

Howden Joinery

Employee Share Plans Guide

*Long Term Incentive Plan:
Conditional Share Award*

(updated March 2014)



HOWDENS JOINERY CO. | MAKING SPACE MORE VALUABLE

Share Plans Guide

The purpose of this guide is to provide you with enough information to make an informed decision about your share award so that you can manage it in a way that best suits you. We cannot offer financial advice and it is up to you if and when you decide to sell your shares. However, we can inform you how to monitor and sell your shares and explain some of the aspects of share ownership.

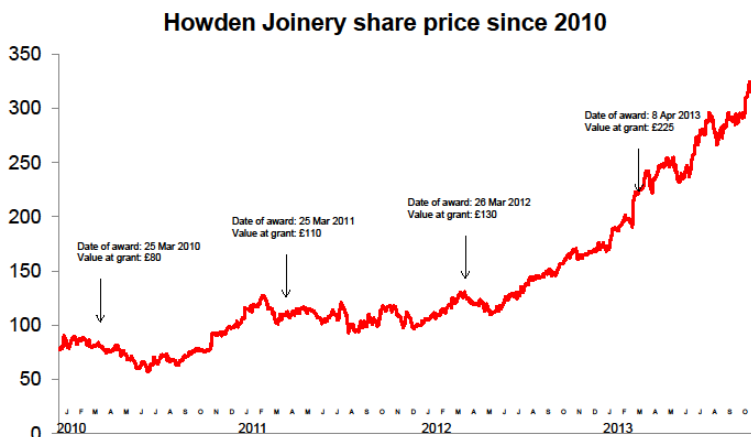
We have also set out an overview of the award process, relevant contact details and information in relation to the tax treatment of your award.

We know that there is a lot of jargon used with shares and share plans so we have included a glossary at the back of this guide to help explain any terms with which you are not familiar. Any words in *italics* can be found in the glossary.

Introduction

As an employee of the Howden Joinery Group you may be periodically *granted* share awards which entitle you to receive shares in the *Company* (*Howden Joinery Group plc – the ‘Company’*). When your share awards *vest*, the shares become your property and as such are yours to do with as you please.

If you choose to retain your shares, you will be a part-owner of Howdens and as a result, you will share in the success of the *Company*. You could benefit from capital growth* (an increase in share price) and you will be entitled to *dividends*, as and when they are paid.



You will also be entitled to vote at *General Meetings* of the *Company*, including the *Annual General Meeting*.

As the owner of the shares, once your award has *vested*, you are also entitled to sell your shares at any time!

* Share prices can go down as well as up

Share award process

Whenever the *Company grants* a new share award you will receive a letter from the Company Secretary notifying you that a share award has been made. Importantly the letter will set out any conditions attached to the award.

The sole performance condition for the Conditional Share Award is a period of continuous service from the *date of grant*, generally three years. At the end of the performance period, the award will *vest* and you will receive your award.

As part of your share award documentation you will also receive an *award certificate* which is evidence that the award has been made to you, so you will need to keep this in a safe place! Please note that the *award certificate* is different from a *share certificate*. The *award certificate* is evidence that the award has been made, whilst the *share certificate* is evidence of ownership of the shares. As described above, you do not actually own the shares until the conditions attached to the award have been met.

If, for whatever reason you do not want to receive the share award, you will need to contact the Company Secretarial team in writing (letter or email) within 30 days of the *date of grant* and they will ensure that you do not receive it.

Share award conditions and receiving your award

As stated above, the only condition attached to the Conditional Share Award is that you must remain continuously employed with the *Company* for a period of three years from the *date of grant*. Once this condition has been satisfied, the award *vests*. This means that the 2010 award *vested* in 2013, the 2011 award will *vest* in 2014, etc. Once your award has *vested* you will be able to sell, transfer or retain your shares as you see fit.

Once the award has *vested*, the shares are your property. This means that you will keep these shares even if your employment ceases. Like most other kind of property it will transfer to your next of

kin (or whoever else you may determine in your will) in the event of your death.

You should be aware that if you sell your shares, it does not prevent you from receiving any future awards, nor will you be treated any differently by the *Company* for doing so.

Vesting

The *Company* will send you a letter about a month before the award is due to *vest* so that you can decide what to do with your award.

You have two choices prior to the share award *vesting*:

1. Do nothing! If you want to keep hold of your shares, the *Company* and *Share Plan Administrator* will take care of everything. On the *vesting date* a portion of shares will be sold on your behalf to cover your tax liabilities (see 'Income Tax and other deductions' below) and your remaining shares will default into an online account (the '*Vested Share Account*' see below) so that you can view and sell your shares whenever you choose. If you want to receive a paper *share certificate* you will need to elect this option via your online account or you can request a postal form from the *Share Plan Administrator*.

OR

2. If you want to sell your shares as soon as possible, you can elect to do so before the *vesting date*. As above, a number of your shares will be sold to cover your tax liabilities. You will receive the proceeds after tax and other deductions have been paid. Instructions of how to do this will be included in the letter. Remember, you can sell your shares at any time after the *vesting date* even if you miss the deadline to sell on them on the first day they are available.

Income Tax and other deductions

Like your salary and bonus, your share award is subject to income tax and National Insurance deductions. This is out of the *Company's* control! Your award is also subject to a transaction fee when you sell your shares.

Prior to your award *vesting*, your Payroll team will calculate the total amount of PAYE and National Insurance withholding for which you are liable for and this will be settled by the sale of a proportion of your shares. Any under or overpayment of income tax will be reclaimed through monthly payroll. There is also likely to be a small residual amount from the shares sold to cover your PAYE and NICs which will also be returned to you via payroll.

After vesting: How to monitor share performance

Unless you have decided to take a paper *share certificate*, you can view and transact your shares online. You can view your share profile online at www.computershare.com/howdenjoineryshareplans.

You should have received instructions on how to log in to the site and a secure PIN when you first received a share award. If you have forgotten your PIN you can reset it by clicking on the 'Forgotten PIN' link. If however you have not received any letters, and think that you have received a share award, you will need to contact the *Share Plan Administrator*. They will be able to confirm whether you have been *granted* an award and will re-send any instruction letters if appropriate.

How to sell your shares

There are two ways you can sell your shares:

1. Go online. If your award has *vested* and your shares are available to sell, they will be in your *Vested Share Account*. Follow the instructions above to log in and view the share plans site. Select 'Transact' next to your holding to sell your shares.

2. You can also request a paper exercise instruction form from the *Share Plan Administrator* over the telephone on **0870 707 1148**. Try and make sure you have your unique user number to hand when you call them.

Whether you sell your shares online or by instructing the *Share Plan Administrator*, the money from the sale of your shares will be transferred into your bank account within 4 working days of the sale being made.

The Vested Share Account (VSA)

When your share award *vests* and the appropriate deductions have been made, your remaining shares (unless you have already elected to sell, see above) will be transferred into a nominee account called the *Vested Share Account* or *VSA*.

Whilst this means that your shares are not held in your name on the *share register*, this does not affect your ownership of the shares and they remain in your control.

There are several benefits of having your shares in a nominee account:

- you do not need a paper *share certificate*;
- you can trade your shares online; and
- your details will not appear on the *Company's share register* (which is available for public inspection).

The *VSA* is run by the *Company's Share Plan Administrator*, Computershare, and is free of charge for all employees to use. However, should you still want to receive a paper *share certificate*, you can request one. If you do this you will automatically leave the *VSA*, but will be reinstated to it each time a new share award *vests* (unless you instruct the *share plan administrator* in advance). You should also be aware that the free use of the *VSA* does not include any transaction fees which are still payable by you.

Lapse: Why may I not receive my shares?

In certain circumstances, your award may *lapse* and you will not receive your shares.

In most cases this will be because you are no longer employed by Howdens and therefore not fulfilled the *performance criteria* of the award, which is that you must have been continuously employed by Howdens for a period of 3 years from the *date of grant*.

Another reason that would prompt your award to *lapse* would be if you become insolvent during the performance period. However, all of the reasons why your award may *lapse* are set out in the Plan rules which are available online or upon request from the *Company* Secretarial team.

“Good leaver/bad leaver”

If you leave the *Company* before the end of the performance period you will be classed as either a “good leaver” or “bad leaver”. Good leavers are generally (although not limited to) individuals who have retired, left due to ill-health, have been made redundant or who have died. If you are a “good leaver”, you will generally still receive your share award.

If you are a “bad leaver”, your share awards will *lapse* in full. Resignation is classed as a “bad leaver”. Your status will be confirmed by your local HR team.

These are defined terms set out in the Plan rules and if you are unsure as to which category you fall into then you should check the rules or contact your local HR team.

Plan Rules

Conditional Share Awards are made under the *Long Term Incentive Plan ('the Plan')* and are governed by the rules attached to the Plan. The Plan rules are available on the Online Share Plan Facility (described later) or upon request from the Company Secretarial team, whose contact details are set out at the back of this guide.

Disclaimer

PLEASE NOTE: The share plan does not form part of any contract of employment between you and any Group Company. You have no right to be made an Award and the receipt of an Award in one year is no indication that you will be made any subsequent Awards. Awards do not form any part of your remuneration or count as your remuneration for any purpose and it is not be pensionable. If you cease to be employed within the Group, you shall not be entitled to compensation for the loss of any right or benefit or prospective right or benefit under the Plan.



Contact Details



PHONE:
0870 707 1148

WEBSITE:
www.computershare.com/howdenjoineryshareplans

EMAIL:
HowdenJoinery@computershare.co.uk



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JOINERY CO.

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Howden Joinery, Company Secretarial Team

Forbes McNaughton, Deputy Company Secretary

PHONE:
0207 535 1137
EMAIL:
forbes.mcnaughton@howdens.com

Fiona Hopkins, Company Secretarial Assistant

PHONE:
0207 535 1147
EMAIL:
fiona.hopkins@howdens.com

Glossary

<i>Annual General Meeting</i>	the <i>Company</i> holds an Annual General Meeting (AGM) each year at which certain statutory and governance requirements are met. The AGM is also a forum for shareholders to meet with and question the Board of Directors. Any other shareholder meeting is defined as a General Meeting.
<i>Award certificate</i>	the certificate you will receive when a share award has been <i>granted</i> . This should be kept in a safe place as it is your evidence that the award has been made to you. However, this is not a <i>share certificate</i> and is not evidence of any proprietary rights.
the <i>Company</i>	Howden Joinery Group Plc (no. 02128710), a company listed on the London Stock Exchange.
(Date of) <i>grant</i>	the date on which the award is made. This is different from the <i>vesting</i> date (see below).
<i>Dividend(s)</i>	an amount paid, usually in cash, per share to owners of the shares on a particular date.
<i>Lapse(d)</i>	when your award is cancelled it is said to have <i>lapsed</i> .
<i>Performance criteria</i>	in the case of the Conditional Share Award, the period of continuous employment from the date of <i>grant</i> .

<i>Share certificate</i>	this certificate is evidence that you own shares in the <i>Company</i> . You should keep this in a safe place as you will need this to sell or transfer your shares. If you lose your share certificate you will need to contact the Registrar who will be able to send you an indemnity and replacement share certificate but there will be a cost for the replacement documents which you will have to pay.
<i>Share Plan Administrator</i>	the <i>Company</i> engages a specialist company to take care of all of the share plan administration. They are your first port of call if you have any queries about your shares.
<i>Share register</i>	the <i>Company's</i> official list of shareholders.
<i>Vesting date/vest</i>	the date the shares under the award come under the ownership of the employee. The employee cannot sell or transfer any shares under award before this date. An award will only vest if the performance criteria are satisfied.

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