

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice from a stockbroker, bank manager, solicitor, accountant, or other financial adviser authorised under the UK Financial Services and Markets Act 2000. If you are outside the UK, you should immediately consult an appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Coats Group plc shares or CHESSESS depository interests (CDIs), 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.



(Incorporated and registered in England & Wales with registered number 00103548)

Notice of Annual General Meeting

to be held on Wednesday 18 May 2016 at 10:00 a.m.
at FTI Consulting, 200 Aldersgate, Aldersgate Street, London,
EC1A 4HD, UK

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 to the Company's registrar at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ (for UK registered members), Computershare Investor Services Limited, Private Bag 92119, Auckland 1142 (for New Zealand registered members) and Computershare Investor Services Pty Limited, GPO Box 3329, Melbourne VIC 3001 (for Australian registered members) as soon as possible but in any event so as to arrive not later than 10:00 a.m. London time on Monday 16 May (for UK registered members), 9:00 p.m. Auckland time on Monday 16 May (for New Zealand registered members) and 7:00 p.m. Sydney time on Monday 16 May (for Australian registered members).

All references to times in this document are to London, British Summer Time, unless otherwise indicated.

LETTER FROM THE CHAIRMAN OF COATS GROUP PLC

(Incorporated and registered in England & Wales with registered number 00103548)

1 The Square
Stockley Park
Uxbridge
Middlesex
UB11 1TD

8 April 2016

Dear Shareholder

Notice of Annual General Meeting

I am pleased to be writing to you with details of our Annual General Meeting (**AGM**) which we are holding at 10:00 a.m. on Wednesday 18 May 2016 at FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD, UK. The formal notice of AGM is set out on pages 7 to 9 of this document.

The past year has been one of significant progress, even for a company with a heritage as long as ours. In February 2015, we established Coats Group plc as a standalone, listed entity. All major investments apart from the Coats business have been sold, culminating in the Company changing its name from Guinness Peat Group to Coats Group. We are now a UK-headquartered, global industrial manufacturing business with a new role and direction as a publicly traded company with FTSE 250 ambitions.

If you would like to vote on the resolutions but cannot attend the AGM, you can appoint a proxy to exercise all or any of your rights to attend, vote and speak at the AGM by using one of the methods set out in the notes to the Notice of AGM on pages 10 to 12 of this document.

The purpose of this letter is to explain certain elements of the business to be considered at the AGM. Resolutions 1 to 13 inclusive and Resolution 17 will be proposed as Ordinary Resolutions and Resolutions 14 to 16 will be proposed as Special Resolutions.

Resolution 1 – To receive the Annual Report and Accounts

The Directors are required by the UK Companies Act 2006 (the **UK Companies Act**) to present to the shareholders of the Company at a general meeting the reports of the Directors and Auditor, and the audited financial statements of the Company, for the year ended 31 December 2015. The reports of the Directors and the audited financial statements have been approved by the Directors, and the report of the Auditor has been approved by the Auditor, and a copy of each of these documents may be found in the Annual Report 2015, starting at page 37, which was published on www.coats.com on 10 March 2016.

Resolution 2 – Directors’ remuneration report

Resolution 2 is an Ordinary Resolution to approve the Directors’ remuneration report. In accordance with the provisions of the UK Companies Act, the Directors’ remuneration report in the Annual Report 2015 contains:

- the annual statement by David Gosnell, Chairman of the Company’s Remuneration Committee; and
- the annual report on remuneration, which sets out the remuneration paid to the Company’s Directors in the financial year ending 31 December 2015.

The Directors’ remuneration report is set out in full in the Annual Report 2015 on pages 48 to 61.

The statement by the Remuneration Committee Chairman and the annual report on remuneration will, as in the past, be put to an advisory shareholder vote which does not affect the future remuneration paid to any Director.

Shareholders approved the Directors’ remuneration policy in relation to future payments to the Directors and former Directors at the AGM in 2014 and it remains unchanged this year. If the Directors’ remuneration policy remains unchanged, the UK Companies Act requires the Company to put the remuneration policy to shareholders again no later than 31 December 2017. For ease of reference, the Directors’ remuneration policy has been included in the Directors’ remuneration report but does not form part of the Directors’ remuneration report for the purposes of Resolution 2.

Resolutions 3 to 10 – Re-election of Directors

Resolutions 3 to 10 deal with the re-election of the Directors. In accordance with the provisions of the UK Corporate Governance Code (the **Code**) and the Company’s Articles of Association, all Directors will submit themselves for re-election at the AGM. Further information on the Board, including the roles of the Directors, can be found in the corporate governance report on pages 34 to 65 of the Annual Report 2015.

All Non-Executive Directors are considered by the board to be independent in accordance with the criteria set out in the Code. The Chairman was independent on appointment.

A summary of the skills and experience of each of the Directors seeking re-election can be found in Appendix 1 on page 13 of this document.

Resolutions 11 and 12 – Reappointment of Auditor and Auditor’s Remuneration

The UK Companies Act requires that an Auditor be appointed at each General Meeting at which accounts are laid, to hold office until the next such meeting. Resolution 11 seeks shareholder approval for the reappointment of Deloitte LLP. The Audit and Risk Committee keeps under review the independence and objectivity of the external Auditor, further information on which can be found in the Annual Report 2015 on pages 43 to 46. After considering relevant information, the Audit and Risk Committee recommended to the Board of Directors that Deloitte LLP be reappointed.

Resolution 12 gives the Directors the authority to determine the remuneration of the Auditor for the audit work to be carried out by them in the next financial year. The amount of the remuneration paid to the Auditor for the next financial year will be disclosed in the next audited accounts of the Company.

Resolution 13 – Allotment of share capital

The UK Companies Act provides that the Directors are not permitted to allot shares (or other relevant securities such as rights to subscribe for, or convert securities into, ordinary shares) unless they are authorised to do so by the Company’s shareholders in a General Meeting. This Resolution will, if passed, renew the Directors’ authority (given by shareholders at the AGM in 2015) to allot shares and other relevant securities up to the maximum amount set out in the Resolution, and is consistent with the level commonly proposed by other UK listed companies.

At the last AGM of the Company held on 21 May 2015, the Directors were given authority to allot shares in the capital of the Company up to a maximum nominal amount of £23,460,205 representing approximately one third of the Company's then issued ordinary share capital. This authority expires at the end of this year's AGM. Resolution 13 will, if passed, renew this authority to allot, on the same terms as last year's resolution.

The figure of £23,460,205 remains approximately one third of the current issued share capital of the Company as at 4 April 2016 (being the latest practicable date before publication of this document). The Company does not hold any shares in treasury. The authority will expire on 30 June 2017 or at the conclusion of the AGM of the Company in 2017, whichever is the earlier.

The Directors have no present intention of allotting new shares except in connection with the employee share option schemes. However passing this Resolution will ensure that the Directors continue to have the flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares.

Resolution 14 – Disapplication of statutory pre-emption rights

This Resolution is to enable the Directors to allot shares pursuant to the authority granted under Resolution 13 either for a rights issue or other offer of securities to existing shareholders or (up to the specified amount) for cash without first offering them to existing shareholders exactly in proportion to their existing shareholdings (which would otherwise be required under UK statutory pre-emption rights contained in the UK Companies Act). This Resolution, if passed, will renew the Directors' authority (given by shareholders at the AGM in 2015) to allot shares and other equity securities for cash, in appropriate circumstances, subject to the maximum amount set out in the Resolution, and is consistent with the level commonly proposed by other UK listed companies. The maximum amount is 5% of the issued share capital as at 4 April 2016 (being the latest practicable date before publication of this document).

The Directors confirm their intention to follow the provisions of the Pre-emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period. The Principles provide that companies should not 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, without prior consultation with shareholders.

If passed, this authority will expire on 30 June 2017 or at the conclusion of the AGM of the Company in 2017, whichever is the earlier.

Resolution 15 – Authority to purchase own shares

This Resolution gives the Company general authority to buy back its own shares in the market as permitted by the UK Companies Act. The authority limits the number of shares that could be purchased to a maximum of 140,761,228 (representing approximately 10% of the Company's issued shares as at 4 April 2016 (the latest practicable date prior to publication of this document)). This Resolution also sets minimum and maximum prices in accordance with the UK Listing Rules.

The authority granted pursuant to Resolution 15 will expire on 30 June 2017 or at the conclusion of the AGM of the Company in 2017, whichever is the earlier.

UK listed companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. If Resolution 15 is passed at the AGM, and the Company buys back its own shares, it is the Company's current intention to cancel all of the shares it may purchase pursuant to the authority granted to it. However, in order to respond properly to the Company's capital requirements and prevailing market conditions, the Directors will 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.

The Board is focused on achieving a strategy which will involve capital management initiatives as the Group's cash flows, continuing obligations to the Group's on-going pension schemes and liabilities permit. Passing this resolution allows the directors the flexibility to act in the best interests of shareholders when opportunities arise. This may result in an exercise of the authority to purchase the Company's ordinary shares if the Board considers this to be in the best interests of the shareholders as a whole.

The total number of options that are outstanding under the Coats Group plc share option schemes are 28,706,029 as at the close of business on 4 April 2016 (being the latest practicable date prior to the publication of this document). These options equate to 2.04% of the issued share capital of the Company.

If the authority to purchase the Company's ordinary shares being sought in Resolution 15 and the existing authority to purchase shares taken at last year's AGM (which expires at the end of this year's AGM) were to be exercised in full, these options would represent 2.71% of the Company's issued share capital (excluding treasury shares).

As previously notified to shareholders, the Company will look to support its share-based long term incentives programme by funding an employee benefit trust to buy shares in the open market. As the employee benefit trust is an independent entity outside of the Company's group, it will not be relying on this authority when purchasing shares.

Resolution 16 – Length of notice of meeting

Resolution 16 is a resolution to allow the Company to hold General Meetings (other than AGMs) on 14 clear days' notice.

The minimum notice period for general meetings of listed companies is 21 clear days, but companies may reduce this period to 14 clear 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 clear days to 14 clear days.

The Board is therefore proposing Resolution 16 as a Special Resolution to approve 14 clear 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.

Resolution 17 – Delisting from NZX

On 17 November 2015, the Board of the Company announced its intention to delist the Company's shares from both the NZX Main Board (**NZX**) and the Australian Securities Exchange (**ASX**). NZX Limited has approved the delisting from NZX, and ASX Limited has approved the delisting from ASX, in each case subject to conditions.

One condition NZX Limited has imposed on delisting from NZX is a requirement for shareholder approval of the delisting by ordinary resolution. This is the resolution proposed as Resolution 17. Further information on the proposed delistings, and the implications of Resolution 17, are set out in Appendix 2. Note that ASX has not required shareholder approval as a condition of delisting from ASX. The ASX delisting is intended to proceed even if shareholder approval of the NZX delisting is not obtained.

Recommendation

The Board considers the Resolutions will promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the Resolutions as they intend to do in respect of their own holdings which amount in aggregate to 3,862,408 shares representing approximately 0.27% of the existing issued ordinary shares of the Company (excluding treasury shares).

Voting on all Resolutions at the AGM will be by way of a poll. Voting procedures will be explained at the AGM.

Yours sincerely

Mike Clasper

Chairman

Coats Group plc

8 April 2016

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting of Coats Group plc (the **Company**) will be held on Wednesday 18 May 2016 at FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD, UK at 10:00 a.m. to consider and, if thought fit, to pass the following Resolutions of which Resolutions 1 to 13 inclusive and 17 will be proposed as Ordinary Resolutions and Resolutions 14 to 16 inclusive will be proposed as Special Resolutions:

Resolution 1

To receive the Accounts and Reports of the Directors and the Auditor for the year ended 31 December 2015.

Resolution 2

To approve the Directors' remuneration report (other than the Directors' remuneration policy) for the year ended 31 December 2015.

Resolution 3

To re-elect Mike Allen as a Director.

Resolution 4

To re-elect Ruth Anderson as a Director.

Resolution 5

To re-elect Nicholas Bull as a Director.

Resolution 6

To re-elect Mike Clasper as a Director.

Resolution 7

To re-elect Paul Forman as a Director.

Resolution 8

To re-elect David Gosnell as a Director.

Resolution 9

To re-elect Alan Rosling as a Director.

Resolution 10

To re-elect Rajiv Sharma as a Director.

Resolution 11

To re-appoint Deloitte LLP as Auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

Resolution 12

To authorise the Directors to fix the remuneration of the Auditor.

Resolution 13

That the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the UK Companies Act to exercise all 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 (**Rights**) up to an aggregate nominal amount of £23,460,205 provided that this authority shall expire (unless previously varied as to duration, revoked or renewed by the Company in General Meeting) on 30 June 2017 or at the conclusion of the AGM of the Company in 2017, whichever is the earlier, 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 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.

Resolution 14

That the Directors be and they are hereby empowered pursuant to section 570 and section 573 of the UK Companies Act to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the authority conferred by Resolution 13 above, or by way of sale of treasury shares as if section 561(1) of the UK Companies Act did not apply to any such allotment provided that this power shall be limited to:

- (i) the allotment or sale of equity securities in connection with an offer of securities in favour of the holders of ordinary shares on the register of members at such record date as the Directors of the Company may determine and other persons entitled to participate therein, in any or all jurisdictions where equity securities are listed on any recognised stock exchange, 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 the record date of such allotment or sale. This is subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or the 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
- (ii) the allotment or sale (otherwise than pursuant to sub-paragraph (i) above) to any person or persons of equity securities for cash up to an aggregate nominal value not exceeding £3,519,030.

Such power, unless renewed or otherwise varied by the Company in General Meeting, shall expire upon the expiry of the general authority conferred by Resolution 13 above, save that the Company may make an offer or agreement before this power has expired, which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot or sell equity securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired. Any earlier power of the Directors to allot equity securities as aforesaid be and is hereby revoked.

Resolution 15

That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the UK Companies Act) of its own ordinary shares of 5 pence each in the capital of the Company on such terms and in such manner as the Directors may from time to time determine, provided that:

- (i) the maximum number of ordinary shares hereby authorised to be acquired is 140,761,228;
- (ii) the minimum price (exclusive of associated expenses) which may be paid for any such ordinary share shall not be less than the nominal value of such share;
- (iii) the maximum price which may be paid for any such ordinary share shall be the higher of: (a) the 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 (exclusive of associated expenses); and (b) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out;
- (iv) unless previously renewed, revoked or varied by the Company in General Meeting, the authority conferred by this resolution shall expire on 30 June 2017 or the date of the next AGM of the Company, whichever is earlier; and
- (v) the Company may contract to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may purchase its ordinary shares in pursuance of any such contract.

Resolution 16

That a General Meeting, other than an AGM of the Company, may be called on not less than 14 clear days' notice.

Resolution 17

That the cessation of the Company's listing with NZX Limited, and cessation of quotation of the Company's ordinary shares on the NZX Main Board, is approved.

REGISTERED OFFICE

1 The Square

Stockley Park

Uxbridge

Middlesex

UB11 1TD

Registered Number 00103548

BY ORDER OF THE BOARD

Stuart Morgan

Company Secretary

8 April 2016

Notes to Notice of Annual General Meeting

1. The venue for the 2016 AGM is FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD, UK.
2. A member who is an individual is entitled to attend, speak and vote at the meeting or to appoint another person (who need not be a member of the Company) as his proxy to exercise all or any of his rights to attend, speak and vote at the meeting on his behalf. Further details of how to appoint a proxy, and the rights of proxies, are given in the paragraphs below. A member that is a company can appoint one or more corporate representatives (such as a director or employee of the company) whose attendance at the meeting is treated as if the company were attending in person. In accordance with the provisions of the UK Companies Act 2006 (the **UK Companies Act**), each such representative may exercise (on behalf of the Company) the same powers as the company could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same ordinary shares. It is no longer necessary to nominate a designated corporate representative. A member that is a company may also appoint one or more persons as its proxy to exercise all or any of its rights on its behalf. In each case, a person attending the meeting will need to provide the Company or its registrars, Computershare Investor Services PLC (for UK registered members), Computershare Investor Services Limited (for New Zealand registered members) and Computershare Investor Services Pty Limited (for Australian registered members) with evidence of their identity and, if applicable, their appointment as a proxy or corporate representative with authority to vote on behalf of a member.
3. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. Your proxy could be the Chairman, another Director of the Company or another person who has agreed to represent you. Your proxy must vote as you instruct and must attend the meeting for your vote to be counted. To appoint a proxy or proxies, shareholders must complete: (a) a form of proxy, sign it and return it, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such authority, to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ (for UK registered members), Computershare Investor Services Limited, Private Bag 92119, Auckland 1142 (for New Zealand registered members) and Computershare Investor Services Pty Limited, GPO Box 3329, Melbourne VIC 3001 (for Australian registered members); or (b) a CREST Proxy Instruction (for UK registered members) (as set out in paragraph 19 below), in each case so that it is received no later than 10:00 a.m. London time on 16 May 2016, 9:00 p.m. Auckland time on 16 May 2016 (for New Zealand registered members) and 7:00p.m. Sydney time on Monday 16 May (for Australian registered members). To appoint more than one proxy, you will need to complete a separate form of proxy in relation to each appointment. Forms of proxy for use in connection with the AGM are enclosed with this document. If you do not have a form of proxy and believe that you should, please contact the Company's registrars, Computershare Investor Services PLC on 0870 707 1022 (for UK registered members), Computershare Investor Services Limited on 09 488 8777 (for New Zealand registered members) and Computershare Investor Services Pty Limited on 03 9415 4083 (for Australian registered members) or at any of the registrar addresses stated above.
4. The Chairman intends to vote any undirected proxies given to him in favour of all the Resolutions set out in this Notice and will vote such undirected proxies as he thinks fit on any matters or motions before the meeting.
5. You will need to state clearly on each form of proxy the number of ordinary shares in relation to which the proxy is appointed. A failure to specify the number of ordinary shares each proxy appointment relates to or specifying a number of ordinary shares in excess of those held by the member will result in the proxy appointment being invalid.
6. The return of a completed form of proxy or any CREST Proxy Instruction (for UK registered members) (as described in paragraph 19 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

8. Any person to whom this Notice is sent who is a person nominated under section 146 of the UK Companies Act to enjoy information rights (a **Nominated Person**) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 2, 3 and 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
10. Copies of (i) the Directors' engagement letters; (ii) indemnities in favour of each of the Directors of the Company; and (iii) the Articles of Association of the Company will each be available for inspection at the offices of the Company at 1 The Square, Stockley Park, Uxbridge, Middlesex, UB11 1TD during normal business hours any week day (Saturdays, Sundays and UK public holidays excepted) from the date of this document until 18 May 2016 (being the date of the 2016 AGM) and at the venue of the 2016 AGM from 15 minutes before the start of the meeting until the end of the meeting.
11. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and the UK Companies Act, the Company gives notice that only those shareholders included in the register of members of the Company at 6:00 p.m. (London time) on 16 May 2016 or, if the meeting is adjourned, in the register of members at 6:00 p.m. (London time) on the day which is two days before the day of any adjourned meeting, will be entitled to attend and to vote at the AGM in respect of the number of ordinary shares registered in their names at that time. Changes to entries on the share register after 6:00 p.m. (London time) on 16 May 2016, or, if the meeting is adjourned, in the register of members at 6:00 p.m. (London time) on the day which is two days before the day of any adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the AGM.
12. As at 9:00 a.m. on 4 April 2016 (London time) being the latest practicable date prior to the publication of this Notice, the Company had 1,407,612,282 ordinary shares in issue, carrying one vote each. Therefore the total voting rights in the Company are 1,407,612,282. The Company does not hold any ordinary shares as treasury shares.
13. Under section 527 of the UK Companies Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) 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 (ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the UK Companies Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the UK Companies Act. Where the Company is required to place a statement on a website under section 527 of the UK Companies Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the UK Companies Act to publish on a website.
14. Any member attending the meeting has the right to ask questions. The Company must answer any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. You may not use any electronic address provided in this Notice, or any related documents including the proxy form, to communicate with the Company for any purposes other than those expressly stated.

16. The contents of this Notice, details of the total number of ordinary shares in respect of which members are entitled to exercise voting rights at the meeting, details of the totals of the voting rights that members are entitled to exercise at the meeting 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 at: www.coats.com/agm16.
17. Voting on all Resolutions will be conducted by way of a poll. As soon as practicable following the AGM, the results of the voting at the meeting 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 at: www.coats.com/investors.

For UK registered members only

18. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) of the meeting by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a 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.
19. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 Company's agent (ID: 3RA50) by the latest time for receipt of proxy appointments set out in paragraph 3 above. 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 Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. The Company may treat as invalid any CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
20. CREST members and, where applicable, their CREST sponsors, or voting service provider should note that Euroclear UK & Ireland Limited 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 any 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.

APPENDIX 1

Biographical information on Directors seeking re-election

Mike Allen

Independent Non-Executive Director

Mike has over 25 years' experience in investment banking and general management, both in New Zealand and the UK. He is a Deputy Chairman of Watercare Services Ltd, Godfrey Hirst NZ Ltd and Tainui Group Holdings Ltd and an Independent Non-Executive Director at China Construction Bank (New Zealand) Ltd. Mike was previously Chairman of PGG Wrightson Finance and held various senior roles at Southpac Corporation and Westpac in New Zealand.

Appointed: September 2010

Committee member: Nomination, Remuneration

Ruth Anderson

Independent Non-Executive Director

Ruth joined KPMG, the global accounting firm, as a student accountant and retired from the firm 33 years later in 2009 as a Partner and UK Vice Chairman. She is currently a Non-Executive Director and Chairman of the audit committee at Ocado Group plc and at Travis Perkins plc, both of which are UK listed companies. Ruth is also a director of The Royal Parks, which manages London's eight royal parks. She is also a Trustee and Director of the Duke of Edinburgh's Award. Ruth is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Chartered Institute of Taxation and holds a degree in French and Spanish from the University of Bradford.

Appointed: April 2014 (previously appointed to Coats plc Board, January 2014)

Committee member: Audit and Risk (Chairman), Nomination

Nicholas Bull

Senior Independent Non-Executive Director

Nicholas has over 30 years' experience in global banking and, until the completion of its asset disposal programme in early 2015, was Chairman of De Vere, the hotel and leisure group. A qualified chartered accountant, Nicholas has worked at Morgan Grenfell (subsequently Deutsche Bank), Société Générale and ABN AMRO in London, Hong Kong, Singapore and Sydney. He is currently Senior Independent Director of Fidelity China Special Situations plc and was previously Chairman of the Advisory Board of City stockbroker, Westhouse Securities, and Smith's Corporate Advisory Limited. Nicholas is a trustee of the Design Museum and the Conran Foundation and a member of the Council of the University of Exeter. Nicholas has a BSc in Chemistry from the University of Exeter and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Appointed: April 2015

Committee member: Audit and Risk, Nomination

Mike Clasper

Chairman

Mike has over 35 years' experience in general management and marketing for global companies, with a particular focus on brands and business services. He is currently Chairman of Which? Ltd., is the Senior Independent Director at Serco Group plc and was Senior Independent Non-Executive Director of ITV plc. Mike is also President of The Chartered Management Institute. Mike has served as Chief Executive Officer of BAA plc, Chairman of HM Revenue & Customs, Operational Managing Director at Terra Firma, and also held a number of senior management positions at Procter & Gamble. He holds an MA in Engineering, St John's College, Cambridge.

Appointed: February 2014 (previously appointed to Coats plc Board, August 2013).

Committee member: Nomination

Paul Forman
Executive Director and Group Chief Executive

Paul joined Coats in November 2009 and became Group Chief Executive on 31 December 2009. Paul has wide experience in global manufacturing, as well as strategy consultancy and M&A advisory services. Before joining Coats he was Group Chief Executive of Low & Bonar PLC, a global performance materials group, quoted on the London Stock Exchange, and, prior to that, was MD at Unipart International, the leading European automotive aftermarket supplier. Paul has served as a Non-Executive Director at Brammer PLC from 2006 to 2010 and is a Non-Executive Director at Tate & Lyle plc. Paul holds an MA in English from Fitzwilliam College, Cambridge.

Appointed: March 2015 (previously appointed to Coats plc Board, December 2009)
Committee member: Nomination

David Gosnell
Independent Non-Executive Director

David has over 30 years' experience in supply and procurement strategy and execution. In December 2014, he retired from Diageo plc where he had most recently held the role of President of Global Supply and Procurement. He led a team of 9,000 people around the world across manufacturing, logistics and technical operations as well as managing Diageo's global procurement budget. Prior to joining Diageo, David spent 25 years at HJ Heinz in various operational roles. David is also currently Non-Executive Director of Brambles Ltd, the supply chain solutions provider and Chairman of Old Bushmills Distillery Company Ltd. He holds a BSc (Hons) in Electrical and Electronic Engineering from Middlesex University and has completed Supply Chain Manufacturing – Drive Operational Excellence at INSEAD (Singapore).

Appointed: March 2015 (previously appointed to Coats plc Board, February 2015)
Committee member: Audit and Risk, Nomination, Remuneration (Chairman)

Alan Rosling CBE
Independent Non-Executive Director

Alan has wide international business experience, especially in emerging markets, and has worked in diverse sectors including energy, branded goods, distribution, Government and banking. Alan chairs Griffin Growth Partners, a specialist strategic advisory firm that assists clients in developing and implementing winning strategies in India. He is also co-founder of Kiran Energy, a solar power developer based in Mumbai, a Director of Vyome Biosciences and a Senior Advisor to both Navam Capital and Apex Avalon Consulting Pte. Ltd. He was previously an Executive Director of Tata Sons, where his responsibility was internationalisation of the Tata Group. Earlier in his career Alan's positions included Chairman of the Jardine Matheson Group in India; Special Advisor to the British Prime Minister, The Rt. Hon. John Major MP; Strategy Development Director, United Distillers plc; Chief Executive, Piersons (a division of Courtaulds Textiles plc); and an investment banker with S.G. Warburg & Co Ltd. Alan was educated at Downing College, Cambridge, and the Harvard Business School. He was made an OBE in 1994 and a CBE in 2014.

Appointed: March 2015 (previously appointed to Coats plc Board, October 2011)
Committee member: Audit and Risk, Nomination, Remuneration

Rajiv Sharma
Executive Director and Global CEO, Industrial

Rajiv joined Coats in November 2010 to lead the Industrial business and is responsible for its global operations. Prior to joining Coats, Rajiv worked at companies such as Westinghouse, Saab, Honeywell, GE and Shell, and his experience spans sales, marketing, M&A, business development and operations. The majority of his career has been dedicated to growing or turning around businesses. Rajiv has a degree in Mechanical Engineering, as well as an MBA from the University of Pittsburgh, USA. He has lived in many different countries and covered all continents during his career.

Appointed: March 2015 (Previously appointed to Coats plc Board, December 2014)

APPENDIX 2

Delisting from NZX and ASX

As announced on 17 November 2015, the Board of Coats Group plc (**Coats**) has decided to delist Coats' shares from both the NZX Main Board (**NZX**) and the Australian Securities Exchange (**ASX**) with effect from 24 June 2016. NZX Limited has approved the delisting from NZX, and ASX Limited has approved the delisting from ASX, in each case subject to conditions.

One condition NZX Limited has imposed on delisting from NZX is a requirement for shareholder approval of the delisting by Ordinary Resolution. If approved, Resolution 17 will allow Coats to proceed with the delisting of its shares from the NZX Main Board (**NZX**), subject to meeting the other conditions of delisting. If the resolution is not approved, the delisting of Coats' shares from NZX will not proceed at this time.

The delisting from ASX is also subject to conditions, but these do not include a condition for shareholder approval. The ASX delisting is intended to proceed even if shareholder approval of the NZX delisting is not obtained.

Coats will retain its premium listing on the London Stock Exchange plc (**LSE**) and trading on the Main Market of the LSE will continue during and after the NZX and ASX delisting process.

Rationale for delistings

The Board's intention to delist Coats' shares from NZX and ASX reflects:

- the much reduced shareholder base in New Zealand and Australia, which has fallen from approximately 55% of the Coats share register in October 2013 to less than 12% now;
- the exit of New Zealand and Australian based institutional shareholders, who once dominated the register but now make up less than 2%;
- the benefit of concentrating trading volumes, which are currently spread across three exchanges, on one market - thus moving towards indexation on the LSE;
- the transition of the Coats group to a UK-headquartered, global industrial manufacturing business.

The move will eliminate the not insignificant listing and legal costs associated with running share registers in three different countries and the complexities that can arise from the variances in compliance and operating practices between the jurisdictions.

Consequences of delistings

If the delistings from NZX and ASX proceed, the final day for trading shares on NZX will be 22 June 2016, and the final day for trading CHES Depositary Interests (**CDIs**) on the ASX will also be 22 June 2016. The New Zealand and Australian branches of Coats' share register will be closed on 24 June 2016 (**Delisting Date**). If you hold Coats shares on the New Zealand branch register (**NZ Register**) on the Delisting Date, your shares will be transferred to the UK main register. If you hold CDIs on the Delisting Date, your CDIs will convert to Coats shares on the UK main register automatically on that date. Following the Delisting Date, Coats shares will only be traded on the Main Market of the LSE.

Timetable for NZX and ASX delistings

Below is a timetable of key events in relation to the delistings (with dates stated in New Zealand/Australian time):

18 May 2016	Coats Annual General Meeting - shareholder approval sought to delist from NZX
19 May 2016	Announcement confirming delisting from NZX (if approved by shareholders)
22 June 2016	Coats shares suspended from trading on NZX and Coats CDIs suspended from trading on ASX (at close of trading)
24 June 2016	Coats delisted from NZX and ASX

Further information available – New Zealand shareholders

Further information about the delisting from NZX, and the main options available to shareholders on the NZ Register, was set out in the information pack sent to holders on the NZ Register in November 2015. A summary of these options is also set out in the letter accompanying this notice of meeting sent to holders on the NZ Register.

Further information about the conditions of delisting from NZX is available in the announcement 'Additional shareholder information on intention to delist from NZX' released to NZX on 18 November 2015 (NZ time).

Further information available – Australian CDI holders

Further information about the delisting from ASX, and the main options available to CDI holders, was set out in the information pack sent to CDI holders in November 2015. A summary of these options is also set out in the letter accompanying this notice of meeting sent to CDI holders.

Further information about the conditions of delisting from ASX is available in the announcement 'Additional shareholder information on intention to delist from ASX' released to ASX on 18 November 2015 (Sydney time).