

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary Shares of 25 pence each in Shaftesbury PLC, please forward this document, together with the accompanying documents at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

18 December 2009

Shaftesbury PLC

To Shareholders and for information purposes to holders of Debenture stock and participants in the Group's share schemes

Dear Shareholder

Notice of Annual General Meeting

Our Annual General Meeting ("AGM") will be held in The Committee Room, The Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS on Friday 12 February 2010 at 11.00 am. The formal Notice of Meeting is enclosed herewith.

If you would like to vote on the resolutions but cannot come to the AGM, please fill in the form of proxy sent to you with this Notice and return it to our registrars as soon as possible. They must receive it by no later than 48 hours before the meeting.

New Articles of Association

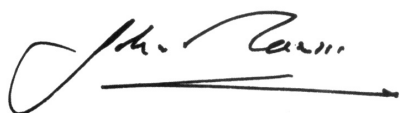
This year, in addition to the usual business of the AGM (which is set out fully in the Notice of Meeting), we are asking shareholders to approve a number of amendments to our Articles of Association, primarily to reflect the Companies Act 2006 (the "2006 Act").

The 2006 Act received Royal Assent on 8 November 2006. The 2006 Act repeals and restates the majority of existing company legislation, and makes various other changes. The 2006 Act was implemented in stages, with the final implementation in October 2009. A number of provisions which came into force prior to October 2009 were reflected in amendments made to our Articles of Association at last year's AGM. We are now asking shareholders to approve the adoption of new Articles of Association incorporating a number of further amendments, primarily to reflect the implementation of the EU Shareholder Rights Directive in the UK in August 2009 and final implementation of the 2006 Act in October 2009. The resolution to adopt the new Articles of Association (resolution 13) will, if passed, take effect from the conclusion of this year's AGM. A more detailed explanation of the changes we are proposing to make to our Articles of Association at this year's AGM is contained in the explanatory notes.

The Directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

Whether or not you propose to attend the AGM, please complete and submit a form of proxy in accordance with the instructions printed on the enclosed form. The form of proxy must be received by 11.00 am on 10 February 2010.

Yours sincerely



P J Manser
Chairman

Registered Office:
Pegasus House, 37/43 Sackville Street, London W1S 3DL
Registered Number 1999238



Notice of annual general meeting

Notice Is Hereby Given that the Twenty-fourth Annual General Meeting of Shaftesbury PLC (the "Company") will be held in the Committee Room, the Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS on Friday 12 February 2010 at 11.00 am for the following purposes:

Ordinary Business

As ordinary business of an Annual General Meeting to consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

- 1 To receive and adopt the audited financial statements for the year ended 30 September 2009, and the reports of the Directors and auditors.
- 2 To approve the report on Directors' Remuneration for the year ended 30 September 2009.
- 3 To declare a final dividend for the year ended 30 September 2009 of 4.75 pence per Ordinary Share payable on 19 February 2010 to holders of Ordinary Shares registered at the close of business on 29 January 2010.
- 4 To re-elect P J Manser as a Director of the Company.
- 5 To re-elect J R K Emly as a Director of the Company.
- 6 To elect O J D Marriott as a Director of the Company.
- 7 To re-appoint PricewaterhouseCoopers LLP as auditors of the Company from the end of the Meeting until the end of the next general meeting at which financial statements are laid before the Company.
- 8 To authorise the Directors to agree the remuneration of the auditors.

Special Business

As special business, to consider and, if thought fit, to pass the following resolutions as ordinary resolutions in the case of resolutions 9 and 12 and as special resolutions in the case of resolutions 10, 11, 13 and 14:

Authority to allot shares

- 9 THAT, in substitution for all previous authorities pursuant to section 551 of the Companies Act 2006 (the "2006 Act"), which are hereby revoked, but without prejudice to any allotment of securities pursuant thereto, the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the 2006 Act to exercise all powers of the Company to allot or grant rights to subscribe for or to convert any security into shares in the Company:
- a. within the meaning of section 551 of the 2006 Act up to an aggregate nominal amount of £18,269,000 consisting of 73,076,000 Ordinary Shares of 25 pence each; and
 - b. in connection with a rights issue by the Company of Ordinary Shares up to a further aggregate nominal amount of £18,269,000. For the purpose of this resolution a rights issue means an offer to ordinary shareholders in proportion as may be practicable to their existing holdings to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

Such authority shall expire at the conclusion of the Company's next Annual General Meeting or 15 months from the passing of this resolution if earlier save that the Company may before such expiry make an offer or agreement which would or might require shares in the Company to be allotted or rights to be granted after such expiry and the Directors may allot shares in the Company or grant such rights in pursuance of those offers or agreements as if this authority had not expired.

Authority to disapply pre-emption rights

- 10 THAT, the Directors be and they are hereby empowered pursuant to sections 570 and 573 of the 2006 Act to allot equity securities (within the meaning of section 560 of the 2006 Act):
- a. for cash pursuant to the authority conferred by resolution 9; or
 - b. by way of the sale of treasury shares (within the meaning of section 724 of the 2006 Act), for cash,
- as if, in either case, section 561 of the 2006 Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:
- i. in connection with a rights issue or open offer or other issue or offer to ordinary shareholders (other than the Company) on the Company's Register of Members on a fixed record date in proportion (as nearly as may be) to the respective numbers of Ordinary Shares of 25 pence each held by them subject to such exclusion or other arrangement as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or requirements of any recognised regulatory body or any stock exchange, in any territory; and
 - ii. otherwise than pursuant to subparagraph (i) above up to an aggregate nominal value of £2,836,000 consisting of 11,344,000 Ordinary Shares of 25 pence each,

and shall expire at the conclusion of the Company's next Annual General Meeting or 15 months from the passing of this resolution if earlier save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired. This power is in substitution of all unexercised existing powers given for the purposes of section 570 of the 2006 Act.



Authority to make market purchases

- 11** THAT the Company is hereby unconditionally and generally authorised to make market purchases (as defined in section 693(4) of the 2006 Act) of Ordinary Shares of 25 pence each in the capital of the Company provided that:
- i. the maximum number of Ordinary Shares of 25 pence each hereby authorised to be purchased is 22,600,000 (representing 10 per cent. of the issued share capital of the Company as at 27 November 2009);
 - ii. the minimum price, exclusive of expenses, which may be paid for each such Ordinary Share is £0.25;
 - iii. the maximum price, exclusive of expenses, which may be paid for each such Ordinary Share is an amount equal to not more than 5 per cent. above the average of the middle market quotations for such share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the share is contracted to be purchased;
 - iv. unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the Company's next Annual General Meeting or 15 months from the passing of this resolution if earlier; and
 - v. the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly at the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract

Authority to make political donations

- 12** THAT the Company and any company which is or becomes a subsidiary of the Company during the period to which this resolution relates be and is hereby authorised pursuant to section 366 of the 2006 Act to make:
- i. donations to EU political organisations not exceeding £100,000; and
 - ii. to incur EU political expenditure not exceeding £100,000;
- provided that any such donations and/or EU political expenditure made or incurred by the Company does not exceed an aggregate of £100,000 in the period ending at the conclusion of the Company's next Annual General Meeting or 15 months from the passing of this resolution if earlier; provided further that the Company shall not use the authority granted other than in continuation of its business activities and that the Company's policy of making no direct contributions to political parties shall remain unchanged.

New Articles of Association

- 13** THAT, with effect from the conclusion of the meeting:
- i. the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the 2006 Act, are to be treated as provisions of the Company's Articles of Association;
 - ii. any limit previously imposed on the Company's authorised share capital whether by the Company's Memorandum of Association or Articles of Association or by resolution in general meeting be removed; and
 - iii. the Articles of Association contained in the document produced to the meeting and for the purpose of identification signed by the Chairman of the meeting, be approved and adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the then current Articles of Association of the Company.

General Meeting

- 14** THAT a general meeting of the Company other than an annual general meeting may be called at any time up to the end of the Company's next Annual General Meeting on not less than 14 clear days' notice.

By Order of the Board

Penny Thomas

Secretary

18 December 2009

Pegasus House, 37/43 Sackville Street, London W1S 3DL

Dress requirements for the RAC Club

For those persons attending the meeting, the RAC Club operates a dress code. Please see <http://www.royalautomobileclub.co.uk/guestarea/dressregext.asp>



Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

- 1 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the Register of Members of the Company as at 6.00 p.m. on 10 February 2010 (or, in the event of any adjournment, 6.00 p.m. on the day which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

Appointment of proxies

- 2 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. If more than one proxy is appointed, the appointment of each proxy must specify the shares held by the shareholder in respect of which each proxy is to vote. A proxy need not be a shareholder of the Company. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact the Registrars.
- 3 The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
- 4 To be valid, the form of proxy, together with any power of attorney or other authority under which it was signed (or a notorially certified copy of duly certified copy thereof), must be lodged with the Registrar not less than 48 hours before the Annual General Meeting.

Appointment of proxies through CREST

- 5 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 12 February 2010 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting 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.
- 6 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 CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to 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 issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. 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 issuer'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.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo 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 a 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.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

- 7 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.



Members' power to requisition website publication of audit concerns

- 8 Under section 527 of the 2006 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 Annual General Meeting; 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 2006 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 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 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 Annual General Meeting includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

Members' right to ask questions

- 9 Any member attending the meeting has the right to ask questions. The Company must cause to be answered 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.

Members' right to give notice of a resolution

- 10 Under section 338 and section 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 31 December 2009, being the date 6 clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

Documents for inspection

- 11 The Register of Directors' Interests in the Company kept under section 809 of the 2006 Act, copies of Directors' contracts of service and the proposed Articles of Association may be inspected at the Company's registered office during normal business hours on weekdays (public holidays excepted) from the date of this Notice until the conclusion of the Annual General Meeting and at the place of Annual General Meeting of the Company from 10.30 am on 12 February 2010 until conclusion of the meeting.
- 12 A copy of this notice, and other information required by section 311A of the 2006 Act, can be found at www.shaftesbury.co.uk.

Total Voting Rights

- 13 As at 27 November 2009 (being the latest practicable date prior to the publication of this Notice, the Company's issued share capital consists of 226,923,765 Ordinary Shares of 25 pence each, carrying one vote each. There are no treasury shares. Therefore total voting rights in the Company at this date are 226,923,765.

General

- 14 Biographical details of the Directors standing for re-election and election are set out in the 2009 Annual Report.
- 15 The "Vote Withheld" option on the Form of Proxy is provided to enable a member to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" a particular resolution.

Refreshments will be provided prior to the meeting



Explanatory Notes on the Resolutions

Resolution 9 – Authority to issue shares

Resolution 9 authorises the Board, for a period of 15 months from the passing of the resolution or, if earlier, to the end of the Company's next Annual General Meeting to allot, or grant rights to subscribe for or convert any security into, Ordinary Shares of 25 pence each up to:

- a an aggregate nominal value of £18,269,000, consisting of 73,076,000 Ordinary Shares of 25 pence each and which is equal to approximately 32 per cent. of the total ordinary share capital in issue on 27 November 2009 (the last practicable date prior to the publication of this document); and
- b a further nominal amount of £18,269,000 which is equal to approximately 32 per cent. of the total ordinary share capital in issue on 27 November 2009 (the last practicable date prior to the publication of this document) in connection with a pre-emptive offer to existing shareholders by way of rights issue.

The Company does not currently hold any shares as treasury shares within the meaning of section 724 of the 2006 Act ("Treasury Shares"). Save in respect of the issue of new Ordinary Shares pursuant to the share incentive schemes, the Directors currently have no present intention to make use of the general and additional authorities granted pursuant to resolution 9 but the Directors believe it to be in the interests of the Company for the Board to be granted these authorities to enable the Board to take advantage of appropriate opportunities which may arise in the future.

The authority granted pursuant to paragraph (b) of resolution 9 is in accordance with guidance on directors' powers to allot shares published by the Association of British Insurers ("ABI") on 31 December 2008. The guidance states that ABI members would support resolutions authorising the allotment of an additional one-third of the issued ordinary share capital provided that the additional authority can only be used for fully pre-emptive rights issues.

In accordance with the ABI guidance, in the event that the general and additional authorities were used and:

- a the number of ordinary shares in issue is thereby increased, in aggregate, by more than one-third; and
- b in the case of any issue being in whole or part by way of a fully pre-emptive rights issue, where the monetary proceeds exceed one-third (or such lesser relevant proportion) of the pre-issue market capitalisation of the Company,

all members of the Board who wish to remain in office will stand for re-election at the Company's next Annual General Meeting following the decision to make the issue in question.

The intention of the authority granted pursuant to paragraph (b) of resolution 9 is to preserve maximum flexibility and to keep the Company in line with what is expected to become standard practice for listed companies.

Resolution 10 – Disapplication of pre-emption rights

This resolution, which will be proposed as a special resolution, seeks to disapply the pre-emption right provisions of section 561 of the 2006 Act in respect of the allotment of equity securities (including a sale of treasury shares) pursuant to rights issues and other pre-emptive issues or offers and in respect of other issues of equity securities (including sales of treasury shares) for cash up to an aggregate nominal value of £2,836,000, being approximately 5 per cent. of the issued ordinary share capital on 27 November 2009 (the last practicable date prior to the publication of this document). If approved by shareholders, this power will expire 15 months after the passing of this resolution or, if earlier, at the end of the Company's next Annual General Meeting. The Directors have no present intention of exercising their authority pursuant to this disapplication, but, as in previous years, they consider it desirable that they have the flexibility to act in the best interests of the Company when opportunities arise. There is no current intention to issue more than 7.5% of the Company's share capital on this basis over 3 years in line with ABI guidelines.

Resolution 11 – Purchase of own shares

This resolution, which will be proposed as a special resolution, seeks authority for the Directors to purchase the Company's own shares. The Directors are of the opinion that it would be advantageous for the Company to be in a position to purchase its own shares through the London Stock Exchange, should market conditions and price justify such action. The proposed authority would enable the Company to purchase up to a maximum of 22,600,000 Ordinary Shares of 25 pence each, being 10 per cent. of the issued ordinary share capital on 27 November 2009 (the last practicable date prior to the publication of this document), with a stated upper limit on the price payable which reflects the requirements of the Listing Rules of the Financial Services Authority. Purchases would only be made after the most careful consideration, where the Directors believe that an increase in earnings or net assets per share would result and where purchases were, in the opinion of the Directors, in the best interests of the Company and its shareholders. The Directors consider that it is prudent to obtain the proposed authority, although the Board does not have any current intention to use this authority.

The total number of options to subscribe for equity shares that are outstanding on 27 November 2009 (the latest practicable date prior to the publication of this document) is 2,698,933. This represents 1.19 per cent. of the issued share capital of the Company at that date. If the Company were to purchase the maximum number of Ordinary Shares of 25 pence each permitted pursuant to the authority under this resolution, then these options would represent 1.32 per cent. of the reduced issued share capital (excluding any treasury shares).

The 2006 Act permits companies to hold shares acquired by way of market purchases (as described above) in treasury, rather than having to cancel them. The Company would consider holding any of its own shares that it purchased pursuant to the authority conferred by this resolution as treasury shares. This would give the Company the ability to re-issue treasury shares quickly and cost effectively, and would provide the Company with additional flexibility in the management of its capital base.

No dividends would be paid on shares whilst held in treasury and no voting rights would attach to treasury shares.

Resolution 12 – Political donations

This resolution authorises the Board to make donations under section 366 of the 2006 Act. Any donations to political organisations or political expenditure by a company in excess of an aggregate of £5,000 must be authorised by the Company's shareholders. There is no present intention to make cash donations to any political party. The Company as part of its normal business activity may wish to have contact with political parties to ensure that they are aware of the key business issues affecting its business. Under the 2006 Act, the definition of political expenditure is extremely wide and may be construed as covering such areas of the Company's normal business activities. It is therefore considered appropriate that a resolution be put to shareholders in general terms. The Company will disclose in its annual report, in compliance with the 2006 Act, any expenditure or donations in excess of £2,000 which is within the ambits of the definitions of the 2006 Act.



Resolution 13 – Adoption of new Articles of Association

It is proposed to adopt new Articles of Association ("New Articles") with effect from the conclusion of this year's Annual General Meeting, primarily to reflect the implementation of the Companies (Shareholders' Rights) Regulations 2009 ("Shareholder Rights Regulations") which implement the EU Shareholder Rights Directive in the UK and which took effect on 3 August 2009 and final implementation of the 2006 Act. As the proposed changes affect various provisions in the Company's existing Articles of Association ("Current Articles"), it is considered more practical to seek to replace the Current Articles in full rather than to seek approval for numerous individual amendments. This resolution will be proposed as a special resolution.

The principal changes introduced in the New Articles are described in the Appendix. In particular, changes which are of a minor, technical or clarifying nature, and also some more minor changes which merely reflect statutory provisions or changes of terminology in the 2006 Act or the Shareholders' Rights Regulations have not been separately noted. References in the Current Articles to statutory provisions in the Companies Act 1985 have also been amended to reflect the new statutory references under the 2006 Act.

A copy of the New Articles is available for inspection as described in Note 11 of the Notes to the Notice of Meeting.

Resolution 14 - Notice of general meetings

Changes made to the 2006 Act by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days (annual general meetings will continue to be held on at least 21 clear days' notice).

Before the coming into force of the Shareholders' Rights Regulations on 3 August 2009, the Company was able to call general meetings other than an Annual General Meeting on 14 clear days' notice without obtaining shareholder approval. In order to preserve this ability, resolution 14 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

Note that the changes to the 2006 Act mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Appendix

Explanatory notes on principal changes to the Company's Articles of Association

The numbering in the New Articles varies from the numbering in the Current Articles, principally because of the deletion of redundant provisions described below. The number identifying each article principally affected by the amendment corresponds to the numbering in the New Articles (unless otherwise indicated).

1 The Company's objects and statement of shareholders' limited liability (*article 3*)

The provisions regulating the operations of the Company are currently set out in the Company's Memorandum and Articles of Association. The Company's Memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act, the objects clause and all other provisions which were contained in an existing company's memorandum, are, from 1 October 2009, deemed to be contained in a company's articles of association, but the company can remove these provisions by special resolution.

Further, the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason, the Company is proposing to remove its objects clause together with all other provisions of its Memorandum which, by virtue of the 2006 Act, are treated as forming part of the Company's Current Articles from 1 October 2009. Resolution 13(i) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's Memorandum of Association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the shareholders.

2. Change of name (*article 126*)

Previously, under the Companies Act 1985, a company could only change its name by special resolution. However, under the 2006 Act, a company is able to change its name by any means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

3. Authorised share capital and unissued shares (*articles 3 and 5 of the Current Articles*)

The 2006 Act abolished the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

4. Redeemable shares (*article 4*)

Previously, under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The 2006 Act enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but, if it did so, the directors would need shareholders' authority to issue new shares in the usual way.



5. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital (articles 7 and 9 of the Current Articles)

Previously, under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the 2006 Act, a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly, the relevant enabling provisions have been removed from the New Articles.

6. Use of seals (article 135)

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one director in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve. This reflects the new formalities for execution of documents laid down in 2006 Act.

7. Suspension of registration of share transfers (article 50 of the Current Articles)

The Current Articles permit the directors to suspend the registration of transfers. Under the 2006 Act share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

8. Vacation of office by directors (article 98.1(e))

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills.

9. Voting by proxies on a show of hands (Article 75)

The Shareholders' Rights Regulations have amended the 2006 Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The Current Articles have been amended to reflect these changes and clarify that a proxy representing two or more members has a vote for, and a vote against, a resolution.

10 Voting by corporate representatives (Article 75)

The Shareholders' Rights Regulations have amended the 2006 Act in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles contain provisions which reflect these amendments.

11 Chairman's casting vote (Article 79 of the Current Articles)

The New Articles remove the provision giving the chairman a casting vote in the event of an equality of votes as this is no longer permitted under the 2006 Act.

12 Notice of general meetings (Article 54)

The Shareholders' Rights Regulations amend the 2006 Act to require a company to give 21 clear days' notice of general meetings unless the company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles amend the provisions of the Current Articles to be consistent with the new requirements.

13 Adjournments for lack of quorum (Article 63)

Under the 2006 Act as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The Current Articles have been changed to reflect this requirement.

14 Voting record date (Article 54)

Under the 2006 Act as amended by the Shareholders' Rights Regulations, a company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The Current Articles have been amended to reflect this requirement.

15 Giving notice in the event of a postal strike (Article 183)

The Current Articles provide that in the event of a postal strike, the Company can convene a general meeting by putting the notice of meeting in a national daily newspaper. Following changes made by 2006 Act, there is now some doubt as to whether companies will be able to use this route in the future, and so the New Articles enable to Company to decide, in the event of curtailment of postal services, that it need only send notices electronically to those shareholders who have agreed that the Company can communicate with them in this way. To try to ensure that all shareholders (including those who have not yet agreed to electronic communication) receive information about the meeting, the Company must still advertise the notice in a national daily newspaper and on its website, and as under the Current Articles, must send confirmatory copies of the notice out by post to those who did not receive it electronically, if it again becomes practicable to do so.

16 General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills.

