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If you have sold or otherwise transferred all of your AO World Plc ordinary shares, please send this document, together with the accompanying documents (but not the personalised Form of Proxy), as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

This document is also available at [www.ao.com/corporate](http://www.ao.com/corporate).



**AO World Plc  
(incorporated and registered in England and Wales under number 05525751)  
NOTICE OF ANNUAL GENERAL MEETING**

Notice of the Annual General Meeting of AO World Plc to be held at 11 am on Friday 21 July 2017 at AO Park, 5A The Parklands, Lostock, Bolton, BL6 4SD is set out at the end of this document.

A Form of Proxy for use at the Annual General Meeting is enclosed.

**To be valid, the Form of Proxy should be completed and returned in accordance with the instructions printed thereon as soon as possible but in any event so as to arrive not later than 11 am on Wednesday 19 July 2017.**

**Please note that the Form of Proxy can be delivered in hard copy form by post, by courier or by hand to the Capita Asset Services at the address printed on the back of the Form of Proxy or, if preferred, in an envelope to FREEPOST CAPITA PXS (please note delivery using this service can take up to five business days) or by completing it online at [www.aoshareportal.com](http://www.aoshareportal.com). CREST members may utilise the CREST electronic proxy appointment service.**

Numis Securities Limited (“Numis”) is acting as financial adviser to the Company in connection with the Waiver Resolutions and no-one else and will not be responsible to anyone other than the Company (whether or not a recipient of this document) for providing the protections afforded to clients of Numis nor for providing advice in relation to the proposals described in this document or any other matter referred to in this document. Persons other than the Company are recommended to seek their own financial and other professional advice. Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by the Financial Services and Markets Act 2000 or the regulatory regime established thereunder, Numis accepts no responsibility or liability whatsoever for the contents of this document or for any other statement made or purported to be made in connection with the Company or the Waiver Resolutions. Numis accordingly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

# AO World Plc ("the Company")

(incorporated and registered in England and Wales under number 05525751)

**Registered Office:**

AO Park  
5A The Parklands  
Lostock  
Bolton  
BL6 4SD

**Directors:**

Geoff Cooper  
John Roberts  
Steve Caunce  
Mark Higgins  
Brian McBride  
Chris Hopkinson  
Marisa Cassoni

21 June 2017

To the holders of AO World Plc ordinary shares

**Notice of Annual General Meeting**

Dear Shareholder

I am pleased to be writing to you with details of our Annual General Meeting ("**AGM**") which we are holding at AO Park, 5A The Parklands, Lostock, Bolton, BL6 4SD on 21 July 2017 at 11 am.

The formal notice of meeting and the resolutions to be proposed are set out on pages 3 to 4 of this document. Resolutions 1 to 13 (inclusive) and 17 to 19 (inclusive) are proposed as ordinary resolutions, while resolutions 14 to 16 (inclusive) and 20 will be proposed as special resolutions. The ordinary resolutions will be passed if more than 50% of the votes cast are in favour and the special resolutions will be passed if at least 75% of the votes cast are in favour. Explanatory notes on all the proposed resolutions can be found on pages 5 to 9 of this document including in relation to the Waiver Resolutions described below.

**Action to be taken**

The AGM allows the Board to present the Company's strategy and financial results to shareholders and gives shareholders the opportunity to meet members of the Board and raise questions they may have. Your participation is important to us and we hope to see as many of you as possible. As with many other public companies, voting on all resolutions proposed at the AGM will be by way of a poll as the Board believes this is a more transparent method of voting.

Whether or not you intend to be present at the AGM we ask shareholders to complete, sign and return the Form of Proxy. The Form of Proxy can be delivered in hard copy form by post, by courier or by hand to the Company's Registrars, Capita Asset Services at the address printed on the back of the Form of Proxy or, if preferred, in an envelope to **FREEPOST CAPITA PXS** (please note delivery using this service can take up to five business days). You may wish to take advantage of our registrar's secure online voting service (using the identification numbers stated on the enclosed Form of Proxy) which is available at [www.aoshareportal.com](http://www.aoshareportal.com). CREST members may utilise the CREST electronic proxy appointment service. Registering your vote, either electronically or by returning a completed Form of Proxy, does not prevent you from attending and voting in person at the AGM should you decide to do so.

**To be valid, the Form of Proxy should be completed and returned in accordance with the instructions printed thereon as soon as possible but in any event so as to arrive not later than 11am on Wednesday 19 July 2017.**

**Recommendation**

The Board considers the Resolutions are in the best interests of the Company and its shareholders as a whole and are therefore likely to promote the success of the Company, save that John Roberts and Steve Caunce (the "**Concert Party Directors**") make no recommendation with regard to Resolutions 16 and 17 (the "**Waiver Resolutions**") as, in accordance with the provisions of The City Code on Takeovers and Mergers (the "**Takeover Code**"), they are considered to be interested in the outcome of the Waiver Resolutions. Accordingly the Directors of the Company, excluding the Concert Party Directors for the purposes of the Waiver Resolutions (on the grounds that they are interested in the outcome of the Waiver Resolutions), unanimously recommend that you vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 186,138,490 ordinary shares representing approximately 40.57% of the existing issued ordinary share capital of the Company, save that as required by the Takeover Code, the Concert Party Directors (and persons acting in concert with them) will not vote their aggregate shareholding of 162,920,654 ordinary shares representing approximately 35.51% of the Company's existing issued ordinary share capital on the Waiver Resolutions. In addition, the Concert Party Directors have not participated in the Board's consideration of the Waiver Resolutions.

The Directors excluding the Concert Party Directors (the "**Independent Directors**"), who have been so advised by Numis, consider the waivers of the obligation that may arise for the Concert Party Directors to make an offer under Rule 9 of the Takeover Code in relation to: (a) the authority to make market purchases; and (b) the exercise by the Concert Party Directors of the PSP Options (as defined in Appendix 2) and the Sharesave Options (as defined in Appendix 2) granted to them pursuant to the AO World plc performance share plan (the "**PSP**") and the AO World plc sharesave scheme (the "**Sharesave Scheme**") respectively, to be in the best interests of the Company and all shareholders, other than the Concert Party Directors, (the "**Non-Concert Party Shareholders**") as a whole. In providing its advice to the Independent Directors, Numis has taken account of the Independent Directors' commercial assessments. Accordingly, the Independent Directors unanimously recommend that the Non-Concert Party Shareholders vote in favour of the Waiver Resolutions, as the Independent Directors intend to do in respect of their own beneficial holdings which amount in aggregate to 23,217,836 ordinary shares representing approximately 5.06% of the existing issued ordinary share capital of the Company

Thank you for your continuing support of AO World Plc. I look forward to meeting those shareholders who are able to attend the AGM at 11 am on Friday 21 July 2017.

Yours sincerely

**Geoff Cooper**  
Chairman

# Notice of AGM

## AO World Plc (“Company”)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at AO Park, 5A The Parklands, Lostock, Bolton, BL6 4SD on 21 July 2017 at 11 am to consider and, if thought fit, to pass Resolutions 1 to 13 (inclusive), and 17 to 19 (inclusive) as ordinary resolutions and Resolutions 14 to 16 (inclusive) and 20 as special resolutions.

## Report and Accounts

1. To receive the accounts and the reports of the Directors and Auditors for the year ended 31 March 2017.

## Directors’ Remuneration Report & Remuneration Policy

2. To receive and approve the Directors’ Remuneration Report, other than the part containing the Directors’ Remuneration Policy, in the form set out in the Company’s Annual Report and Accounts for the year ended 31 March 2017.
3. To approve the Directors’ remuneration policy in the form set out in the Directors’ Remuneration Report in the Company’s Annual Report and Accounts for the year ended 31 March 2017.

## Directors

4. To re-elect Geoff Cooper as a Director.
5. To re-elect John Roberts as a Director.
6. To re-elect Steve Caunce as a Director.
7. To re-elect Mark Higgins as a Director.
8. To re-elect Brian McBride as a Director.
9. To re-elect Chris Hopkinson as a Director.
10. To re-elect Marisa Cassoni as a Director.

## Auditor

11. To re-appoint KPMG LLP as Auditors of the Company to hold office until conclusion of the Annual General Meeting of the Company to be held in 2018.
12. To authorise the Audit Committee to determine the remuneration of KPMG LLP.

## Authority to allot shares

13. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:
  - (a) up to an aggregate nominal amount of £382,323.73; and
  - (b) up to a further aggregate nominal amount of £382,323.73 provided that (i) they are equity securities (within the meaning of section 560(l) of the Companies Act 2006) and (ii) they are offered by way of a rights issue to holders of ordinary shares on the register of members at such record date as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter,

provided that this authority shall expire at the end of the next Annual General Meeting of the Company or, if earlier, on 20 October 2018, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or such rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant rights pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the Directors to allot shares and grant rights be and are hereby revoked.

## Disapplication of pre-emption rights

14. THAT the Directors be and they are hereby empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 13 above or by way of a sale of treasury shares as if section 561(l) of that Act did not apply to any such allotment provided that this power shall be limited to:
  - (a) the allotment of equity securities in connection with an offer of securities (but in the case of the authority granted under paragraph (b) of Resolution 13 above by way of rights issue only) in favour of the holders of ordinary shares on the register of members at such record dates as the Directors may determine and other persons entitled to participate therein where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record dates, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of ordinary shares being represented by depositary receipts or any other matter; and
  - (b) the allotment (otherwise than pursuant to sub-paragraph (a) of this Resolution 14) to any person or persons of equity securities up to an aggregate nominal amount of £57,348.56,

and shall expire upon the expiry of the general authority conferred by Resolution 13 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

15. THAT, if Resolution 13 is passed and in addition to the power conferred by Resolution 14 above, the Directors be and they are hereby empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 13 above or by way of a sale of treasury shares as if section 561(l) of that Act did not apply to any such allotment, provided that this power shall:
  - (a) be limited to the allotment of equity securities or sale of treasury shares to any person or persons up to an aggregate nominal amount of £57,348.56; and
  - (b) only be used for the purposes of financing (or refinancing, if the authority is to be used within six months of the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-emption Rights most recently published by the Pre-emption Group prior to the date of this notice,

## Notice of AGM continued

and shall expire upon the expiry of the general authority conferred by Resolution 13 above, save that the Company shall still be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

### Purchase of own shares

16. THAT the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 0.25p each of the Company on such terms and in such manner as the Directors may from time to time determine, provided that:
- (a) the maximum number of ordinary shares hereby authorised to be acquired is 45,878,848 representing approximately 10% of the issued ordinary share capital of the Company as at 16 June 2017;
  - (b) the minimum price (excluding expenses) which may be paid for any such ordinary share is 0.25p;
  - (c) the maximum price (excluding expenses) which may be paid for any such ordinary share is the higher of (i) an amount equal to 105% of the average of the middle market quotations for an ordinary share in the Company 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) 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 16 will be carried out;
  - (d) the authority hereby conferred shall expire at the end of the next Annual General Meeting of the Company or, if earlier, on 20 October 2018, unless previously renewed, varied or revoked by the Company in general meeting; and
  - (e) the Company may make a contract to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase its ordinary shares in pursuance of any such contract.

### Waivers of Rule 9 offer obligation

17. THAT approval is granted for the waiver by the Panel on Takeovers and Mergers (the "**Takeover Panel**") of any obligation that could arise, pursuant to Rule 9 of the City Code on Takeovers and Mergers (the "**Takeover Code**"), for John Roberts and Steve Caunce (the "**Concert Party Directors**") and any persons acting in concert with them to make a general offer for all the issued ordinary share capital of the Company following any increase in the percentage of shares of the Company carrying voting rights in which the Concert Party Directors and any persons acting in concert with them are interested resulting from the exercise by the Company of the authority to purchase up to 45,878,848 of its ordinary shares granted to the Company pursuant to Resolution 16 above, provided that such approval shall expire on 20 October 2018 or, if earlier, at the conclusion of the Company's next Annual General Meeting.

18. THAT approval is granted for the waiver by the Takeover Panel of any obligation that could arise, pursuant to Rule 9 of the Takeover Code, for the Concert Party Directors and any persons acting in concert with them to make a general offer for all the issued ordinary share capital of the Company following any increase in the percentage of shares of the Company carrying voting rights in which the Concert Party Directors and any persons acting in concert with them are interested resulting from the exercise by the Concert Party Directors of any of the options over up to 1,612,500 ordinary shares in the capital of the Company granted (or to be granted) to them pursuant to the AO World plc performance share plan or any of the options over 26,480 ordinary shares in the capital of the Company granted to them pursuant to the AO World plc sharesave scheme.

### Authority to make political donations

19. THAT in accordance with sections 366 and 367 of the Companies Act 2006 the Company and all companies which are subsidiaries of the Company during the period when this Resolution 19 has effect be generally and unconditionally authorised to:
- (a) make political donations to political parties or independent election candidates not exceeding £50,000 in total;
  - (b) make political donations to political organisations other than political parties not exceeding £50,000 in total; and
  - (c) incur political expenditure not exceeding £50,000 in total,

(as such terms are defined in the Companies Act 2006) during the period beginning with the date of the passing of this resolution and ending at the end of the next Annual General Meeting of the Company or, if earlier, on 20 October 2018 provided that the authorised sum referred to in paragraphs (a), (b) and (c) above, may be comprised of one or more amounts in different currencies which, for the purposes of calculating the said sum, shall be converted into pounds sterling at the exchange rate published in the London edition of the Financial Times on the date on which the relevant donation is made or expenditure incurred (or the first business day thereafter) or, if earlier, on the day in which the Company enters into any contract or undertaking in relation to the same provided that, in any event, the aggregate amount of political donations and political expenditure made or incurred by the Company and its subsidiaries pursuant to this Resolution shall not exceed £150,000.

### General meetings

20. THAT a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

### By order of the Board

Julie Finnemore,  
Company Secretary  
21 June 2017

### Registered office

AO World Plc, AO Park,  
5A The Parklands  
Lostock, Bolton, BL6 4SD

Registered in England  
No. 05525751

# Explanatory Notes to the Resolutions

**Resolutions 1-13 (inclusive), and 17 to 19 (inclusive) are proposed as ordinary resolutions, while resolutions 14 to 16 (inclusive) and 20 will be proposed as special resolutions.** Ordinary resolutions require more than half of the votes cast to be in favour of the resolution in order for the resolution to be passed. To pass special resolutions, three quarters or more of the votes cast must be in favour.

## **Resolution 1 – Annual Report and Accounts**

The Chairman will present the Annual Report and Accounts for the year ended 31 March 2017 (the “**Annual Report**”) to the AGM. The Annual Report accompanies this document.

## **Resolutions 2 and 3 – Directors’ Remuneration Report & Remuneration Policy**

The Directors’ Remuneration Report is set out in the Annual Report on pages 67 to 80.

Resolution 2 is the ordinary resolution to approve the Directors’ Remuneration Report other than the part containing the Directors’ Remuneration Policy. Resolution 2 is an advisory resolution and does not affect the future remuneration paid to any Director.

The report gives details of the Directors’ remuneration for the year ended 31 March 2017. The report also includes details of the Remuneration Committee’s representations and activities. The Company’s Auditors KPMG LLP have audited those parts of the Remuneration Report which are required to be audited and their report is issued in the Annual Report.

Resolution 3 is the ordinary resolution to approve the Directors’ remuneration policy which is set out in the Directors’ Remuneration Report in the Annual Report on pages 67 to 80.

This remuneration policy reflects the renewed executive remuneration framework developed by the Company’s Remuneration Committee to ensure the policy continues to support the delivery of our strategy, sustainable growth and shareholder returns whilst properly rewarding and incentivising our executives but at the same time conforming with investor expectations and best practice. Details of the changes to the policy are set out in the Annual Report on page 72.

Once the Directors’ remuneration policy has been approved, all payments by the Company to the Directors and any former Directors must be made in accordance with the policy (unless a payment has been separately approved by a shareholder resolution).

If the Directors’ remuneration policy is approved and remains unchanged, it will be valid for up to three financial years without a new shareholder approval. If the Company wishes to change the Directors’ remuneration policy, it will need to put the revised policy to a vote again before it can implement the new policy.

If the Directors’ remuneration policy is not approved for any reason, the Company will, if and to the extent permitted by the Companies Act 2006, continue to make payments to Directors in accordance with the previously approved policy.

## **Resolutions 4 to 10 inclusive – Re-election of Directors**

Resolutions 4 to 10 inclusive are to approve the re-election of the Directors. In accordance with the requirements of the UK Corporate Governance Code (the “**Code**”) all of the Directors are subject to annual re-election by the shareholders at this year’s AGM.

The Board has confirmed following a performance review that all Directors standing for re-election continue to perform effectively and demonstrate commitment to their roles. The Board has considered whether each of the independent Non-Executive Directors is free from any relationship that could materially interfere with the exercise of his or her independent judgment and has determined that each continues to be considered independent. Chris Hopkinson, whilst not independent for the purposes of the Code, is considered to provide a significant contribution to the Board and the Committees to which he is appointed.

Biographical details of each of the Directors standing for election and re-election are set out on page 10 of this document.

## **Resolutions 11 and 12 – Auditors and Auditors’ Remuneration**

Resolution 11 is to reappoint KPMG LLP as the Company’s Auditors, to hold office until the conclusion of the next of the AGM of the Company.

Resolution 12 authorises the Audit Committee of the Board to set their remuneration.

## **Resolution 13 – Allotment of share capital**

Resolution 13 deals with the Directors’ authority to allot ordinary shares in the capital of the Company without the prior consent of shareholders for a period expiring at the conclusion of the next AGM of the Company.

At the last AGM of the Company held on 21 July 2016, the Directors were given authority to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £350,877.16, equal to one-third of the Company’s then issued ordinary issued share capital and up to a maximum aggregate nominal value of £701,754.39 equal to two-thirds of the issued share capital of the Company where an offer is made in connection with a fully pre-emptive rights issue. This authority expires at the end of this year’s AGM. Resolution 13 will, if passed, renew this authority to allot, on broadly the same terms (but reflects the increase in the Company’s total issued share capital).

The Investment Association (“**IA**”) guidelines on directors’ authority to allot shares state that IA members will regard as routine, resolutions seeking authority to allot shares representing up to two-thirds of the Company’s issued share capital, provided that any amount in excess of one-third of the Company’s issued share capital is only used to allot shares pursuant to a fully pre-emptive rights issue.

In light of these guidelines, the Board considers it appropriate that Directors be granted authority to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £764,647.46 representing two-thirds of the Company’s issued ordinary share capital as at 16 June 2017 (the latest practicable date prior to publication of this document). Of this amount a nominal amount of £382,323.73 (representing approximately one-third of the Company’s issued ordinary share capital) can only be allotted pursuant to a rights issue. The power will last until the end of the next AGM of the Company or, if earlier, on 20 October 2018.

The Directors have no present intention of allotting new ordinary shares other than in relation to the Company’s employee share schemes. However, the Directors consider it appropriate to maintain the flexibility that this authority provides.

As at 16 June 2017 (being the latest practicable date prior to the publication of this document) the Company does not hold any shares in the capital of the Company in treasury.

# Explanatory Notes to the Resolutions

## continued

### Resolutions 14 and 15 – Disapplication of statutory pre-emption rights

Resolutions 14 and 15 will give the Directors authority to allot ordinary shares in the capital of the Company pursuant to the authority granted under Resolution 13 above for cash without complying with the pre-emption rights in the Companies Act 2006 in certain circumstances. Resolution 14 will permit the Directors to allot:

- (a) equity securities up to a nominal amount of £764,647.46 representing two-thirds of the Company's issued share capital as at 16 June 2017 (the latest practicable date prior to publication of this document) on an offer to existing shareholders on a pre-emptive basis (that is including a rights issue or an open offer), with one-third being available only in connection with a rights issue (in each case subject to any adjustments, such as for fractional entitlements and overseas shareholders, as the Directors see fit); and
- (b) equity securities up to a maximum nominal value of £57,348.56, representing approximately 5% of the issued ordinary share capital of the Company as at 16 June 2017 (the latest practicable date prior to publication of this document) otherwise than in connection with a pre-emptive offer to existing shareholders.

Resolution 15 will permit the Directors to allot additional equity securities up to a maximum nominal value of £57,348.56 representing approximately a further 5% of the issued ordinary share capital of the Company as at 16 June 2017 (the latest practicable date prior to publication of this document), otherwise than in connection with a pre-emptive offer to existing shareholders for the purposes of financing or refinancing a transaction as contemplated by the Pre-emption Principles described below. The Directors believe that it is appropriate to seek this additional 5% authority in Resolution 15 to give the Company the flexibility that this resolution affords.

This disapplication authority is in line with institutional shareholder guidance, and in particular with the Pre-emption Group's Statement of Principles (the "**Pre-emption Principles**"). The Pre-emption Principles were revised in 2015 to allow the authority for an issue of shares for cash otherwise than in connection with a pre-emptive offer to include: (i) an authority over 5% of a company's issued ordinary share capital; and (ii) an additional authority over a further 5% of a company's issued share capital for use in connection with an acquisition or specified capital investment announced contemporaneously with the issue, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue.

The Directors confirm, in accordance with the Pre-emption Principles, that they do not intend to issue shares for cash representing more than 7.5% of the Company's issued ordinary share capital in any rolling three-year period, other than to existing shareholders, save in accordance with Resolution 15, without prior consultation with shareholders.

As noted in relation to Resolution 13 above, the Directors have no current intention of issuing ordinary shares other than in relation to the Company's employee shares schemes.

The authority contained in Resolutions 14 and 15 will expire upon the expiry of the authority to allot shares conferred in Resolution 13 (that is at the end of the next AGM of the Company or, if earlier, on 20 October 2018).

### Resolution 16 – Authority to purchase own shares

Resolution 16 gives the Company authority to buy back its own ordinary shares in the market as permitted by the Companies Act 2006. The authority limits the number of shares that could be purchased to a maximum of 45,878,848 shares (representing approximately 10% of the Company's issued ordinary share capital as at 16 June 2017 (the latest practicable date prior to publication of this document)) and sets minimum and maximum prices. This authority will expire at the end of the next AGM of the Company or, if earlier, on 20 October 2018.

The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally. Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange.

Listed companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. No dividends are paid on shares while they are held in treasury and no voting rights attach to treasury shares.

If Resolution 16 is passed at the AGM, it is the Company's current intention to cancel the shares it may purchase pursuant to the authority granted to it except that sufficient shares may be held in treasury to meet the requirements of the Company's employee share schemes. However, in order to respond properly to the Company's capital requirements and prevailing market conditions, the Directors will need to reassess at the time of any and each actual purchase whether to hold the shares in treasury or cancel them, provided it is permitted to do so. As at 16 June 2017 (the latest practicable date prior to the publication of this letter), there were options outstanding to subscribe for ordinary shares in the capital of the Company representing 2.6% of the Company's current issued share capital (excluding treasury shares). If the authority to purchase the Company's ordinary shares being sought in Resolution 16 were to be exercised in full, these options would represent 2.9% of the Company's issued share capital (excluding treasury shares).

### Resolutions 17 and 18 – Waiver Resolutions

Under Rule 9 of the Takeover Code, when (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which, taken together with shares in which he and persons acting in concert with him are interested, carry 30% or more of the voting rights of a company subject to the Takeover Code, or (ii) any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30% of the voting rights of a company, but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, then in either case, that person is normally required to make a general offer in cash for all the remaining equity share capital of the company at the highest price paid by him, or any persons acting in concert with him, for shares in the company within the twelve months prior to announcement of the offer.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code (although a shareholder who is neither a Director nor acting in concert with a Director will not normally incur an obligation to make a Rule 9 Offer).

Together the Concert Party Directors are considered by the Panel on Takeovers and Mergers (the “**Takeover Panel**”) to be acting in concert for the purposes of the Takeover Code. In aggregate, the Concert Party Directors and persons acting in concert with them hold 35.51% of the issued ordinary share capital of the Company as at 16 June 2017 (being the last practicable date prior to the distribution of this document).

The Company has applied to the Takeover Panel for waivers of Rule 9 of the Takeover Code in order to permit: (a) the Company to make market purchases as proposed under Resolution 16 to be exercised by the Directors (if such authority is approved by shareholders); and (b) the exercise by the Concert Party Directors of the PSP Options (as defined in Appendix 2) and the Sharesave Options (as defined in Appendix 2) granted (or to be granted) to them under the PSP and the Sharesave Scheme respectively, in each case without triggering an obligation on the part of the Concert Party Directors and any persons acting in concert with them to make a general offer to shareholders. The Takeover Panel has agreed, subject to the Non-Concert Party Shareholders’ approval on a poll, to waive the requirement for the Concert Party Directors and any person acting in concert with them to make a general offer to all shareholders where such an obligation would arise as a result of: (a) purchases by the Company of up to 45,878,848 ordinary shares; or (b) the exercise by the Concert Party Directors of the PSP Options (as defined in Appendix 2) and the Sharesave Options (as defined in Appendix 2) granted (or to be granted) to them under the PSP and the Sharesave Scheme respectively.

Accordingly the Company intends to seek the approval of the Non-Concert Party Shareholders for Resolutions 17 and 18, which will be proposed as ordinary resolutions taken as a poll. The Concert Party Directors have confirmed that they and any persons acting in concert with them will abstain from voting on those Resolutions. If Resolution 17 is approved, such approval shall expire on 20 October 2018 or, if earlier, at the conclusion of the Company’s next Annual General Meeting.

In the event that the Waiver Resolutions are approved at the AGM, the Concert Party Directors will not be restricted from making an offer for the Company.

Appendix 2 of this document contains certain additional information relating to the Waiver Resolutions.

### Resolution 19 – Political donations

Resolution 19 deals with political donations. Under the Companies Act 2006, political donations to any political parties, independent election candidates or political organisations or the incurring of political expenditure are prohibited unless authorised by shareholders in advance. What constitutes a political donation, a political party, a political organisation or political expenditure is not easy to decide, as the legislation is capable of wide interpretation. Sponsorship, subscriptions, payment of expenses, and support for bodies representing the business community in policy review or reform, may fall within this.

Therefore, notwithstanding that the Company has not made a political donation in the past, and has no intention either now or in the future of making any political donation or incurring any political expenditure in respect of any political party, political organisation or independent election candidate, the Board has decided to put forward Resolution 19 to renew the authority granted by shareholders at the last AGM. This will allow the Company to continue to support the community and put forward its views to wider business and Government entities without running the risk of being in inadvertent breach of the Companies Act 2006.

The authority is subject to a maximum amount of £50,000 for each type of payment and will cover the period from the date Resolution 19 is passed until the end of the next AGM of the Company or, if earlier, on 20 October 2018. As permitted under the 2006 Act, Resolution 19 also covers any political donations made, or political expenditure incurred, by any subsidiaries of the Company.

### Resolution 20 – Length of notice of meeting

Resolution 20 is a resolution to allow the Company to hold general meetings (other than AGMs) on 14 days’ notice.

The minimum notice period for general meetings of listed companies is 21 days, but companies may reduce this period to 14 days (other than for AGMs) provided that two conditions are met. The first condition is that the Company offers a facility for shareholders to vote by electronic means. This condition is met if the Company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website. The second condition is that there is an annual resolution of shareholders approving the reduction of the minimum notice period from 21 days to 14 days.

The Board is therefore proposing Resolution 20 as a special resolution to approve 14 days as the minimum period of notice for all general meetings of the Company other than AGMs.

The approval will be effective until the end of the next AGM of the Company, when it is intended that the approval be renewed. The Board will consider on a case by case basis whether the use of the flexibility offered by the shorter notice period is merited, taking into account the circumstances, including whether the business of the meeting is time-sensitive and whether it is thought to be to the advantage of shareholders as a whole.

# Explanatory Notes to the Resolutions

## continued

### General Notes

#### Proxies

1. A member entitled to attend and vote at the Annual General Meeting (“AGM”) may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the AGM. A member can appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the AGM to represent you. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Your proxy must vote as you instruct and must attend the AGM for your vote to be counted. Appointing a proxy does not preclude you from attending the AGM and voting in person.
3. A proxy form which may be used to make this appointment and give proxy instructions accompanies this notice. Details of how to appoint a proxy are set out in the notes to the proxy form. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Capita Asset Services:
  - by telephone on 0871 664 0300. Calls cost 12p per minute plus your phone company’s access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales; or
  - in writing: Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
5. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Capita Asset Services:
  - by telephone: 0871 664 0300. Calls cost 12p per minute plus your phone company’s access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales; or
  - in writing: Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

The deadline for receipt of proxy appointments (see note 4) also applies in relation to amended instructions. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.

As an alternative to completing a hard copy proxy form, proxies may be appointed electronically in accordance with note 4 below.

4. In order to be valid an appointment of proxy must be returned (together with any authority under which it is executed or a copy of the authority certified) by one of the following methods:
  - in hard copy form by post, by courier or by hand to the Company’s Registrar, Capita Asset Services, at the address printed on the back of the Form of Proxy or, if preferred, in an envelope to **FREEPOST CAPITA PXS (please note delivery using this service can take up to five business days)**;
  - by completing it online at <https://www.aoshareportal.com/> by following the on-screen instructions to submit it – you will need to identify yourself with your personal investor code (which is set out on your personalised form of proxy which accompanies this notice); or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in note 8 below;
7. To be entitled to attend and vote, whether in person or by proxy, at the AGM, members must be registered in the Register of Members of the Company at close of business on Wednesday 19th July 2017 or, if the AGM is adjourned, at close of business on the date which is two days prior to the adjourned meeting). Changes to entries on the Register of Members after this time shall be disregarded in determining the rights of persons to attend or vote (and the number of votes they may cast) at the AGM or adjourned meeting.
8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or 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 number RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. 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 Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

and in each case the appointment of proxy must be received by the Company not less than 48 hours before the time of the AGM (excluding non-working days).



9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. 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 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. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommend that the shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.

#### Corporate representatives

11. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares.

#### Voting at the AGM

12. Voting on all of the substantive resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as member votes are to be counted according to the number of shares held. Members and proxies will be asked to complete a poll card to indicate how they wish to cast their votes. These cards will be collected at the end of the meeting. As soon as practicable following the AGM, the results of the voting at the AGM and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the Resolutions will be announced via a Regulatory Information Service and also placed on the Company's website: <http://ao.com/corporate>.

#### Questions

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

#### Requisition Rights

14. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an Auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the AGM. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any such statement that the Company has been required to publish on its website.

#### Total Voting Rights

15. As at 16 June 2017 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 458,788,480 ordinary shares, carrying one vote each. The Company holds no ordinary shares in treasury. Therefore the total voting rights in the Company are 458,788,480.
16. The contents of this Notice of AGM, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, details of the totals of the voting rights that members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: <http://ao.com/corporate>.

#### Electronic address

17. You may not use any electronic address provided in this Notice of AGM to communicate with the Company for any purposes other than those expressly stated.

This document is for information purposes only and does not constitute legal advice. Specific advice should be sought on your specific circumstances before taking any action (or deciding not to take any action) in reliance on the contents of this document.

# Appendix I

## Biographical details of Directors submitted for election and re-election

### Geoff Cooper

Chairman and Chairman of the Nomination Committee

#### Appointment to the Board:

1 July 2016

#### Relevant skills & experience

- Over 20 years' experience of serving on boards of UK public companies
- Substantial experience in businesses with a strong consumer focus
- A track-record of working across Europe
- Previously held positions include Chief Executive of Travis Perkins plc from March 2005 until December 2013, Director and Non-Executive Chairman of Dunelm Group plc between 2004 and 2015 and Finance Director of UniChem plc, subsequently Alliance UniChem plc (which later became part of Alliance Boots plc)
- Member of the Chartered Institute of Management Accountants

#### Significant external appointments

Chairman of the Card Factory plc and Bourne Leisure Limited. Senior advisor to Charterhouse Private Equity

#### Committee membership

Proposed Chairman of the Nomination Committee following the retirement of Richard Rose

### John Roberts

Founder

#### Appointment to the Board:

2 August 2005 (AO Retail Limited 19 April 2000)

#### Relevant skills & experience

- Co-founded the business over 15 years ago giving him thorough knowledge and understanding of the Group's business
- Extensive CEO experience; led the management team to successfully develop and expand the business during periods of challenging market conditions
- Significant industry experience having previously worked in the kitchen appliance industry

#### Committee membership

John attends the Remuneration, Audit and Nomination Committees by invitation.

### Steve Counce

Chief Executive Officer

#### Appointment to the Board

13 October 2005

#### Relevant Skills & Experience

- Thorough knowledge and understanding of the Group's business having been Chief Operating and Chief Financial Officer from 2005 until 2015
- Substantial experience in businesses with a strong consumer focus
- Significant Board and management experience: previously Finance Director at Phones 4U Limited and senior positions held at MyTravel Plc and Preston North End Plc
- Associate of the Institute of Chartered Accountants in England and Wales

#### Committee membership

Steve attends the Remuneration, Audit and Nomination Committees by invitation.

### Mark Higgins

Chief Financial Officer

#### Appointment to the Board

1 August 2015

#### Relevant skills & experience

- Group Finance Director for four years prior to appointment as AO's Chief Financial Officer
- Senior finance roles held at Enterprise Managed Services Ltd and the Caudwell Group
- Member of the Chartered Institute of Management Accountants

#### Committee membership

Mark attends the Remuneration, Audit and Nomination Committees by invitation.

### Brian McBride

Senior Independent Director

#### Appointment to the Board

6 February 2014

#### Relevant skills & experience

- Extensive online retail experience – former Managing Director of Amazon.co.uk and Chair of ASOS Plc and Wiggle Ltd
- Significant non-executive and governance experience
- Masters degree in Economics, History and Politics

#### Significant external appointments

Chairman of ASOS Plc and Wiggle Ltd

#### Independent

Yes

#### Committee membership

Brian is Chair of the Remuneration Committee and a member of the Nomination Committee.

### Chris Hopkinson

Non-Executive Director

#### Appointment to the Board

12 December 2005

#### Relevant skills & experience

- Former City Financial Analyst
- Significant industry experience
- Holds a Masters degree in Logistics

#### Significant external appointments

Executive Director of Better Business Support Ltd and Clifton Trade Bathrooms Ltd

#### Independent

No

#### Committee membership

Chris is a member of the Audit and Nomination Committees.

### Marisa Cassoni

Non-Executive Director

#### Appointment to the Board

5 February 2014

#### Relevant skills & experience

- ICAEW chartered accountant with extensive financial and governance experience in both private and public companies
- Previously finance director of John Lewis Partnership Ltd, Royal Mail Group and the UK division of Prudential Group
- Panel member of the Competition and Markets Authority and sits on the Economics Affairs Committee of the CBI
- Wealth of Board experience

#### Significant external appointments

Non-executive director of Skipton Group Holdings Ltd, Enterprise Inns Plc and The People's Operator Plc

#### Independent

Yes

#### Committee membership

Marisa is the Chair of the Audit Committee and is a member of the Remuneration Committee.

## Appendix 2

### Additional information relating to the Waiver Resolutions

#### 1. Background

At the close of business on 16 June 2017 (being the latest practicable date prior to the date of this document), the Concert Party Directors (together with persons acting in concert with them) had an interest in an aggregate of 162,920,654 ordinary shares representing 35.51% of the issued ordinary share capital of the Company.

At the close of business on 16 June 2017 (being the latest practicable date prior to the date of this document), the Concert Party Directors had been granted in aggregate: (a) options over 937,500 ordinary shares in the capital of the Company pursuant to the PSP (the “**Existing PSP Options**”); and (b) options over 26,480 ordinary shares in the capital of the Company pursuant to the Sharesave Scheme (the “**Sharesave Options**”).

As further described in the Annual Report, it is intended that Steve Counce will be granted a PSP award during 2017 with a value equivalent to 150% of his salary at the award date. The exact number of options to be granted over ordinary shares pursuant to this award will not be known until the time of the award, however it is not envisaged that such number of options will exceed 675,000 (the “**Proposed PSP Options**”, together with the Existing PSP Options, the “**PSP Options**”).

#### 2. Maximum potential holding

Pursuant to the Takeover Code, it is necessary to provide an illustration of the Concert Party Directors’ maximum potential interest in ordinary shares in the Company based on certain assumptions.

#### Share Repurchases

Assuming: (i) the Company repurchases from persons other than the Concert Party Directors or any persons acting in concert with them all the ordinary shares for which it is seeking authority pursuant to Resolution 17 (the “**Buyback Authority**”) and all such ordinary shares are cancelled; and (ii) there are no other allotments of ordinary shares, the maximum potential shareholding of the Concert Party Directors and any person acting in concert with them would increase to 39.46% of the issued share capital of the Company.

#### PSP Options and Sharesave Options

Assuming: (i) full exercise by the Concert Party Directors of all of the PSP Options and Sharesave Options; (ii) all of the PSP Options and Sharesave Options are satisfied with existing ordinary shares of the Company; (iii) there are no other allotments of ordinary shares; and (iv) the Company does not make any market purchases of its own shares pursuant to the Buyback Authority, the maximum potential shareholding of the Concert Party Directors and any person acting in concert with them would increase to 35.87% of the issued share capital of the Company.

#### Share Repurchases and PSP Options and Sharesave Options

Assuming: (i) full exercise by the Concert Party Directors of all of the PSP Options and Sharesave Options; (ii) all of the PSP Options and Sharesave Options are satisfied with existing ordinary shares of the Company; (iii) the Company repurchases from persons other than the Concert Party Directors or any persons acting in concert with them all of the ordinary shares for which it is seeking the Buyback Authority and all such ordinary shares are cancelled save for sufficient ordinary shares as are held in treasury for the purposes of satisfying such exercise; and (iv) that there are no other allotments of ordinary shares, the maximum potential shareholding of the Concert Party Directors and any person acting in concert with them would increase to 39.70% of the issued share capital of the Company.

### 3. Information on the Concert Party Directors

John Roberts co-founded the business of the Group in 2000. Having previously worked extensively in the kitchen appliance industry, he has been instrumental in using the internet as a platform to change the way in which kitchen appliances are sold in the United Kingdom. Since co-founding the Group, John has presided over the evolution of the business and led the management team as Chief Executive Officer until February 2017 and remains an executive director.

Steve Counce is a Director and the Chief Executive Officer of the Company, and held Chief Operating Officer and Chief Financial Officer positions from 2005 until 2017. Prior to joining the Company, Steve was Finance Director with Phones 4U Limited between 2001 and 2003 and held senior positions at Mytravel Plc and Preston North End Plc.

Steve Counce’s spouse is a shareholder (and owns 0.15% of the issued share capital) and Steve Counce is presumed to be acting in concert with his spouse. Both John Roberts and Steve Counce are also presumed to be acting in concert with, and are directors and (in the case of John Roberts) shareholders of, Crystalcraft Limited which owns 0.0014% of the issued share capital of the Company.

### 4. Intentions of the Directors and the Concert Party Directors

It is not the Directors’ intention to sell any of their shareholdings to the Company pursuant to any exercise of the Buyback Authority.

The Concert Party Directors have confirmed to the Company that they have no current intention to change the Company’s current plans with respect to: (i) the future business of the Company; (ii) the continued employment of the employees and management of the Company or its subsidiaries, including any material change in conditions of employment; (iii) its strategic plans for the Company, or their likely repercussions on employment or the locations of the Company’s places of business; (iv) employer contributions into the Company’s pension scheme(s), the accrual of benefits for existing members, or the admission of new members; (v) the redeployment of the fixed assets of the Company; or (vi) maintenance of the Company’s listing on the London Stock Exchange, in each case, as a result of the proposals set out in Resolutions 17 and 18.

### 5. Responsibility

The Directors take responsibility for the information contained in this document:

- (i) other than the recommendation and associated opinion attributed to the Independent Directors set out in the letter from the Chairman on page 2 of this document; and
- (ii) save that the only responsibility accepted by the Independent Directors in respect of the information in this document relating to the Concert Party Directors and their intentions has been to ensure that such information has been correctly and fairly reproduced or presented (and no steps have been taken by the Independent Directors to verify this information).

To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that this is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Concert Party Directors take responsibility for the information in this document which relates to them and their intentions. To the best of the knowledge and belief of the Concert Party Directors (who have taken all reasonable care to ensure that this is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

## Appendix 2 continued

### 5. Responsibility (continued)

The Independent Directors take responsibility for the recommendation and associated opinion attributed to them in the letter from the Chairman on page 2 of this document. To the best of the knowledge and belief of the Independent Directors (who have taken all reasonable care to ensure that this is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 6. The Company and current trading and prospects

The Company was incorporated and registered in England on 2 August 2005 with registered number 05525751. The registered office of the Company is AO Park, 5a The Parklands, Lostock, Bolton, BL6 4SD. The Company was admitted to listing on the premium listing segment of the Official List and to trading on the London Stock Exchange in March 2014.

For further information on the business of the Company, and on the Company's current trading and prospects, see the Strategic Report on pages 20 to 29 of the Annual Report, which is incorporated into this document by reference.

### 7. Directors

The names of the Directors and the positions they hold at the date of this document are set out on page 10 of this document. Further information relating to the Directors is included in the information regarding the Board of Directors in the Corporate Governance Statement on pages 54 and 55 of the Annual Report, which is incorporated into this document by reference. The business address of the Directors is AO Park, 5a The Parklands, Lostock, Bolton, BL6 4SD.

### 8. Directors' Agreements

No agreement, arrangement or understanding (including any compensation arrangement), exists between the Concert Party Directors or any person acting in concert with them and any of the other Directors, recent directors, shareholders or recent shareholders of the Company, or any person interested in or recently interested in shares of the Company, or any other person, having any connection with or dependence upon the proposals set out in Resolutions 17 or 18 (except, in respect of Resolution 18, the PSP and the Sharesave Scheme).

### 9. Interests of Directors and dealings of the Concert Party Directors

At the close of business on 16 June 2017 (being the latest practicable date prior to the date of this document), the interests of the Directors and persons connected with them, within the meaning of Part 22 of the Companies Act 2006, in the issued share capital of the Company were as follows:

Name	Ordinary Shares	% of issued share capital
Geoff Cooper	128,573	0.03%
John Roberts	110,114,839*	24.00%
Steve Caunce	52,805,815*	11.51%
Mark Higgins	27,701	0.01%
Brian McBride	52,628	0.01%
Chris Hopkinson	22,956,306	5.00%
Marisa Cassoni	52,628	0.01%
<b>Total</b>	<b>186,138,490</b>	<b>40.57%</b>

\* Crystalcraft Limited is a person connected with both John Roberts and Steve Caunce, and holds 6,348 ordinary shares in the issued ordinary share capital of the Company. These 6,348 ordinary shares are included in the interests of John Roberts but not in the interests of Steve Caunce in the table above in order to avoid double counting.

	Interest in options over ordinary shares	Grant date	Exercise period	Option price
<b>John Roberts</b>				
PSP (2016 Scheme Award)	502,232	21 July 2016	21 July 2019 to 21 July 2026	Nil
Sharesave Scheme	12,080	27 January 2017	1 March 2020 to 30 August 2020	149 pence
<b>Steve Caunce</b>				
Sharesave Scheme	14,400	29 January 2016	1 March 2019 to 30 August 2019	125 pence
PSP (2016 Scheme Award)	435,268	21 July 2016	21 July 2019 to 21 July 2026	Nil
<b>Mark Higgins</b>				
PSP (2015 Scheme Award)	110,957	30 June 2015	30 June 2018 to 30 June 2025	Nil
PSP (2016 Scheme Award)	669,643	21 July 2016	21 July 2019 to 21 July 2026	Nil
<b>Total</b>	<b>1,744,580</b>			

The Concert Party Directors and persons acting in concert with them have dealt in ordinary shares during the 12 month period ended on 16 June 2017, being the latest practicable date prior to the date of this document, as follows:

Name	Date	Transaction	Number of ordinary shares	Price
John Roberts	6 June 2017	Purchase	769,230	130 pence
John Roberts	3 April 2017	Gift to charitable trust	(1,407,407)	Nil
Steve Caunce	3 April 2017	Gift to charitable trust	(820,000)*	Nil
John Roberts	3 April 2017	Purchase	1,509,433	132.5 pence
Steve Caunce	3 April 2017	Purchase	1,509,433	132.5 pence

\* This figure includes a gift to charitable trust of 220,000 ordinary shares by the spouse of Steve Caunce.

## 10. Current Ratings

The Company has not been rated by any ratings agencies.

## 11. Directors' service agreements and emoluments

The Directors' current service agreements and letters of appointment will be available for inspection as set out in paragraph 17 below. Details of the Directors' service agreements, emoluments and other benefits are set out in the Directors' Remuneration Report on pages 67 to 80 of the Annual Report, which is incorporated into this document by reference. There are no other service contracts between the Directors and the Company or any of its subsidiaries and no other service contracts have been entered into nor have existing service contracts or letters of appointment been amended during the period of six months prior to the date of this document, save that all Non-Executive Directors agreed to an extension of the term of their appointments for one further year in February 2017.

## 12. Material contracts

Within the period of two years prior to the date of this document, no contracts have been entered into by the Company or any of its subsidiaries, other than in the ordinary course of business, which are or may be material.

Additionally, neither John Roberts nor Steve Counce have entered into any contracts, other than in the ordinary course of business, within the period of two years prior to the date of this document which are or may be material to the proposal set out in Resolutions 17 and 18.

## 13. Significant change

Save for the placing of 37,735,849 new ordinary shares in the Company which completed on 3 April 2017 raising gross proceeds of £50 million and save as disclosed in the results announcement of the Company published on 6 June 2017, there has been no significant change in the financial or trading position of the Company since 31 March 2017, being the date to which the last audited published accounts of the Company were prepared.

## 14. Middle market quotations

The middle market quotations for the ordinary shares of the Company, as derived from the Daily Official List of the London Stock Exchange plc, at the close of business for the first business day (being any day, other than a Saturday or Sunday or public holiday, on which banks are generally open for business in London, United Kingdom, a "**Business Day**") of each of the six months immediately preceding the date of this document and at close of business on 16 June 2017 (being both the latest practicable and available date prior to the date of this document) were:

Date	Price per ordinary share (p)
16 June 2017	122.8
2 May 2016	138.9
3 April 2016	135.8
1 March 2016	149.5
1 February 2016	161.3
4 January 2016	181.6
1 December 2016	171.1

## 15. General

On 16 June 2017 (being the latest practicable date prior to the date of this document), and save as disclosed in paragraph 9 of this Appendix 2:

- (a) the Concert Party Directors and any person acting in concert with them do not have any interest in, right to subscribe in respect of or short position including any short position under a derivative in relation to any relevant securities;
- (b) the Concert Party Directors and any person acting in concert with them have not dealt in relevant securities during the period of 12 months ended on 16 June 2017 (being the latest practicable date prior to the publication of this document);
- (c) there are no relevant securities which the Concert Party Directors or any person acting in concert with them has borrowed or lent (excluding any borrowed relevant securities which have either been on lent or sold);
- (d) no:
  - (i) Director or any of their close relatives or related trusts;
  - (ii) connected adviser (except in the capacity of an exempt fund manager or an exempt principal trader); or
  - (iii) other person acting in concert with the Company, has any interest in, right to subscribe in respect of or short position in relation to any relevant securities, except that: (A) Jefferies Financial Products LLC ("**JFP**"), an affiliate of Jefferies International Limited (a joint corporate broker of the Company) ("**JIL**"), is party to a short equity swap with its client in relation to 1,000,000 ordinary shares in the Company; (B) JFP is party to a long equity swap with JIL in relation to 1,000,000 ordinary shares in the Company; and (C) J.P. Morgan Securities LLC, an affiliate of J.P. Morgan Securities plc which conducts its UK investment banking activities as J.P. Morgan Cazenove (a joint corporate broker of the Company), has an interest in 90,236 ordinary shares in the Company; and
- (e) there are no relevant securities which the Company or any person acting in concert with the Directors has borrowed or lent (excluding any borrowed relevant securities which have either been on lent or sold).

With regards to both the short equity swap and the long equity swap referenced at paragraph 15(d)(iii)(A) and (B) above, these are total return swaps with a reference price of 143 pence and an expiry date of 4 July 2018.

In this paragraph 15 reference to:

1. "**relevant securities**" means ordinary shares in the Company and securities carrying conversion or subscription rights into ordinary shares;
2. "**derivatives**" 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;
3. "**short position**" means a short position, whether conditional or absolute and whether in the money or otherwise, and includes 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;
4. "**associated company**" means in relation to any company, that company's parent subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies. For these purposes, ownership or control of 20% or more of the equity share capital of a company is regarded as the test of associated company status;

## Appendix 2 continued

### 15. General (continued)

5. **“connected adviser”** means:

- (i) in relation to the Company, (a) an organisation which is advising the Company in relation to the Waiver Resolutions and the Buyback Authority; and (b) a corporate broker to the Company;
- (ii) in relation to a person who is acting in concert with the Directors, an organisation (if any) which is advising that person either (a) in relation to the Waiver Resolutions and the Buyback Authority; or (b) in relation to the matter which is the reason for that person being a member of the relevant concert party; and
- (iii) in relation to a person who is an associated company of the Concert Party Directors or the Company, an organisation (if any) which is advising that person in relation to the Waiver Resolutions and the Buyback Authority;

6. **“control”** means an interest, or aggregate interests, in shares carrying in aggregate 30% or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control; and

7. **“dealing”** or **“dealt”** includes the following:

- (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
- (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
- (iii) subscribing or agreeing to subscribe for securities;
- (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;
- (v) the acquisition 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 securities;
- (vi) the entering into, terminating or varying the terms of any agreement to purchase or sell securities;
- (vii) the redemption or purchase of, or taking or exercising an option over, any of its own relevant securities by the Company; and
- (viii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he or she has a short position.

For the purposes of this paragraph 15 a person is treated as **“interested”** in securities if he or she has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as **“interested”** in securities if:

- (i) he or she owns them;
- (ii) he or she has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
- (iii) by virtue of any agreement to purchase, option or derivative, he or she: (a) has the right or option to acquire them or call for their delivery, or (b) 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) he or she is party to any derivative: (a) whose value is determined by reference to their price; and (b) which results, or may result, in his having a long position in them.

There is no agreement or arrangement or understanding by which the beneficial ownership of any ordinary shares acquired by the Company pursuant to the Buyback Authority will be transferred to any other person. Such shares will, in accordance with the Act, either be held in treasury up to the amounts permitted to be held in treasury by the Act, or be cancelled and the issued share capital of the Company reduced by the nominal amount of those ordinary shares so purchased.

### 16. Consent

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

### 17. Documents available for inspection

The following documents are available for inspection during normal business hours at the registered office of the Company on any Business Day from the date of this document until the date of the AGM and may also be inspected at the AGM venue for 15 minutes prior to and during the meeting:

- (a) the articles of association of the Company;
- (b) copies of the Executive Directors’ service contracts with the Company;
- (c) copies of the Non-Executive Directors’ letters of appointment;
- (d) the consent letter from Numis referenced at paragraph 16 of this Appendix 2;
- (e) the Annual Report; and
- (f) this document.

With the exception of items (b) and (c) above, copies of these documents will also be available on the Company’s website (<http://ao.com/corporate>).

Copies of the following documents are available on the Company’s website at <http://ao.com/corporate>, and a hard copy is available on request from the Company Secretary at AO Park, 5a The Parklands, Lostock, Bolton, BL6 4SD:

- (a) the audited consolidated accounts of the Company for the financial year ended 31 March 2016; and
- (b) the audited consolidated accounts of the Company for the financial year ended 31 March 2015.

### 18. Information incorporated by reference

The table below sets out the various sections of those documents which are incorporated by reference into this document, so as to provide the information required pursuant to the Takeover Code. These documents will also be available at the Company’s website, <http://ao.com/corporate>, from the date of this document and available for inspection as set out at paragraph 17 above.

Document	Section	Page number in such document
2017 Annual Report and Accounts	Strategic Report	20 to 29
	Corporate Governance Statement – Board of Directors	54 and 55
	Directors’ Remuneration Report	17, 67 to 80

Any shareholder, person with information rights or other person to whom this document is sent may request a copy of each of the documents set out above in hard copy form. Hard copies will only be sent where valid requests are received from such persons. Requests for hard copies are to be submitted to the Company's Registrars, Capita Asset Services, by calling 0871 664 0300. Calls to this number cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am and 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Requests can also be made in writing to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. All valid requests will be dealt with as soon as possible and hard copies mailed no later than two Business Days following such request.

The documents incorporated by reference into this document have been incorporated in compliance with Rule 24.15 of the Takeover Code.



**AO World Plc**  
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5A The Parklands  
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Bolton BL6 4SD