

Notice of Annual General Meeting 2010

Notice is hereby given that the Annual General Meeting of DS Smith Plc will be held at the Andaz (formerly Great Eastern) Hotel, Liverpool Street, London EC2M 7QN, on Tuesday 7 September 2010 at 12 noon to consider and, if thought fit, pass the following resolutions, of which Resolutions 1 to 11 will be proposed as ordinary resolutions and Resolutions 12 to 15 will be proposed as special resolutions.

- 1 To receive and adopt the Directors' Report, the Auditors' Report and financial statements for the year ended 30 April 2010.
- 2 To declare a final dividend on the ordinary shares.
- 3 To approve the Report on Remuneration.
- 4 To elect Mr J C Nicholls as a Director of the Company.
- 5 To elect Mr M W Roberts as a Director of the Company.
- 6 To elect Mr G Davis as a Director of the Company.
- 7 To re-elect Mr C J Bunker as a Director of the Company.
- 8 To re-elect Mr P J-C Mellier as a Director of the Company.
- 9 To re-elect Mr R G Beeston as a Director of the Company.
- 10 To re-appoint Deloitte LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are to be laid before the Company and to authorise the Directors to determine the remuneration of the auditors.

11 That:

- (a) the Directors be generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006, to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:
 - (i) up to a maximum nominal amount of £13,111,863.10 (such amount to be reduced by the nominal amount of any equity securities (as defined in section 560 of the Companies Act 2006) allotted under paragraph (ii) below in excess of £13,111,863.10); and
 - (ii) comprising equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum nominal amount of £26,223,726.20 (such amount to be reduced by any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue:
 - (A) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
 - (B) to holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depository receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter;

- (b) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 1 November 2011;
- (c) the Company may, before this authority expires, make an offer or agreement which would or might require shares to be allotted or rights to be granted after it expires and the Directors may allot shares or grant rights in pursuance of such offer or agreement as if this authority had not expired; and
- (d) all previous unutilised authorities under section 80 of the Companies Act 1985 and section 551 of the Companies Act 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

12 That:

- (a) the Directors be given power:
 - (i) (subject to the passing of resolution 11) to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash pursuant to the authority conferred on them by that resolution under section 551 of that Act; and
 - (ii) to allot equity securities as defined in section 560(3) of that Act (sale of treasury shares) for cash, in either case as if section 561 of that Act did not apply to the allotment but this power shall be limited:
 - (A) to the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under resolution 11 (a)(ii), by way of a rights issue only) to or in favour of:
 - I. holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
 - II. holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depository receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter; and
 - (B) to the allotment of equity securities pursuant to the authority granted under resolution 11 (a)(i) and/or by virtue of section 560(3) of the Companies Act 2006 (in each case otherwise than under paragraph (A) above) up to a maximum nominal amount of £1,966,779.46;

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- (b) this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 1 November 2011;
- (c) all previous unutilised authorities under section 95 of the Companies Act 1985 and sections 570 and 573 of the Companies Act 2006 shall cease to have effect; and
- (d) the Company may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.
- 13 That in accordance with the Companies Act 2006, the Company is generally and unconditionally authorised to make market purchases (within the meaning of section 693 of the Companies Act 2006) of ordinary shares of 10 pence each in the capital of the Company in such manner and on such terms as the Directors may from time to time determine provided that:
- (a) the maximum number of ordinary shares hereby authorised to be purchased is 39,335,589;
- (b) the minimum price which may be paid for each ordinary share is 10 pence (exclusive of expenses payable by the Company);
- (c) the maximum price which may be paid for each ordinary share is an amount equal to the higher of 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of any such purchase and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003 (in each case exclusive of expenses payable by the Company);
- (d) the authority hereby conferred shall, unless previously varied, revoked or renewed, expire at the conclusion of the Annual General Meeting to be held in 2011 or, if earlier, 1 November 2011, save that the Company shall be entitled under such authority to make at any time before the expiry thereof any contract or contracts to purchase its ordinary shares which will or might be concluded wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract; and
- (e) all existing authorities for the Company to make market purchases of ordinary shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and which has or have not yet been executed.
- 14 That, in accordance with the Company's Articles of Association, a general meeting (other than an Annual General Meeting) may be called on not less than 14 clear days' notice.
- 15 That, with effect from the conclusion of the Annual General Meeting:
- (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 Companies Act 2006, 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.

By Order of the Board

CAROLYN CATERMOLE

Company Secretary
Beech House
Whitebrook Park
68 Lower Cookham Road
Maidenhead
Berkshire SL6 8XY

15 July 2010

NOTES

- (i) Only those Members registered in the Register of Members of the Company as at 6pm on 5 September 2010 shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their names at that time.
- (ii) Members are entitled to appoint a proxy to exercise all or any of their rights to attend and 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. A proxy need not be a shareholder of the Company.
- (iii) A proxy may be appointed by any of the following methods:
- completing and returning the enclosed Form of Proxy; or
 - by logging onto the Registrars' website www.sharevote.co.uk using the Voting ID, Task ID and Shareholder Reference Number printed on the Form of Proxy enclosed. Shareholders who have already registered with the Registrars' online portfolio service Shareview can submit a proxy by logging into their profile at www.shareview.co.uk and clicking on the link to vote under "Your DS Smith Plc holding details"; or
 - members of CREST should use the CREST electronic appointment service (see (vii) below).
- If two or more valid but differing appointments of a proxy are received in respect of the same share for use at the same meeting, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the others as regards that share; if the Company is unable to determine which was received last, none of them shall be treated as valid in respect of that share. To be effective, Forms of Proxy must reach the Registrars at the address shown on the Form not later than 48 hours before the time of the Meeting. Completion and return of the Form will not, however, prevent a Member from attending and voting at the Meeting. A Member must inform the Registrars in writing of any termination of the authority of a proxy.
- (iv) Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between them and the shareholder by whom they were 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, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- (v) The statement of rights of shareholders in relation to the appointment of proxies in Notes (ii) and (iii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- (vi) Nominated persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.
- (vii) CREST Members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting to be held on 7 September 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.

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'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 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 for receipt of proxy appointments specified in (iii) 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 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 Euroclear 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. The CREST Manual can be reviewed at www.euroclear.com/CREST.

- (viii) As at 23 June 2010 (being the latest practicable date prior to publication of this document), the Company's issued share capital consists of 393,355,893 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 23 June 2010 are 393,355,893.
- (ix) A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Annual General Meeting. In accordance with the provisions of the Companies Act 2006 (as amended by the Companies (Shareholders' Rights) Regulations 2009), each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
- (x) Under section 527 of the Companies Act 2006 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 Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with

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sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, 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 Companies Act 2006 to publish on a website.

- (xi) 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.
- (xii) A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found in the Annual Report section of the Investors page on our website www.dssmith.uk.com.
- (xiii) Under section 338 and section 338A of the Companies Act 2006, 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 26 July 2010, being the date six 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.
- (xiv) Copies of the following documents will be available for inspection at the Company's Registered Office and at the offices of Allen & Overy LLP, One Bishops Square, London E1 6AD during normal business hours and at the place of the Meeting from 11.45am until its conclusion:
 - (a) service contracts of the Executive Directors;
 - (b) letters of appointment of the Chairman and the non-Executive Directors;
 - (c) the current Memorandum and Articles of Association marked to show the proposed changes; and
 - (d) the proposed new Articles of Association.
- (xv) The Chairmen of the Audit, Remuneration and Nomination Committees will be available to answer relevant questions at the Meeting.

EXPLANATORY NOTES ON THE RESOLUTIONS

Resolution 1: Report and financial statements

The Directors present to shareholders at the Annual General Meeting the Reports of the Directors and Auditors and the financial statements of the Company for the year ended 30 April 2010. These are contained in the Annual Report.

Resolution 2: Declaration of a final dividend

Final dividends declared by shareholders must not exceed the amount recommended by the Directors. By passing Resolution 2, shareholders will declare a final dividend. The amount of the final dividend recommended by the Directors is 3.1 pence net per ordinary share.

Resolution 3: Approval of Report on Remuneration

As required by section 439 of the Companies Act 2006, shareholder approval is sought for the Remuneration Report set out on pages 46 to 55.

Resolutions 4-9: Election and Re-election of Directors

The Articles of Association of the Company require that a Director appointed since the previous Annual General Meeting shall be subject to election by the shareholders. Mr Nicholls was appointed as a Director with effect from 1 December 2009 and, in accordance with the Articles, he retires from office at the Meeting. He is a member of the Nomination and Audit Committees and, from the end of June 2010, Chairman of the Audit Committee. Mr Roberts was appointed a Director with effect from 4 May 2010 and, in accordance with the Articles, he retires from office at the Meeting. He is a member of the Nomination and General Purposes Committees. Mr Davis was appointed as a Director with effect from 1 June 2010 and, in accordance with the Articles, he retires from office at the Meeting. He is a member of the Audit, Nomination and Remuneration Committees and, from the end of June 2010, Chairman of the Remuneration Committee. Being eligible they offer themselves for election.

The Articles of Association of the Company require that all Directors retire from office at least once every three years but are eligible to submit themselves for re-election by shareholders. The Directors who retire at each Annual General Meeting are those who would otherwise have served for over three years without re-election by the date of the following Annual General Meeting.

Mr Bunker will retire and, being eligible, offers himself for re-election at this year's Annual General Meeting. Mr Bunker is the Senior Independent Director, and a member of the Audit, Remuneration and Nomination Committees. Mr Mellier will retire and, being eligible, offers himself for re-election at this year's Annual General Meeting. Mr Mellier is a member of the Remuneration Committee.

As required by the Combined Code any non-Executive Director who has been in post for nine years or more, or who is non-independent for any reason, is subject to annual re-election. Mr Beeston has served for more than nine years, will retire and, being eligible, offers himself for re-election at this year's Annual General Meeting. As mentioned in the Chairman's Statement on page 15, Mr Beeston will be retiring from the Board at the end of 2010.

A biography of each Director, including those seeking election or re-election, appears on pages 40 and 41 of the Annual Report.

Resolution 10:

Re-appointment of Auditors and Auditors' remuneration

The auditors of a company must be re-appointed at each general meeting at which accounts are presented. Resolution 10 proposes the re-appointment of the Company's existing auditors, Deloitte LLP, until the next Annual General Meeting and also gives authority to the Directors to determine the auditors' remuneration.

Resolution 11:

Authority to allot shares

At the Annual General Meeting held on 8 September 2009, shareholders authorised the Directors, under section 80 of the Companies Act 1985, to allot relevant securities without the prior consent of shareholders for a period expiring at the conclusion of the Annual General Meeting to be held in 2010 or, if earlier, on 1 November 2010. It is proposed to renew this authority and to authorise the Directors under section 551 of the Companies Act 2006 to allot ordinary shares or grant rights to subscribe for or convert any security into shares in the Company for a period expiring no later than 1 November 2011.

Paragraph (a)(i) of Resolution 11 will allow the Directors to allot ordinary shares up to a maximum nominal amount of £13,111,863.10 representing approximately one third (33.33%) of the Company's existing issued share capital and calculated as at 23 June 2010 (being the latest practicable date prior to publication of this circular). In accordance with the latest institutional guidelines issued by the Association of British Insurers, paragraph (a)(ii) of Resolution 11 will allow Directors to allot, including the ordinary shares referred to in paragraph (a)(i) of Resolution 11, further of the Company's ordinary shares in connection with a pre-emptive offer by way of a rights issue to ordinary shareholders up to a maximum nominal amount of £26,223,726.20, representing approximately two thirds (66.67%) of the Company's existing issued share capital and calculated as at 23 June 2010 (being the latest practicable date prior to publication of this circular). The Directors have no present intention of exercising this authority. However, if they do exercise the authority, the Directors intend to follow emerging best practice as regards its use (including as regards the Directors standing for re-election in certain cases), as recommended by the Association of British Insurers.

Resolution 11 will be proposed as an ordinary resolution to renew this authority until the conclusion of the next Annual General Meeting or, if earlier, the close of business on 1 November 2011.

Resolution 12

Directors' powers to disapply pre-emption rights

Also at last year's meeting, a special resolution was passed, under section 95 of the Companies Act 1985, empowering the Directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. It is proposed that this authority also be renewed under section 560 of the Companies Act 2006. If approved, the Resolution will authorise the Directors to issue shares in connection with a rights issue and otherwise to issue shares for cash up to a maximum nominal amount of £1,966,779.46 which includes the sale on a non pre-emptive basis of any shares the Company may hold in treasury for cash. The maximum nominal amount of equity securities to which this authority relates represents approximately 5% of the issued share capital of the Company as at 23 June 2010 (being the latest practicable date prior to publication of this circular).

The Directors do not intend to issue more than 7.5% of the issued share capital of the Company for cash on a non pre-emptive basis in any rolling three year period without prior consultation with the shareholders and the Investment Committees of the Association of British Insurers and the National Association of Pension Funds.

Resolution 12 will be proposed as a special resolution to renew this authority until the conclusion of the next Annual General Meeting or, if earlier, the close of business on 1 November 2011.

Resolution 13

Company's authority to purchase shares

This Resolution, which will be proposed as a special resolution, seeks to renew the existing authority for the Company to purchase its own shares in the market. This authority gives the Company greater flexibility in managing its capital resources. The Directors have no specific intention of using this authority and would do so only when, in the light of market conditions, they believed that the effect of such purchases would be to increase earnings per share, and that the purchases were in the interests of shareholders generally. The Directors would also give careful consideration to gearing levels of the Company and its general financial position. The purchase price would be paid out of distributable profits. Resolution 13 specifies the maximum number of shares which may be purchased (representing approximately 10% of the Company's issued share capital at 23 June 2010, being the latest practicable date prior to publication of this document), the minimum and maximum prices at which they may be bought and when the authority will expire, reflecting the requirements of the Companies Act 2006 and the Listing Rules of the FSA.

The minimum price at which the shares may be purchased is their nominal value and the maximum price is the higher of 5% above the average of the middle market values of those shares for the five business days before the purchase is made and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003. The Companies Act 2006 enables certain listed companies to hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares by the Company. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under the Company's share schemes. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings, in respect of those shares. Further, no dividend or distribution of the Company's assets may be made to the Company in respect of those shares whilst held in treasury.

Accordingly, if the Directors exercise the authority conferred by Resolution 13, the Company will have the option of holding those shares in treasury rather than cancelling them. The total number of ordinary shares that are under option through the Company's share option schemes at 23 June 2010 (being the latest practicable date prior to publication of this notice) is 4,992,145 of which 4,091,868 are options over unissued ordinary shares. The proportion of issued ordinary share capital that the options over unissued ordinary shares represented on this date was 1.04% and the proportion of issued ordinary share capital that they will represent if the full authority to purchase shares (existing and being sought) is used is 0.95%. The authority will expire on 1 November 2011 or at the conclusion of the next Annual General Meeting (whichever is the earlier). It is the present intention of the Directors to seek a similar authority annually.

Resolution 14

Notice of general meetings

Changes made to the Companies Act 2006 by the Companies (Shareholders' Rights) Regulations 2009 (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.)

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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 such 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 if a general meeting is called on less than 21 clear days' notice, the Company will make a means of electronic voting available to all shareholders for that meeting.

The flexibility offered by this resolution will be used where, taking into account the circumstances, the Directors consider this appropriate in relation to the business of the meeting and in the interests of the Company and shareholders as a whole.

Resolution 15

Adoption of new Articles of Association

It is proposed in resolution 15 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 Shareholders' Rights Regulations and the implementation of the last parts of the Companies Act 2006.

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature, and also some more minor changes which merely reflect changes made by the Companies Act 2006 or the Shareholders' Rights Regulations, have not been noted. A copy of the proposed New Articles and a copy of the Memorandum of Association and Current Articles, marked to show all the changes proposed, will be available for inspection at the Company's registered office and at the offices of Allen & Overy LLP, One Bishops Square, London E1 6AD, during normal business hours from the date of this circular to the date of the Annual General Meeting, and at the place of the Annual General Meeting from at least 15 minutes prior to the meeting and until the conclusion of the meeting.

(a) The Company's objects

Prior to 1 October 2009, the provisions regulating the operations of the Company were set out in the Company's Memorandum and Articles of Association. The Company's Memorandum contained, 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 Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum, providing 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 Companies Act 2006, the objects clause and all other provisions which are contained in a company's memorandum are deemed to be contained in the company's articles of association, but the company can remove these provisions by special resolution.

Further, the Companies Act 2006 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 Companies Act 2006, are now treated as forming part of its Articles of Association. Resolution 15(a) confirms the removal of these provisions although, where appropriate, to preserve the status quo, certain Directors' powers that were previously dealt with in the Memorandum have been added back into the New Articles. As the effect of Resolution 15(a) will also 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.

(b) Authorised share capital and unissued shares

The Companies Act 2006 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 Companies Act 2006, save in respect of employees' share schemes.

(c) 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, whereas the Companies Act 2006 enables directors to determine such matters themselves, provided that they are authorised to do so by the articles. The New Articles contain such an authorisation for the Directors. 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.

(d) Conversion of shares into stock

The Current Articles refer to a power for the Company by ordinary resolution to convert its paid up shares into stock. This is no longer possible under the Companies Act 2006 and, accordingly, the provision has been deleted.

(e) Suspension of registration of share transfers

The Current Articles permit the Directors to suspend the registration of share transfers. This power has been removed in the New Articles because it is inconsistent with the Companies Act 2006, which requires share transfers to be registered as soon as practicable.

(f) Notice of general meetings

The Shareholders' Rights Regulations amend the Companies Act 2006 to require the 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.

(g) Adjournments for lack of quorum

Under the Companies Act 2006, 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 New Articles amend the provisions of the Current Articles to reflect this requirement.

(h) Chairman's casting vote

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

(i) Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the Companies Act 2006 so that it now provides that, subject to a company's articles, 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 amend the provisions of the Current Articles to reflect these changes, and to clarify the procedure to be followed if a proxy is appointed by more than one member and is given discretion as to how to vote by one or more of those members.

(j) Voting record date and proxy appointment deadline

Under the Companies Act 2006, as amended by the Shareholders' Rights Regulations, the 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 that are not working days. The Companies Act 2006 also allows companies to set a time limit for the receipt of proxy appointments and related documents that is not more than 48 hours before the time for the holding of the meeting, not taking account of days that are not working days. The New Articles amend the Current Articles to reflect these provisions.

(k) Voting in accordance with instructions

Under the Shareholders' Rights Regulations, proxies are expressly required to vote in accordance with instructions given to them by members. For the avoidance of doubt, the New Articles contain a provision stating that the Company is not obliged to check whether a proxy or corporate representative has voted in accordance with the members' instructions.

(l) Change of name

Prior to 1 October 2009, a company could only change its name by special resolution, but now, under the Companies Act 2006, a company is 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.

(m) Scrip dividends

In line with market practice, the New Articles update the Current Articles to provide that the value of shares issued in connection with a scrip dividend may be determined by ordinary resolution, or by reference to the average middle-market quotation for shares of the same class on the London Stock Exchange Daily Official List for the day on which the shares are first quoted 'ex' dividend, and the four subsequent dealing days. The New Articles also allow the Directors the flexibility at any time before the further shares are allotted to decide that the dividend will be paid in cash instead.

(n) 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 to the language used in the Companies Act 2006.

Recommendation

Your Directors believe that all the proposals in the resolutions to be considered at the Annual General Meeting are in the best interests of the Company and its shareholders and recommend shareholders to vote in favour of the resolutions. The Directors will be voting in favour of the resolutions in respect of their own shareholdings.

IMPORTANT NOTES ABOUT THE ANNUAL GENERAL MEETING

Date

Tuesday 7 September 2010.

Location

Andaz (formerly Great Eastern) Hotel, Liverpool Street, London EC2M 7QN.

Timing

The Meeting will start promptly at 12 noon and shareholders wishing to attend are advised to be in the venue no later than 11.50am. The reception area will be open from 11.30am, from which time refreshments will be served.

Travel information

A map on the reverse of the Admittance Card shows the location of the Andaz (formerly Great Eastern) Hotel and the nearest underground and railway stations. The venue is less than five minutes' walk from Liverpool Street station. There are no car-parking facilities at the venue.

Admission

Please bring the Admittance Card (which is the tear-off section at the bottom of the Form of Proxy) with you to the Meeting. You may be asked to show the Card before being admitted to the venue. Shareholders and proxy holders may also be required to provide proof of identity. The registration process may take longer without these documents. Shareholders are politely requested to bring no more than one guest to the Meeting except by prior arrangement with the Company Secretary.

Facilities

The Andaz (formerly Great Eastern) Hotel has wheelchair access. If you are planning to come to the Meeting and are a wheelchair user, it would be helpful if you would telephone the venue in advance on 020 7618 5618.

Enquiries and questions

Shareholders who intend to ask a question related to the business of the Meeting are asked to provide their name, address and question at the Registration desk. Staff from Equiniti will be on hand to provide advice and assistance.