

Mr Nicholas Wrigley  
Chairman  
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Dear Mr Wrigley,

Persimmon Long Term Incentive Plan

Thank you for your letter of the 21<sup>st</sup> January. We appreciate the courteousness of your reply to our enquiries, but having given it careful study have come to the unfortunate conclusion that our concerns remain unaddressed. We are particularly concerned that you have not offered any explanation for constructing the scheme in such a way that targets can be met by the use of distributable reserves already earned, plus cash and other assets already created, for all of which due remuneration has presumably already been paid; nor have you provided any serious response to the analysis demonstrating the lack of challenge in the scheme.

In short, you have not given us any reason to depart from our original conclusion that *"this is not an Incentive Plan but a staged and accelerating compensation arrangement, structured and presented to conceal its quantum, that is irrelevant to wealth creation, offers no incentive that is valuable to shareholders and has no concern with the long term future of the company."*

On the face of it, either too little was understood about the true nature of this scheme by the board when it decided to seek shareholders' approval, or the time given to shareholders to consider the scheme was too short, or possibly both. The fact that your major shareholders have approved the scheme without receiving any information other than that which was published certainly suggests the latter. This is something to be taken up with them, which we are in the process of doing, as this appears to be a failure of the FRC's Stewardship Code to which a number of them are signed up.

Yours sincerely,

John Hunter  
UKSA Policy Group

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