

# John Lewis Of Hunger New Long Term Incentive Plan

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John Lewis Of Hungerford PLC  
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## John Lewis of Hungerford

### New Long Term Incentive Plan

John Lewis of Hungerford plc ("the Company") announces that it has introduced a new long term incentive plan ("LTIP") to strengthen its ability to attract and retain key senior executives through ensuring participants receive competitive incentives which align their interests with those of the Company's shareholders.

Participation in the LTIP will be at the discretion of the Remuneration Committee with awards being based on a percentage of the participant's base annual salary at the date the recommendation is made. Awards will give participants a right to receive up to a specified maximum number of shares in the Company subject to achievement of a performance target or targets to be determined by the Remuneration Committee. The awards will vest early under certain other circumstances, including in the event of a change of control in the Company. The awards will be made in the form of options to acquire shares at a price of 0.1p per share.

The following awards were granted yesterday pursuant to the LTIP ("Initial Awards"):

Director	Number of awards
Kiran Noonan	5,000,000
Jon Rosby	5,946,333
Karen Stanley	4,041,067
Damian Walters	4,666,667
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	19,654,067
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The Remuneration Committee has determined that in each case the vesting of these awards should be conditional upon the following performance conditions:

- 40% of the awards will vest provided turnover in the financial year ending 31 August 2016 ("Performance Period") is greater than £10million. The percentage vesting in this component of the award will be determined on a straight-line sliding scale if turnover is between £8 million and £10 million and will be zero if it is less than £8 million;
- 60% of the awards will vest provided profit on ordinary activities before taxation ("Profit") for the Performance Period is more than £500,000. The percentage of shares vesting in this component of the award will be determined on a straight-line sliding scale if Profit is between £300,000 and £500,000; and

- The Initial Awards will lapse if Profit for the Performance Period is less than £300,000.

The plan is subject to an overall limit on the number of awards that may be made under it. This provides that in any ten-year period not more than 15% in aggregate of the issued ordinary shares of the Company may be issued to satisfy awards granted under the LTIP and any other share incentive arrangements adopted by the Company. In view of existing option schemes operated by the Company the grant of the Initial Awards would breach this limit.

In light of this the Company's founder and largest shareholder, John Lewis, a non-executive director of the Company, has personally contributed to the Initial Awards through the grant of options over existing shares held by him. Accordingly the Initial Awards shall comprise 13,214,143 awards issued by the Company and 6,439,924 awards issued personally by Mr Lewis over shares already in issue. The proportion contributed by Mr Lewis to the awards made to each director shown above is the same in each case. To the extent that the Initial Awards vest in accordance with the performance conditions they shall derive first, in each case, from the awards made by the Company and only if that award is fully vested will the balance be satisfied from the awards granted by Mr Lewis.

In addition the Company announces that Jon Rosby (an executive director of the Company) has waived 3,300,000 existing options over ordinary shares granted to him on 22 March 2007.

Malcolm Hepworth, Chairman, commented:

"We view this as an important step in securing our senior leadership team who have driven the business forward in recent years. We are grateful to John Lewis for his assistance in enabling us to launch the scheme, the benefit of which will be felt by all shareholders."

ENDS

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