
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, 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.

Notice of Annual General Meeting

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Notice of the Annual General Meeting of the Company to be held at 11 am on Friday 30th April 2010 at the Royal Aeronautical Society, 4 Hamilton Place, London W1J 7BQ is set out on pages 2 and 3 of this document.

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 11 am on Wednesday 28th April 2010.

The Davis Service Group Plc

Registered in England and Wales No. 01480047

www.dsgplc.co.uk

Notice of Annual General Meeting

Registered Office:
4 Grosvenor Place
London
SW1X 7DL
15th March 2010

Dear Shareholder,

I am pleased to be writing to you with details of our Annual General Meeting ("AGM") which we are holding at 11 am on Friday 30th April 2010 at the Royal Aeronautical Society, 4 Hamilton Place, London W1J 7BQ. The formal Notice of Annual General Meeting is set out on pages 2 and 3 of this document.

If you would like to vote on the resolutions but cannot come to the AGM, please fill in the proxy form sent to you with this document and return it to our registrars, Equiniti Limited, as soon as possible. They must receive it by 11 am on Wednesday 28th April 2010. Alternatively, you may register your proxy appointment and voting instructions electronically via the internet. Please see page 4 (note 3) and your proxy form for details.

Final dividend

Shareholders are being asked to approve a final dividend of 13.5 pence per ordinary share for the year ended 31st December 2009. Following approval of the recommended final dividend, this will be paid on 6th May 2010 to all ordinary shareholders who were on the register of members on 16th April 2010.

New Articles of Association

We are asking shareholders to approve a number of amendments to our Articles of Association primarily to reflect the implementation of the Shareholder Rights Directive in the UK in August 2009 and the remaining provisions of the Companies Act 2006 in October 2009. An explanation of the main changes between the proposed and the existing Articles of Association is set out in the Appendix to this document.

Explanatory notes on all the business to be considered at this year's AGM appear on pages 5 to 7 of this document.

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.

Thank you for your continued support for the Company and I look forward to meeting you at the AGM.

Yours sincerely,



C R M Kemball Chairman

The Davis Service Group Plc

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Inspection of documents

The following documents will be available for inspection at the registered office of the Company until the time of the AGM and at the Royal Aeronautical Society, 4 Hamilton Place, London W1J 7BQ 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 P Ventress' share award agreement executed (award granted) on 17th December 2009.
- 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 13.

Notice of Annual General Meeting continued

This year's Annual General Meeting will be held at 11 am on Friday 30th April 2010 at the Royal Aeronautical Society, 4 Hamilton Place, London W1J 7BQ. You will be asked to consider and pass the resolutions below. Resolutions 11 to 14 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

Ordinary Resolutions*Report and Accounts*

1. To receive and adopt the Annual Report and Accounts for the year ended 31st December 2009.

Remuneration Report

2. To approve the Report on Directors' Remuneration for the year ended 31st December 2009.

Dividend

3. To approve the payment of a final dividend of 13.5 pence per ordinary share of 30 pence each in the capital of the Company.

Election and re-election of directors

4. To elect P J Ventress as a director.
5. To elect I Ferguson as a director.
6. To elect D S Lowden as a director.
7. To elect A R Wood as a director.
8. To re-elect J D Burns as a director.

Reappointment of auditors and auditors' remuneration

9. To reappoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the directors to determine their remuneration.

Authority to allot shares

10. That the Board be authorised 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 £17,065,500 (such amount to be reduced by the nominal amount allotted or granted under paragraph (B) below in excess of such sum); and

(B) comprising equity securities (as defined in section 560(1) the Companies Act 2006) up to a nominal amount of £34,131,000 (such amount reduced by any allotments or grants made under paragraph (A) above) in connection with an offer by way of a rights issue:

- (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 Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers 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 30th June 2011) but in each case, so that the Company may make offers and enter into agreements during the relevant period 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 Board 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

Disapplication of pre-emption rights

11. That if resolution 10 is passed, the Board be given power to allot equity securities (as defined in the Companies Act 2006) 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 Companies Act 2006 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 10, 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 Board otherwise considers necessary,
- and so that the Board may impose any limits or restrictions and make any arrangements which it considers 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 10 and/or in the case of any transfer of treasury shares which is treated as an allotment of equity securities under section 560(3) of the Companies Act 2006, to the allotment (otherwise than under paragraph (A) above) of equity securities up to a nominal amount of £2,575,200, such power to apply until the end of next year's Annual General Meeting (or, if earlier, until the close of business on 30th June 2011 but 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 Board may allot equity securities under any such offer or agreement as if the power had not ended.

Purchase of own shares

12. That the Company be and is hereby unconditionally and generally authorised for the purpose of Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the said Act) of ordinary shares of 30 pence each in the capital of the Company provided that:
- (i) the maximum number of ordinary shares which may be purchased is 17,065,500 ordinary shares;
- (ii) the minimum price which may be paid for each ordinary share is 30 pence;
- (iii) the maximum price (exclusive of expenses) which may be paid for each share is the higher of:
- (a) an amount equal to 105% of the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and
- (b) an amount equal to the higher of the price of the last independent trade of an ordinary share in the Company and the highest current independent bid for an ordinary share in the Company as derived from the London Stock Exchange Daily Official List;
- (iv) the authority conferred by this resolution shall expire on the date of the next Annual General Meeting of the Company after the passing of this resolution or the date falling 18 months after the date of this resolution, whichever is the earlier (except in relation to a purchase of shares the contract for which was concluded before such date and which would or might be executed wholly or partly after such date).

New Articles of Association

13. That:
- (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 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.

Notice period for general meetings

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

15th March 2010

By order of the Board

D A Lawler Company Secretary

Registered Office: 4 Grosvenor Place, London SW1X 7DL
Registered in England and Wales No. 01480047

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 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. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one or, if you require additional forms, you should telephone 0871 384 2179. Calls to this number are charged at 8p per minute from a BT landline; other telephony provider costs may vary. If you are calling from overseas, you should telephone +44 121 415 7047.
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 Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL no later than 11 am on 28th April 2010.
3. You may, if you wish, register the appointment of a proxy or voting instructions for the meeting electronically by logging on to www.sharevote.co.uk. You will need your Reference Number (that is the 25-digit number printed below your name and address on the accompanying form of proxy). Full details of the procedure are given on that website. The proxy appointment and/or voting instructions must be received by Equiniti Limited not later than 11 am on 28th April 2010. Please note that any electronic communication sent to the Company or the Registrars that is found to contain a virus will not be accepted. The use of the internet service in connection with the Annual General Meeting is governed by Equiniti Limited's conditions of use on the website, www.sharevote.co.uk, which may be read by logging on to that site.
4. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 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 Companies Act 2006 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 those 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 pm on 28th April 2010 (or, in the event of any adjournment, not later than 6 pm on the day two days prior to the reconvened 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 12th March 2010 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 170,688,899 ordinary shares (excluding shares held in treasury), carrying one vote each. Therefore, the total number of voting rights in the Company as at 12th March 2010 is 170,688,899.
9. 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 and any adjournment 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 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 and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual which can be viewed at 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 issuer's agent (ID RA19) by 11 am on 28th April 2010. 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 Application 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.
11. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and 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/her 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. If you submit more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.
14. 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.
15. 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 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.
16. 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.
17. A copy of this notice, and other information required by Section 311A of the Companies Act 2006, can be found at www.dsgrp.co.uk.
18. The electronic address given in this notice for the appointment of proxies for the Annual General Meeting is given for that purpose only and may not be used for any other purposes including general communication with the Company in relation to the Annual General Meeting or otherwise.
19. An announcement will be made if there is a fire warning or other emergency. Emergency exits are marked clearly throughout the venue. In the case of a medical emergency please contact any steward for assistance.
20. 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 17th March 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.

Explanatory notes to the Notice of Annual General Meeting

Resolutions 1 to 10 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 11 to 14 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.

Resolution 1: Reports and Accounts

The Annual Report and Accounts for the year ended 31st December 2009 are available on the Company's website at www.dsgplc.com and have been sent to those shareholders who have elected to receive a hard copy.

Resolution 2: Remuneration Report

The Directors' Report on remuneration is set out in full on pages 40 to 46 of our Annual Report and Accounts.

Resolution 3: Payment of a final dividend

If Resolution 3 is approved by shareholders the final dividend for the year ended 31st December 2009 will be paid on 6th May 2010 to shareholders whose names are on the Register of Members at close of business on 16th April 2010.

Resolution 4: Election of P J Ventress

As announced on 31st July, 2009, Peter Ventress was appointed as a director with effect from 1st November, 2009. In accordance with the Company's Articles of Association, Peter Ventress is required to stand for election at the Annual General Meeting. Further information about Peter Ventress is given on page 35 of the 2009 Annual Report and Accounts.

Resolution 5: Election of I Ferguson

As announced on 26th February 2010, Iain Ferguson was appointed as a director with effect from 1st March 2010. In accordance with the Company's Articles of Association, Iain Ferguson is required to stand for election at the Annual General Meeting. Further information about him is given on page 35 of the 2009 Annual Report and Accounts.

Resolution 6: Election of D S Lowden

As announced on 26th February 2010, David Lowden was appointed as a director with effect from 1st March 2010. In accordance with the Company's Articles of Association, David Lowden is required to stand for election at the Annual General Meeting. Further information about him is given on page 35 of the 2009 Annual Report and Accounts.

Resolution 7: Election of A R Wood

As announced on 26th February 2010, Andrew Wood was appointed as a director with effect from 1st March 2010. In accordance with the Company's Articles of Association, Andrew Wood is required to stand for election at the Annual General Meeting. Further information about him is given on page 35 of the 2009 Annual Report and Accounts.

Resolution 8: Re-election of J D Burns as a director

John Burns was re-elected as an independent director at last year's AGM and, in accordance with the requirements of the Combined Code for non-executive directors who have served more than nine years since first being elected, submits to annual re-election by shareholders.

John Burns was first elected to the Board in June 1987. The Board is satisfied that he is independent in character and judgement and that there are no relationships or circumstances that are likely to, or could appear to, affect his judgement. His long association with the group enables him to provide a robust and effective challenge to management because of the sound and detailed knowledge of the Group's business that he has developed.

The Chairman has confirmed that, following formal performance evaluation, John Burns continues to perform effectively and demonstrates commitment to the role, including commitment of time for Board and committee meetings and his other duties. Further information about John Burns is given on page 35 of the 2009 Annual Report and Accounts.

Resolution 9: Reappointment of auditors and auditors' remuneration

The auditors are required to be reappointed at each Annual General Meeting at which accounts are presented. The Board, on the recommendation of the Audit Committee, which has evaluated the effectiveness and independence of the external auditors, is proposing the reappointment of PricewaterhouseCoopers LLP.

Resolution 10: Authority to allot shares

Paragraph (A) of resolution 10 would give the directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £17,065,500 (representing 56,885,000 ordinary shares of 30 pence each). This amount represents approximately one-third of the issued ordinary share capital of the Company (excluding shares held in treasury) as at 12th March 2010, the latest practicable date prior to publication of this notice.

Explanatory notes to the Notice of Annual General Meeting continued

In line with guidance issued by the Association of British Insurers, paragraph (B) of resolution 10 would give the directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £34,131,000 (representing 113,770,000 ordinary 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 issued ordinary share capital of the Company as at 12th March 2010, the latest practicable date prior to publication of this notice.

The authorities sought under paragraphs (A) and (B) of resolution 10 will expire at the earlier of 30th June 2011 (the last date by which the Company must hold an Annual General Meeting in 2011) or the conclusion of the Annual General Meeting of the Company held in 2011.

The directors have no present intention to exercise either of the authorities sought under this resolution, except, under paragraph (A), to satisfy options under the Company's share option schemes. However, if they do exercise the authorities, the Directors intend to follow the Association of British Insurers' recommendations concerning their use (including as regards the Directors standing for re-election in certain cases).

As at 12th March 2010, the latest practicable date prior to publication of this notice, the Company held 1,025,000 shares in treasury, representing 0.60% of its issued ordinary share capital (excluding shares held in treasury).

Resolution 11: Disapplication of pre-emption rights

Resolution 11 will be proposed as a special resolution, which requires a 75% majority of the votes to be cast in favour. It would give the directors the authority to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

Except as provided in the next paragraph, this authority would, similar to previous years, be limited to allotments or sales in connection with pre-emptive offers to ordinary shareholders and offers to holders of other equity securities if required by the rights of those shares or as the board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £2,575,200 (representing 8,584,000 ordinary shares). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company (including shares held in treasury) as at 12th March 2010, the latest practicable date prior to publication 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.

Allotments made under the authorisation in paragraph (B) of resolution 10 would be limited to allotments by way of a rights issue only (subject to the right of the board to impose necessary or appropriate limitations to deal with, for example, fractional entitlements and regulatory matters).

The authority will expire at the earlier of 30th June 2011 (the last date by which the Company must hold an Annual General Meeting in 2011) or the conclusion of the Annual General Meeting of the Company held in 2011.

Resolution 12: Purchase of own shares

Resolution No. 12 is a special resolution seeking to renew the Company's authority to make market purchases of its ordinary shares, limited to 17,065,500 shares of 30 pence each (representing approximately 10% of the ordinary share capital of the Company in issue). The Board regards the ability to repurchase issued shares in suitable circumstances as an important part of the financial management of the Company.

The maximum price (exclusive of expenses) to be paid on any occasion will be the higher of (a) an amount equal to 105% of the average of the closing middle market price taken from the London Stock Exchange Daily Official List for each of the five business days preceding the purchase and (b) an amount equal to the higher of the price of the last independent trade of an ordinary share in the Company and the highest current independent bid for an ordinary share in the Company as derived from the London Stock Exchange Daily Official List.

The minimum price will be 30 pence (excluding expenses). This authority will expire on the date of the next Annual General Meeting, or, if earlier, 30th October 2011.

Any shares purchased under the renewed authority will either be cancelled or held in treasury. Treasury shares are shares in the Company which are owned by the Company itself. It is the intention of the Company to hold some or all of the shares which are repurchased under this authority as treasury shares within the limits allowed by law. This would allow the Company to re-issue the shares held in treasury quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base. As at 12th March 2010, the Company held 1,025,000 shares in treasury, representing 0.60% of the issued ordinary share capital of the Company (excluding shares held in treasury).

The Board is committed to managing the Company's capital effectively and the directors keep under review the option of buying back the Company's shares. The directors confirm that they will only purchase the Company's shares from the market if they believe it is in the best interests of shareholders generally and that to do so would result in an increase in the current year's earnings per share. The Board is making no recommendation as to whether shareholders should sell their shareholding in the Company.

The Company has no warrants in issue in relation to its shares and no options to subscribe for its shares outstanding (except for options under the Company's share option schemes).

Resolution 13: Adoption of new Articles of Association

It is proposed in resolution 13 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 Companies Act 2006.

The principal changes introduced in the New Articles are summarised in the Appendix to this document. 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 or 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 have not been noted in the Appendix. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 1 of this document.

Resolution 14: Notice of General Meetings

Changes made to the Companies Act 2006 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 3rd 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. The shorter notice period would not be used as a matter of routine for such meetings, 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.

Note that the changes to the Companies Act 2006 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 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 Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 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 Companies Act 2006 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 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 treated as forming part of the Company's Articles of Association as of 1 October 2009. Resolution 13 (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 Companies Act 2006 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 Companies Act 2006 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 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 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 Companies Act 2006 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 Companies Act 2006 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 Provision for employees on cessation of business

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the directors may exercise this power.

8 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 Companies Act 2006, 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 authorised person 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.

9 Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 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.

10 Vacation of office by directors

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.

11 Directors' fees

The Current Articles provide for the total fees paid to all directors (excluding any payments made under any other provision in the articles) to not exceed £400,000 a year. The New Articles increase this limit to £500,000. The level of directors' fees was last reviewed in 2005 and this new level is intended to provide limited flexibility to cover any changes in the board structure over the next few years.

12 Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the Companies Act 2006 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 Companies Act 2006 and contain a provision clarifying how a provision of the Companies Act 2006 giving a proxy a second vote on a show of hands should apply to discretionary authorities.

13 Voting by corporate representatives

The Shareholders' Rights Regulations have amended the Companies Act 2006 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 remove provisions in the Current Articles dealing with voting by corporate representatives on the basis that these are dealt with in the Companies Act 2006.

14 Electronic conduct of meetings

Amendments made to the Companies Act 2006 by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The Current Articles have been amended to reflect more closely the relevant provisions.

15 Chairman's casting vote

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 Companies Act 2006.

16 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 Current Articles have been changed to reflect this requirement.

17 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 remove provisions in the Current Articles dealing with notice of general meetings on the basis that this is dealt with in the Companies Act 2006.

18 Voting record date

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 which are not working days. The New Articles remove provisions in the Current Articles dealing with the voting record date on the basis that this is dealt with in the Companies Act 2006.

19 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.

