance, however the Report incorrectly stated that maximum vesting would occur for upper quintile performance.

Awards in the form of nil-cost options under the LTIP were granted on 25 September 2014 to the Executive Directors and other senior executives. Awards with a market value of 200% of base salary were made to the CEO and 150% of base salary for the other Executive Directors. The number of LTIP Shares awarded was calculated using a price of 138.8p per share, being the average of the mid-market closing price of a share in the Company on the five consecutive business days immediately preceding the grant on 25 September 2014.

These awards are subject to the following performance conditions, measured over the three financial years to 30 June 2017:

- **IFRS Operating Profit Growth (50% of award)**
Since the impact of the Government's 2014 Budget has created a year of discontinuity in the Group's growth plans and great uncertainty in the UK annuity market, the Committee considers it appropriate to base its target on growth in the two years following the Group's actual profit achieved in 2014/15. If our IFRS operating profit for the financial year ending 30 June 2017 exceeds operating profit for the financial year ending 30 June 2015 by 18.8% (equivalent to 9% p.a. cumulative growth), 25% of the award will vest. The award will vest in full for growth of 39.2% (equivalent to 18% p.a. cumulative growth) with payment on a sliding scale in between these points. No award would be made if cumulative growth is below 18.8% or if actual profit at 30 June 2017 is less than £80m. In setting the level of the underpin that profits in 2016/17 should be £80m for any of the award to vest, the Committee had regard, inter alia, to the increase in the threshold vesting percentage from 20% to 25%.
- **Relative TSR (50% of award)**
TSR performance will be relative to the constituent companies of the FTSE 250 Index (excluding investment trusts, mining companies and oil and gas producers). Vesting of 25% of these awards will occur for median performance and the maximum 100% will vest for upper quartile performance or above, with straight-line vesting between these points. None of these awards will vest if TSR is below the median.

The above performance targets are in-line with the remuneration policy. In setting the targets the Committee considered that they would be no less challenging in the circumstances than the targets set for the first awards granted under the Plan.