

Appendix 1

Summary of the principal features of the Communisis plc Long Term Incentive Plan 2007 ('the LTIP').

Introduction

The Board will adopt the LTIP conditional on and following its approval to do so at the AGM. The LTIP allows Communisis plc ('the Company') to grant options to acquire ordinary shares to eligible employees. The options will normally become exercisable three years after their grant but only if, and to the extent that, the performance conditions to which they are subject (see further below) have been satisfied. It is currently expected that options will be granted under the LTIP on an annual basis.

Employee eligibility

Options may be granted under the LTIP to any person who is an employee of the Company or a participating group company. Participants will be selected on a discretionary basis by the Remuneration Committee, and it is anticipated that participants will be limited to Board directors and senior executives. Subject to the limits (see below) the level of option grants will be decided from year to year on an individual basis.

Grant of options

Options can generally be granted within 42 days of the announcement of the Company's interim or final results. No payment is required for the grant of options. No option can be granted more than ten years after the adoption of the LTIP.

Exercise price

The price (if any) payable on exercise of an option will be decided by the Remuneration Committee before the option is granted. Options will normally have a nil or nominal exercise price.

Performance conditions

The exercise of options will be subject to the satisfaction of one or more performance conditions to be satisfied over a performance period, all as determined by the Remuneration Committee. The performance conditions will be objective and stated at the date of grant. The Remuneration Committee will determine the extent to which a performance condition is satisfied at any time. There will be no re-testing of performance conditions. Once an option has ceased to be capable of vesting to any extent, for any reason, it will immediately lapse to that extent.

The Remuneration Committee may subsequently amend a performance condition if any event occurs that would make an amended condition a fairer measure of performance, as long as the condition would be no more difficult to satisfy.

The Remuneration Committee has determined that the performance conditions applicable to the initial grant of options (and for future options until the Remuneration Committee determines otherwise) will be based on the Company's average Total Shareholder Return ('TSR') relative to that of two comparator groups, measured over a three-year performance period. One half of the shares subject to an individual's option will vest dependent on the Company's average TSR performance as compared with that of the companies in the FTSE SmallCap Index (excluding investment trusts) and the other half of the shares subject to an option will vest dependent on the Company's TSR performance as compared with that of the companies in the Support Services sector of the FTSE All Share Index (excluding companies in the FTSE 100).

In each case, the Company's performance will be ranked with the companies in the relevant comparator group. There will be no vesting of the shares subject to the relevant half of the option if the Company is ranked below the median in the comparator group. Thirty per cent of the shares subject to the relevant half of the option will vest for performance at the median of the comparator group, rising to full vesting for performance in the top decile of that comparator group. There will be straight-line vesting between these points. To the extent that an option does not vest it will lapse immediately and there will be no re-testing of the performance conditions.

Limits on the number of ordinary shares under options

In any year any participant will not normally receive an option over shares having a value in excess of 150 per cent of the participant's annual basic salary. Options may be granted in excess of this limit in exceptional circumstances such as the recruitment or retention of a senior employee.

The use of new issue ordinary shares and treasury shares under the LTIP is limited to (i) 10 per cent of the issued share capital of the Company from time to time, taking into account shares issued or to be issued and treasury shares re-issued over the previous ten year period under the LTIP and any other employees' share schemes (including Sharesave Schemes) adopted by the Company; and (ii) 5 per cent of the issued share capital of the Company from time to time, taking into account shares issued or to be issued and treasury shares re-issued over the previous ten year period under the LTIP and any other discretionary employees' share schemes adopted by the Company. Ordinary shares subject to options that have lapsed or been surrendered are excluded when calculating these limits.

Exercise of options

Options will normally become exercisable on the third anniversary of their date of grant, subject to satisfaction of the related performance conditions, and remain exercisable for two years.

If a participant ceases to be employed due to death, ill-health, injury or disability, redundancy, the company by which the participant is employed ceasing to be a member of the Group or the transfer of the undertaking or part-undertaking in which the participant is employed outside the Group, then the participant's option(s) will become exercisable for a period of six months (twelve months in the event of death) pro rata to the extent that the performance conditions have been satisfied and the performance period has elapsed at the date the participant ceased to be employed by the Group.

The Remuneration Committee may permit the exercise of an option following the cessation of a participant's employment for any other reason up to the extent that the performance conditions have been satisfied and the performance period has elapsed on the date of cessation of that participant's employment and for the period determined by the Remuneration Committee, which period will not exceed six months. Options will lapse at the end of any early exercise period.

Subject to the compulsory exchange provision (see below), if there is a change of control of the Company following a general offer, if a person becomes bound or entitled to acquire shares in the Company under compulsory acquisition provisions applicable to the Company, if there is a voluntary winding-up of the Company, or if the Court sanctions a compromise or arrangement under section 425 of the Companies Act 1985 with respect to the Company, options will be exercisable for the period specified by the Remuneration Committee and to the extent that the performance conditions have been satisfied and the performance period has elapsed at that time, after which they will lapse. The Remuneration Committee may increase the level of vesting after taking into account any factors it believes to be relevant.

Exchange of options

If there is a change of control of the Company and either the shareholders of the acquiring company immediately after the change of control are the same as the shareholders of the company immediately before or the Remuneration Committee specifies, options will not become exercisable but will be exchanged for equivalent options ('New Options') over ordinary shares in another company. The Remuneration Committee will determine whether the performance conditions applicable to the options will continue unamended or amended or be waived with respect to the New Options.

Adjustment of options

If there is a capitalisation issue, a rights issue, a consolidation, a sub-division, a reduction, a demerger, a special or exempt distribution or a distribution in specie or any other variation in the share capital of the Company, the Remuneration Committee may make the adjustments it considers appropriate to the number of ordinary shares under an option and the exercise price (if any).

Amendments

The LTIP rules can be amended at any time by the Remuneration Committee. However, no amendment that would adversely affect the existing rights of a participant under the LTIP can be made without a participant's consent or the consent of participants who, if they exercised their options in full, would be entitled to a majority of all the resulting ordinary shares. Further, no amendment to the advantage of present or future participants can be made without the prior approval of the shareholders in general meeting if the amendment relates to the provisions in the rules relating to:

- who can participate;
- the limits on the number of ordinary shares that can be acquired under the LTIP in total and by each participant;
- the basis for determining a participant's entitlement to and the terms on which ordinary shares can be acquired under the LTIP; or
- any adjustment in the event of a variation in the share capital of the Company,

unless the amendment is minor and made to benefit the administration of the LTIP, or is to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any present or future participants or for any member of the Group.

General provisions

Options are personal to participants and cannot be assigned, transferred or charged. Benefits under the LTIP are not pensionable.

Any ordinary shares acquired by a participant under the LTIP will rank equally in all respects with ordinary shares in issue on the date they are acquired. The Company will apply for the listing of any new ordinary shares allotted under the LTIP.

The Remuneration Committee may determine that a participant will be paid, on exercise of an option, a cash amount equal to the dividends paid on the ordinary shares in respect of which the option is exercised from the date of grant of the option to the date of exercise. It is not currently intended that any dividend equivalents will be paid.

The LTIP will be administered by the Remuneration Committee, which will determine any dispute under or question in connection with the LTIP.