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This document is important and requires your immediate attention.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other professional adviser. If you have sold or otherwise transferred all of your shares in Morgan Sindall plc, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.

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# Morgan Sindall plc

(incorporated and registered in England and Wales under number 00521970)

## Notice of Annual General Meeting

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Notice of the Annual General Meeting of Morgan Sindall plc ('the Company') to be held at the offices of RBS Hoare Govett, 250 Bishopsgate, London, EC2M 4AA on 6 May 2010 at 12.00 noon is set out at the end of this circular.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form.

The proxy form must be received by 12.00 noon on 4 May 2010.

# Morgan Sindall plc

(incorporated and registered in England and Wales under number 00521970)

Registered Office:  
Kent House  
14-17 Market Place  
London  
W1W 8AJ  
19 March 2010

To the holders of ordinary shares in the Company

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 the offices of RBS Hoare Govett, 250 Bishopsgate, London, EC2M 4AA on 6 May 2010 at 12.00 noon. The formal notice of AGM is set out in Part II on page 3 of this document, which also contains explanatory notes relating to the resolutions to be proposed at the AGM. The Explanatory Notes in Part III relate to the principal changes proposed to be made to the Company's articles of association pursuant to resolution 10 of the AGM notice.

I very much hope that you will be able to join us at the AGM. Whether or not you are proposing to attend and vote, I would encourage you to fill in the proxy form sent to you with this notice and return it to our registrars as soon as possible or to vote online at [www.capitashareportal.com](http://www.capitashareportal.com). The registrars must receive your proxy by 12.00 noon on 4 May 2010.

The directors of the Company consider that all the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole. They will be voting in favour of them and unanimously recommend that you do so as well.

Yours faithfully,  
**John Morgan**  
Executive chairman

#### Inspection of documents

The following documents will be available for inspection at Kent House, 14-17 Market Place, London, W1W 8AJ and at the office of Slaughter and May, One Bunhill Row, London, EC1Y 8YY from 19 March 2010 until the time of the AGM and at RBS Hoare Govett, 250 Bishopsgate, London, EC2M 4AA from 15 minutes before the AGM until it ends:

- Copies of the executive directors' service contracts
- Copies of letters of appointment of the non-executive directors
- A copy of the proposed new articles of association of the Company and a copy of the existing memorandum and articles of association marked to show the changes being proposed in resolution

# Morgan Sindall plc

## Notice of Annual General Meeting

This year's annual general meeting will be held at the offices of RBS Hoare Govett, 250 Bishopsgate, London EC2M 4AA on 6 May 2010 at 12.00 noon. You will be asked to consider and pass the resolutions below. Resolutions 8 to 11 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

### Ordinary resolutions

1. That the financial statements and the reports of the directors and the independent auditors for the year ended 31 December 2009 be received and accepted.
2. That Patrick De Smedt be elected as a director.
3. That Simon Gulliford be elected as a director.
4. That the directors' remuneration report for the year ended 31 December 2009 be approved.
5. That Deloitte LLP be re- appointed as independent auditors of the Company from the conclusion of this meeting until the next general meeting at which accounts are laid before the Company.
6. That the directors be authorized to fix the independent auditors' remuneration.
7. That the directors be generally and unconditionally authorized to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:
  - A) up to a nominal amount of £719,340.27 (such amount to be reduced by the nominal amount allotted or granted under paragraph (B) below in excess of such amount); and
  - (B) comprising equity securities (as defined in section 560(1) of the Companies Act 2006 ('the Act')) up to a nominal amount of £1,438,680.53 (such amount to be reduced by any allotments or grants made under paragraph (A) above) in connection with an offer by way of rights issue:
    - (i) to ordinary share holders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (ii) to holders of their equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authorities to apply until the end

of next year's annual general meeting (or, if earlier, until the close of business on 6 August 2011) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

#### Special resolutions

8. That if resolution 7 is passed, the directors be given power to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such power to be limited:

(A) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (B) of resolution 7, by way of a rights issue only):

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities, as required by the rights of those securities or, as the directors otherwise considers necessary, and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(B) in the case of the authority granted under paragraph (A) of resolution 7 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (A) above) of equity securities or sale of treasury shares up to a nominal amount of £107,901.04

such power to apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 6 August 2011) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

9. That, pursuant to section 701 of the Act, the Company be and is hereby generally authorised to make one or more market purchases (within the meaning of section 693(4) of the Act) of up to 4,316,042 of its own ordinary shares, representing an aggregate nominal value of £215,802.08 on the basis that:

(A) the minimum price which may be paid for each ordinary share shall be the nominal value of that share;

(B) the maximum price which may be paid for each ordinary share shall be the higher of (i) an amount equal to 105% of the average of the middle market quotations for an ordinary share, as derived from the London Stock Exchange's Daily Official List, for the five business days immediately preceding the day of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out, in each case, exclusive of expenses; and

(C) this authority will expire on 6 August 2011 or, if earlier, at the conclusion of the next annual general meeting of the Company (except in relation to the purchase of ordinary shares the contract for which is concluded before such date and which is to be executed wholly or partly after such date).

10. That, with immediate effect:

(A) 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 Act, are to be treated as provisions of the Company's articles of association; and

(B) the articles of association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

11. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

Ordinary resolution

12. That, in accordance with section 366 of the Act, the Company and each company which is or becomes a subsidiary of the Company at any time during the period for which this resolution has effect be and is hereby authorised:

(A) to make political donations to political parties and/or independent election candidates to which section 366 of the Act applies;

(B) to make political donations to political organisations other than political parties; and

(C) to incur political expenditure;

provided that: (i) the aggregate amount made or incurred by the Company and its subsidiaries pursuant to this resolution shall not exceed £25,000; and (ii) this authority shall expire on the earlier of the conclusion of the next annual general meeting of the Company and 6 August 2011.

By order of the Board

Mary Nettleship  
Company Secretary

Registered Office:  
Kent House  
14-17 Market Place  
London  
W1W 8AJ

Registered in England and Wales No. 00521970

## Notes

1. 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 proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. 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. A proxy need not be a shareholder of the Company. To appoint more than one proxy you may photocopy the form accompanying this notice. Please indicate the proxy holder's name and the number of shares in relation to which he or she is authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by you may result in the appointment being invalid. If you do not have a proxy form and believe that you should have one, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras (lines open 8am to 5.30pm Monday to Friday)) or email [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com). If calling from overseas please call +44 20 8639 3399.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Capita Registrars, PXS, 34 Beckenham Road, Beckenham Kent BR3 4TU no later than 12.00 noon on 4 May 2010.
3. Shareholders may vote electronically, by no later than 12.00 noon on 4 May 2010, by visiting [www.capitashareportal.com](http://www.capitashareportal.com). You will be asked to enter the Investor Code shown on your proxy card and agree to certain terms and conditions. CREST shareholders may lodge their proxy via the CREST system (see notes 9 to 12).
4. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in note 10 below) will not prevent a shareholder attending the annual general meeting and voting in person if he/she wishes to do so.
5. Any person to whom this notice is sent who is a person nominated under section 146 of the 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 annual general meeting. 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.
6. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
7. To be entitled to attend and vote at the annual general meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00 pm on 4 May 2010 (or, in the event of any adjournment, on the date which is two days before the date of any adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. As at 10 March 2010, the last practicable date prior to the date of this notice, the Company's issued share capital consists of 43,160,416 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date are 43,160,416.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so 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 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.

10. 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 (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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, Capita Registrars Limited (ID RA10), by 12.00 noon on 4 May 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application 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.

11. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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, 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

12. 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.

13. 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.

14. A corporation must execute the form of proxy under either its common seal or the hand of a duly authorised officer or attorney. The appropriate power of attorney or other authority (if any) should be returned with the form of proxy.

15. 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).

16. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

17. Under section 527 of the 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 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 Act. Where the Company is required to place a statement on a website under section 527 of the 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 Act to publish on a website.

18. 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.

19. A copy of this notice, and other information required by section 311A of the Act, can be found at [www.morgansindall.com](http://www.morgansindall.com).

20. Under section 338 and section 338A of the 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 23 March 2010, 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.

21. Any electronic address provided either in this notice or any related documents (including the proxy form) may only be used for the limited purposes specified herein and not to communicate with the Company by electronic means or for any other more general purpose.

### **Explanatory notes to the Notice of Annual General Meeting**

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 7 and 12 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 8 to 11 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

#### **Authority to allot shares (Resolution 7)**

An ordinary resolution will be proposed to renew the directors' authority to allot share capital in

the Company in accordance with section 551 of the Act. Paragraph (A) of this resolution will give directors the authority to allot shares or grant rights to subscribe for or convert any securities into shares up to an aggregate nominal amount equal to £719,340.27 (representing 14,386,805 shares). This amount represents approximately one third of the total issued share capital of the Company as at 10 March 2010, the latest practicable date prior to the date of this Notice.

In line with guidance issued by the Association of British Insurers ('ABI'), paragraph (B) of this resolution will give the directors the authority to allot shares or grant rights to subscribe for or convert any securities into shares in connection with a rights issue, up to an aggregate nominal amount equal to £1,438,680.53 (representing 28,773,611 shares), as reduced by the nominal amount of any shares issued under paragraph (A) of this resolution. This amount (before any reduction) represents approximately two thirds of the total issued share capital of the Company as at 10 March 2010, the latest practicable date prior to the date of this Notice.

The authorities sought under this resolution will expire at the earlier of close of business on 6 August 2011 and the conclusion of the annual general meeting of the Company to be held in 2011.

The directors currently have no intention of issuing further shares or granting rights over shares other than in connection with the Company's employee share option and share incentive schemes. However, if the directors do exercise the authority granted by the resolution, the directors intend to follow ABI recommendations concerning its use (including as regards the directors standing for re-election in certain cases).

As at 10 March 2010, the latest practicable date prior to the date of this notice, the Company held no shares in treasury.

#### **Disapplication of pre-emption rights (Resolution 8)**

This resolution will give the directors the authority to allot shares (or sell any shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

As in previous years, this authority will be limited to allotments or sales in connection with pre-emptive offers or otherwise up to an aggregate nominal amount of £107,901.04 (representing 2,158,021 shares). This aggregate nominal amount represents approximately 5% of the total issued share capital of the Company as at 10 March 2010, the latest practicable date prior to the date of this Notice. In respect of this aggregate nominal amount, 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 where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders.

The authority will expire at the earlier of close of business on 6 August 2011 and the conclusion of the annual general meeting of the Company to be held in 2011.

#### **Share repurchase authority (Resolution 9)**

A special resolution will be proposed to authorise the Company to buy back its shares in the market, either for cancellation or to be held in treasury. Whilst the directors have no current intention of using this authority to make market purchases, this resolution provides the flexibility to allow them to do so in the future. However, the directors will exercise this authority only if they consider that to do so would be in the best interests of the Company, and of its shareholders, and expect such purchases to result in an increase in earnings per share.

Under the terms of the resolution, the Company will be generally authorised to make market

purchases of up to 4,316,042 shares with an aggregate nominal value of £215,802.08, representing approximately 10% of the total issued share capital of the Company as at 10 March 2010, the latest practicable date prior to the date of this Notice. The maximum price payable per share will be based on the market price of a share as set out in more detail in the resolution itself.

As at 10 March 2010, the number of outstanding options to subscribe for shares granted by the Company was 1,451,106 shares. This figure represents 3.4% of the total issued share capital of the Company at that date and would, assuming no further shares are issued, represent 3.1% of the total issued share capital if full authority to purchase shares (under the existing authority and that sought at the AGM) was used.

The authority will expire on 6 August 2011 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2011.

As at 10 March 2010, being the last practicable date prior to the date of this Notice, no shares had been purchased and held as treasury shares or cancelled under the existing authority.

### **New articles of association (Resolution 10)**

It is proposed in resolution 10 to adopt new articles of association ('the New Articles') in order to update the Company's current articles of association ('the Current Articles') primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 ('the Shareholders' Rights Regulations') and the implementation of the last parts of the Act.

The principal changes introduced in the New Articles are summarised in Part III. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Act and the Shareholders' Rights Regulations or 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, have not been noted in Part III. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 2 of this document.

### **Notice of general meetings (Resolution 11)**

Changes made to the Act by the Shareholders' Rights Regulations have increased the notice period required for general meetings of the Company (other than annual general meetings) to 21 days, unless shareholders approve a shorter notice period (which cannot be less than 14 clear days).

Resolution 11 will allow the Company to call general meetings (other than annual general meetings) on 14 clear days' notice. The resolution will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The 14 clear days' notice period will not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

### **Political donations (Resolution 12)**

Under section 366 of the Act, the Company is required to seek shareholders' authority for any political donations and/or political expenditure made by the Company in the European Union.

Although the Company does not make, and does not intend to make, donations to political parties

within the normal meaning of that expression or to independent election candidates, the legislation is very broadly drafted and may catch activities such as funding seminars and other functions to which politicians are invited, supporting certain bodies involved in policy review and law reform and matching employees' donations to certain charities.

Therefore, in accordance with current best practice, the directors have decided to propose an ordinary resolution to authorize the Company to make certain types of political donations and/or expenditure as more particularly described in the resolution up to an aggregate amount of £25,000.

Explanatory notes of principal changes to the Company's articles of association

#### 1. The Company's objects

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 Act significantly reduces the constitutional significance of a company's memorandum. The 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 Act, the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further the 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 Act, are treated as forming part of the Company's articles of association. Resolution 10(A) 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 shareholders.

#### 2. Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Act are in the main to be removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution.

#### 3. Change of name

Under the Companies Act 1985, a company could only change its name by special resolution. Under the Act a company will be able to change its name by other 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.

#### 4. Authorised share capital and unissued shares

The Act abolishes 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 Act, save in respect of employee share schemes.

## 5. Redeemable shares

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 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.

## 6. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

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 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 in the New Articles.

## 7. Use of seals

Under the Companies Act 1985, a company required authority in its articles to have an official seal for use abroad. Under the Act, such authority will no longer be required. Accordingly, the relevant authorisation has been removed in the New Articles.

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.

## 8. Number of directors

The maximum number of directors has been fixed at 12, having previously been 10. With the appointment of Simon Gulliford with effect from 1 March 2010, the Board will comprise 10 directors until Jon Walden retires at the forthcoming annual general meeting. Whilst there is currently no intention to appoint any additional directors, it is considered desirable to have some flexibility in this regard.

## 9. Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the 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 New Articles remove provisions in the Current Articles dealing with proxy voting on the basis that these are dealt with in the Act and contain a provision clarifying how the provision of the Act giving a proxy a second vote on a show of hands should apply to discretionary authorities.

## 10. Chairman's casting vote

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

## 11.Adjournments for lack of quorum

Under the 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.

## 12.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.