

Notice of meeting

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 meeting

NOTICE IS HEREBY GIVEN that the 2010 Annual General Meeting of Bovis Homes Group PLC will be held at The Spa Hotel, Mount Ephraim, Royal Tunbridge Wells, Kent TN4 8XJ on Thursday 6 May 2010 at 11.00am for the following purposes:

Ordinary resolutions

- 1 To receive the audited accounts of the Company for the year ended 31 December 2009 and the reports of the directors and auditors.
- 2 To approve the report on directors' remuneration for the year ended 31 December 2009.
- 3 To re-appoint Colin Peter Holmes as a director of the Company, who retires by rotation.
- 4 To re-appoint David James Ritchie as a director of the Company, who retires by rotation.
- 5 To re-appoint KPMG Audit Plc as auditors of the Company.
- 6 To authorise the directors to determine the remuneration of the auditors.
- 7 That the directors be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company pursuant to section 551 of the Companies Act 2006 ("the 2006 Act"):
 - (A) up to an aggregate nominal amount of £22,170,703; and
 - (B) comprising equity securities (as defined in the 2006 Act) up to an aggregate nominal amount of £44,341,406 (including within such limit any shares issued or rights granted under paragraph (A) above) in connection with an offer by way of a rights issue to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with 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 (unless previously renewed, varied or revoked by the Company in a general meeting) until the conclusion of the Annual General Meeting of the Company in 2011 or fifteen months from the date of this resolution, whichever is the earlier, 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 any security into shares to be granted, after the authority ends and the directors may allot shares and grant rights under any such offer or agreement as if the authority had not ended, and so that all existing authorities given to the directors pursuant to section 80 of the Companies Act 1985 ("the 1985 Act") be revoked by this resolution, without prejudice to the continuing authority of the directors to allot shares, or grant rights to subscribe for or convert any security into shares, pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

- 8 That the Bovis Homes Group PLC Long Term Incentive Plan 2010 ("the LTIP"), the main features of which are summarised in item 8 in the explanatory notes to this Notice and the rules of which are produced to the Meeting marked "A" and initialled for the purpose of identification by the Chairman, be and is hereby approved and that the directors be and are hereby authorised to do all acts and things which they may consider necessary and expedient to carry the same into effect.
- 9 That the directors be and are hereby authorised to exercise the power conferred upon them by Articles 144.1 and 144.2 of the Articles of Association of the Company as from time to time varied so that, to the extent and in the manner determined by the directors, the holders of ordinary shares in the Company be permitted to elect to receive new ordinary shares in the Company, credited as fully paid, instead of all or any part of any future dividends (including interim dividends) paid by the directors or declared by the Company in general meetings (as the case may be) during the period commencing on 6 May 2010 and ending on 5 May 2015 to the extent that the directors decide, at their discretion, to offer a scrip dividend alternative in respect of such dividends.

Special resolutions

- 10 That with effect from the end of the Annual General Meeting, the Articles of Association produced to the Meeting marked "B" and initialled for the purpose of identification by the Chairman be adopted as the Articles of Association of the Company ("the New Articles") in substitution for, and to the exclusion of, the Company's 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.
- 12 That if resolution 7 is passed, and in place of all existing powers, the directors be generally empowered pursuant to section 570 of the 2006 Act to allot equity securities (as defined in the 2006 Act) for cash, under the authority given by that resolution, as if section 561(1) of the 2006 Act did not apply to the allotment, such power:
 - (a) to expire (unless previously renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting of the Company in 2011 or fifteen months from the date of this resolution, whichever is the earlier, but during this period the directors may make an offer or agreement which would or might require equity securities to be allotted after the power ends and the directors may allot equity securities under any such offer or agreement as if the power had not ended;

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- (b) to be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under resolution 7(B) by way of a rights issue only) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
- (c) to be limited, in the case of the authority granted under resolution 7(A), to the allotment of equity securities for cash otherwise than pursuant to paragraph (b) up to an aggregate nominal amount of £3,328,934.
- 13 That the Company be and is hereby granted general and unconditional authority, for the purposes of section 701 of the 2006 Act, to make market purchases (within the meaning of section 693(4) of the 2006 Act) of the ordinary shares of 50 pence each in its capital PROVIDED THAT:
- (i) this authority shall be limited so that the number of ordinary shares of 50 pence each which may be acquired pursuant to this authority does not exceed an aggregate of 13,315,737 ordinary shares and shall expire at the conclusion of the next Annual General Meeting of the Company in 2011 (except in relation to the purchase of ordinary shares the contract for which was concluded before such time and which is executed wholly or partly after such time);
- (ii) the maximum price which may be paid for each ordinary share shall be the higher of: (a) an amount equal to 105% of the average of the middle market quotations for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Company agrees to buy the ordinary shares; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003 (in each case exclusive of expenses); and
- (iii) the minimum price which may be paid for an ordinary share shall be 50 pence in each case exclusive of expenses.

Bovis Homes Group PLC
The Manor House, North Ash Road
New Ash Green, Longfield
Kent DA3 8HQ

By Order of the Board
M T D Palmer
Company Secretary
1 April 2010

Notes:

- (i) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 360 B(2) of the 2006 Act, the Company gives notice that only holders of ordinary shares entered on the register of members no later than 6.00pm on 4 May 2010 (or, in the event of any adjournment, on the date which is 48 hours before the time of the adjourned meeting) will be entitled to attend or vote at the meeting and a member may vote in respect of the number of ordinary shares registered in the member's name at that time. Changes to entries on the register after the relevant deadline shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (ii) A registered member of the Company may appoint one or more proxies in respect of some or all of their ordinary shares to exercise the member's rights to attend, speak and vote at a meeting of the Company instead of the member. A registered member appointing multiple proxies must ensure that each proxy is appointed to exercise rights attaching to different shares and must specify on the form of proxy the number of shares in relation to which that proxy is appointed. 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, please contact the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Members or their duly appointed proxies are requested to bring proof of identity with them to the meeting in order to confirm their identity for security reasons. Members attending the meeting have the right to have questions answered relevant to the business of the meeting.
- (iii) The form of proxy must be executed by or on behalf of the member making the appointment. 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. A corporation may execute the form(s) of proxy either under its common seal or under the hand of a duly authorised officer, attorney or other authorised person. A member may appoint more than one proxy to attend and vote on the same occasion.
- (iv) A proxy need not be a member of the Company.
- (v) Participants of the Bovis Homes Group Share Incentive Plan may instruct the trustee to vote on their behalf on a poll.
- (vi) The proxy form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be received at the office of the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or received via the Computershare website, (www-uk.computershare.com) (full details of the procedures are given in the notes to the proxy form enclosed with the report and accounts and on the website) not less than 48 hours before the time for holding the meeting. Completion of the proxy form, other such instrument or any CREST proxy instruction (as described in paragraph (vii) below) will not preclude a member from attending the Annual General Meeting and voting in person instead of his proxy or proxies. The Company will announce the level of proxy votes for and against each resolution and the number of abstentions once the resolution has been voted on by a show of hands, except where a poll is called. When announcing a decision on a poll, the Company will disclose the total number of votes in favour and against and the number of abstentions on the Company website (www.bovishomes.co.uk/plc) and through a Regulatory Information Service. If a member returns paper and electronic proxy instructions, those received last by the Registrar before the latest time for receipt of proxies will take precedence. Members are advised to read the website terms and conditions of use carefully.

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- (vii) To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (viii) 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.
- (ix) Any person to whom this notice is sent who is a person nominated under section 146 of the 2006 Act to enjoy information rights (a "Nominated Person") may have a right, under an agreement between him and the member by whom he was nominated, 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 may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in paragraph (ii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
- (x) As at 12 March 2010 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 133,157,378 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 12 March 2010 are 133,157,378.
- (xi) Members meeting the relevant threshold requirements may 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 last Annual General Meeting that the members propose to raise at the Annual General Meeting, pursuant to requests under section 527 of the 2006 Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.
- (xii) Except as provided above, members who wish to communicate with the Company in relation to the AGM should do so using the following means: (1) by writing to the Company Secretary at the registered office address; or (2) by writing to the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. No other methods of communication will be accepted. In particular you may not use any electronic address provided either in this Notice of meeting or in any related documents (including the Chairman's Statement, the Annual Report 2009 and the proxy form) to communicate with the Company for any purposes other than those expressly stated.
- (xiii) A copy of this Notice and other information required to be published in accordance with section 311A of the 2006 Act in advance of the Annual General Meeting can be found at www.bovishomes.co.uk/plc.
- (xiv) The following documents will be available for inspection at the Company's registered office, during normal business hours, on any weekday (excluding public holidays) from the date of this Notice until the date of the Annual General Meeting and on that date they will be available for inspection at the place of the meeting from 10.30am until the conclusion of the meeting:
- (a) copies of the directors' service contracts;
 - (b) copies of the terms and conditions of appointment for each non-executive director;
 - (c) the register of directors' interests;
 - (d) a copy of the Company's New Articles showing the changes to the Company's existing Articles of Association; and
 - (e) the rules of the Bovis Homes Group PLC Long Term Incentive Plan 2010.
- (xv) Data protection statement: your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's Registrar) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

Explanatory notes to the notice of meeting

Item 1: Report and accounts

The directors must present to shareholders at the Annual General Meeting the report of the directors and the accounts of the Company for the year ended 31 December 2009. The report of the directors, the accounts and the report of the Company's auditors on the accounts and on those parts of the directors' remuneration report that are capable of being audited are contained within the annual report and accounts.

Item 2: Directors' remuneration

Under section 439 of the 2006 Act the directors are required to present the report on directors' remuneration in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations, for the approval of the members.

The Report on directors' remuneration can be found on pages 42 to 50 of the report and accounts.

Items 3 and 4: Re-appointment of directors

The Company's Articles of Association require that at every Annual General Meeting one third of the directors who are subject to retirement by rotation shall retire from office. Colin Peter Holmes and David James Ritchie will retire by rotation and offer themselves for re-appointment.

The 2008 Combined Code on Corporate Governance contains provisions dealing with the re-appointment of non-executive directors. In relation to the re-appointment of Colin Peter Holmes as a non-executive director, the Chairman has confirmed following the formal performance evaluation conducted during 2009 that he continues to be effective in and demonstrate commitment to his role, including commitment of time for Board and committee meetings.

Brief details of all the directors are to be found on page 32 of the report and accounts.

Items 5 and 6: 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 5 proposes the re-appointment of the Company's existing auditors, KPMG Audit Plc, for a further year. Resolution 6 gives authority to the directors to determine the auditors' remuneration.

Item 7: Authority to allot shares

The authority given to your directors at last year's Annual General Meeting under section 80 of the 1985 Act to allot shares expires on the date of the forthcoming Annual General Meeting. Accordingly, this resolution seeks to grant a new authority under section 551 of the 2006 Act (which has superseded section 80 of the 1985 Act) to authorise the directors to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company up to an aggregate nominal amount of £22,170,703 and also gives the Board authority to allot, in addition to these shares, further of the Company's unissued shares up to an aggregate nominal amount of £44,341,406 in connection with a pre-emptive offer to existing members by way of a rights issue (with exclusions to deal with fractional entitlements to shares and overseas shareholders to whom the rights issue cannot be made due to legal and practical problems). This is in accordance with the latest institutional guidelines published by the Association of British Insurers. This authority will expire at the conclusion of the next Annual General Meeting (or, if earlier, 15 months from the date of the resolution). The directors intend to seek renewal of this authority at subsequent Annual General Meetings.

The amount of £22,170,703 represents less than 33.3% of the Company's total ordinary share capital in issue as at 12 March 2010 (being the latest practicable date prior to publication of this Notice). The amount of £44,341,406 represents less than 66.6% of the Company's total ordinary share capital in issue as at 12 March 2010 (being the latest practicable date prior to publication of this Notice). The Company did not hold any shares in treasury as at 12 March 2010.

The board has no present intention to exercise this authority other than in connection with employee share schemes, and the operation of any scrip dividend offer and any scrip dividend mandate scheme. It wishes to obtain the necessary authority from shareholders so that allotments can be made (should it be desirable and should suitable market conditions arise) at short notice and without the need to convene a general meeting of the Company which would be both costly and time consuming.

If the Board takes advantage of the additional authority to issue shares or grant rights to subscribe for, or convert any security into, shares in the Company representing more than 33.3% of the Company's total ordinary share capital in issue or for a rights issue where the monetary proceeds exceed 33.3% of the Company's pre-issue market capitalisation, all members of the Board wishing to remain in office will stand for re-election at the next Annual General Meeting following the decision to make the relevant share issue.

Item 8: The Bovis Homes Group PLC Long Term Incentive Plan 2010

Introduction

The LTIP is a share incentive plan that is designed to encourage and reward participants for delivering long term shareholder value. It replaces the Company's long term incentive plan that was approved by shareholders in 2000 and which will come to an end in May 2010. The new LTIP will therefore be used for the first time later in 2010 or in 2011 when it is expected that awards under the LTIP will be granted to members of the senior management team (including the executive directors). The LTIP will be operated by the Remuneration Committee which will decide whether to grant awards under the LTIP in any year. No awards may be granted under the LTIP more than 10 years after its adoption by shareholders in general meeting.

Eligibility and award procedure

Any employee or executive director of a member of the Group will be eligible to participate in the LTIP at the discretion of the Remuneration Committee.

Participants may be granted awards under which they may acquire ordinary shares in the Company ("Shares") for no payment. Awards may take the form of an option to acquire Shares at a nil exercise price, an allocation of Shares that may be forfeited in certain circumstances, a conditional share award which entitles a participant to acquire or receive Shares for no payment or a phantom award under which a participant may be paid a cash sum having a value equivalent to a notional number of Shares (each an "Award"). Awards may be granted within 42 days after the date of the AGM at which the LTIP is approved by shareholders; the announcement of the Company's results for any period; or the occurrence of any exceptional circumstances which the Remuneration Committee considers justifies the grant of awards. No payment is required for the grant of awards.

Explanatory notes to the notice of meeting continued

Value of awards

Award levels will be determined by the Remuneration Committee. The maximum number of Shares over which an Award may be granted to an employee in any financial year may not have a market value at the date of grant (calculated by reference to the middle market quotation of a Share as derived from the Daily Official List of the London Stock Exchange) exceeding 200% of the eligible employee's basic salary. The Remuneration Committee will ordinarily grant awards to a maximum of 100% of basic salary, but wishes to retain the flexibility to grant awards at a higher level should exceptional circumstances arise and would not otherwise propose granting awards above 100% without consulting with major shareholders.

Benefits received under the Plan are not pensionable and may not be transferred or assigned except on a participant's death or with the consent of the Remuneration Committee.

Performance conditions and vesting

Awards will be subject to performance conditions that will be determined by the Remuneration Committee at the date of grant and which, it is anticipated, will comprise total shareholder return and earnings per share growth and be similar to those in use for the Long Term Incentive Plan 2000. These will be measured over a performance period that will normally not be less than three years. The extent to which the performance conditions are satisfied will determine whether the Award vests and how many (if any) of the Shares under an Award a participant is entitled to acquire or in the case of an allocation of forfeitable shares, to retain. If the performance conditions are not met, an Award will not vest and will lapse.

The Remuneration Committee intends to set performance conditions appropriate to the Company that are demanding and stretching in the light of the prevailing market conditions. Vesting levels will be determined on a sliding scale by reference to the achievement of the performance conditions. The Remuneration Committee may determine that an Award should be subject to multiple conditions or that an Award should be divided and that each part be subject to a different condition. The Remuneration Committee may set different performance conditions for Awards granted in different years. The Remuneration Committee may vary the performance conditions applying to existing Awards if an event occurs which results in the conditions no longer being a fair measure of performance provided that in the opinion of the Remuneration Committee the new conditions are not materially less challenging than the original conditions would have been but for the event in question.

Subject to the satisfaction of the performance conditions the vesting period for Awards will normally be at least three years from the date of grant but the Remuneration Committee may set a longer period. The Remuneration Committee may determine that an Award should be divided and that each part should be subject to a different vesting period. Vested share awards will be released to participants automatically within 30 days of the date the Shares vest. Vested share options will be exercisable up until the tenth anniversary of the date of grant, after which they will lapse. Vested forfeitable Shares will cease to be subject to the risk of forfeiture.

On vesting of an Award a participant will be entitled to additional Shares equal to the value of dividends (net of any tax credit) that would have been paid on the vested Shares in the period from the date of grant to the vesting date assuming that those dividends had been reinvested in Shares at the dividend payment date.

The Remuneration Committee may determine that upon vesting any Shares that are acquired shall be subject to restrictions prohibiting the sale of the Shares (other than to meet immediate tax liabilities) for a period of time.

Cessation of Employment

Awards will normally only vest if a participant remains in employment with the Group up to the vesting date. If a participant ceases employment by reason of death, injury, disability, ill health, redundancy, retirement as agreed by the Remuneration Committee, or following his or her employing company or business ceasing to be part of the Group or for any other reason at the Remuneration Committee's discretion, he may retain his Award so that it may vest at the normal vesting date to the extent that the performance conditions (as measured at the end of the normal performance period) are satisfied but subject to a time pro rating reduction to reflect the proportion of the vesting period during which the participant has not been in employment. The Remuneration Committee will, however, retain the discretion to allow an unvested Award to vest immediately on leaving, having regard to the achievement of the performance conditions and the period of time that has elapsed between the grant of the award and the date of leaving. In either case the Remuneration Committee may determine that the pro rating reduction shall not apply or should apply to a lesser extent. The Remuneration Committee may take account of such factors as it considers relevant, including the conduct of the participant.

If a participant ceases to be an employee of the Group before the vesting date for any other reason, vested and unvested Awards will automatically lapse or be forfeited on such cessation.

Change of control or other corporate event

In the event of a change of control of the Company, a scheme of arrangement or a voluntary winding up, unvested Awards will vest to the extent that the performance conditions have been satisfied at the time of the relevant event. The number of Shares that a participant may acquire will be reduced on a time pro rated basis to reflect the early vesting although the Remuneration Committee will retain the discretion to allow a greater number of Shares (not exceeding the total number of Shares under an award) to vest having regard to all relevant factors and circumstances at the time. Alternatively participants may, with the agreement of an acquiring company, release their Awards in consideration of the grant of an equivalent award relating to shares in the acquiring company or another company in the acquiring company's group.

The Remuneration Committee may in its discretion, in appropriate circumstances, determine that Awards may not be exercised by virtue of a change of control but will automatically be exchanged for equivalent awards over shares in an acquiring company.

Awards will not be exercisable without the consent of the Remuneration Committee in the event of any internal reorganisation, the purpose and effect of which is to create a new holding company.

Explanatory notes to the notice of meeting continued

Equity dilution

Awards may be satisfied by the issue of new Shares, a transfer of treasury shares or the transfer of existing Shares.

To the extent that new Shares are issued to satisfy Awards under the LTIP, the institutional investors' guidelines on dilution of equity in connection with share schemes will apply. The number of Shares which may be issued or become issuable pursuant to options and awards granted in the preceding ten years under all of the Company's share schemes (including the LTIP) is limited to 10% of the issued share capital of the Company from time to time; and the number that may be issued or become issuable pursuant to options and awards granted in the preceding ten years under all of the Company's discretionary share schemes (including the LTIP) is limited to 5% of such issued share capital.

The satisfaction of Awards with treasury shares will be treated as an issue of Shares for the purposes of these limits for so long as institutional shareholder guidelines recommend this. If Awards are to be satisfied by the transfer of existing Shares, the percentage limits stated above will not apply.

Adjustment of awards

The Remuneration Committee may adjust the number of Shares subject to Awards in the event of a variation in the share capital of the Company (for example a rights or capitalisation issue, a sub-division, consolidation or reduction of share capital) or if the Company implements a transaction (such as a demerger or payment of a special dividend) that would affect the value of an Award.

Rights attaching to Shares

A participant will not have any voting or dividend rights in relation to Shares prior to the vesting of a share award or the exercise of an option. Any Shares allotted or transferred when a share award vests or an option is exercised will rank equally with all other ordinary shares in issue (except for rights arising by reference to a record date before their allotment). Application will be made for the Shares to be listed by the UK Listing Authority and traded on the London Stock Exchange.

Amendments

The Remuneration Committee may amend the LTIP provided that the prior approval of shareholders is obtained for any amendments to key features of the LTIP which would be to the advantage of participants or eligible employees. Key features of the LTIP include eligibility, the limits on the number of Shares that may be issued under the LTIP, the basis for determining a participant's entitlement to Shares, the terms on which they can be acquired and the provisions relating to adjustments in the event of a variation in the Company's share capital. Such approval will not be required for any minor alteration which is made to benefit the administration of the LTIP, to take account of new or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for the Company or eligible employees or participants. Amendments that would adversely affect participants' subsisting rights may not be made without the consent of participants.

Item 9: Scrip dividend alternative

The directors wish to continue to be able to offer shareholders the opportunity to elect to receive new ordinary shares in the Company instead of cash dividends if they so wish. Accordingly, the approval of shareholders is sought at the Annual General Meeting to authorise the Board to offer scrip dividends as an alternative to cash dividends in respect of future final or interim dividends for a period of up to five years, if on each occasion they decide that it is in the Company's interests to do so.

Item 10: Adoption of New Articles

Resolution 10 proposes the adoption of the New Articles in order to update the Company's existing Articles of Association, primarily to reflect the implementation of the remaining provisions of the 2006 Act which the Company has not already incorporated into its existing Articles of Association, the implementation of the Companies (Shareholders' Rights) Regulations 2009 ("the Shareholders' Rights Regulations") and certain amendments to the Uncertificated Securities Regulations 2001.

Summarised below are the material differences between the existing Articles of Association and the New Articles. Other changes, which are of a minor, technical or clarifying nature, or conform the language of the New Articles with that used in the model articles for public companies, have not been mentioned specifically. The New Articles are available for inspection as explained in the notes to the Notice.

Limited liability

At the 2009 Annual General Meeting, a resolution was passed to remove all provisions of the Memorandum of Association which, by virtue of the 2006 Act, were treated as forming part of the Company's Articles of Association as from 1 October 2009. Among other things, the effect of this resolution was to remove the statement which was in the Company's Memorandum of Association regarding limited liability. The New Articles therefore contain an express statement regarding the limited liability of the shareholders.

Redeemable shares

If a company wished to issue redeemable shares, the 1985 Act required the terms and manner of redemption to be set out in its articles. The 2006 Act enables directors to determine such matters if they are authorised by the articles. The New Articles contain such an authorisation. The Company currently has no plans to issue redeemable shares but if it did so the directors would need members' authority to issue new shares in the usual way.

Transfer of shares

The 2006 Act requires the Company to give reasons for any refusal to register a transfer of shares.

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

Under the 1985 Act, 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 member authority to undertake the relevant action. The existing Articles of Association include these enabling provisions. Under the 2006 Act a company only requires member authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Amendments have been made to the New Articles to reflect these changes.

Explanatory notes to the notice of meeting continued

Use of seals

Under the 1985 Act, a company could have an official seal for use abroad only if its articles gave authority. Under the 2006 Act, such authority is no longer required and has been removed from the New Articles.

Suspension of registration of share transfers

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

Vacation of office by directors

The existing Articles of Association 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.

Voting by proxies on a show of hands

The Shareholders' Rights Regulations amended the 2006 Act to clarify the rules that apply when a member's proxy casts votes for different shares in different ways. On a vote on a show of hands, every proxy present who has been duly appointed by one or more members entitled to vote on the resolution has one vote, but the proxy has one vote for and one vote against the resolution if:

- a) the proxy has been duly appointed by more than one member entitled to vote on the resolution, and
- b) the proxy has been instructed by one or more members to vote for the resolution and by other members to vote against it.

The existing Articles of Association have been amended to reflect these changes.

Voting by corporate representatives

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

Chairman's casting vote

The New Articles do not contain a provision giving the chairman a casting vote in the event of an equality of votes as this is no longer permitted under the 2006 Act.

Adjournments for lack of quorum

The Shareholders' Rights Regulations have amended the 2006 Act to require that meetings adjourned for lack of quorum must be held at least ten clear days after the original meeting. The existing Articles of Association have been changed to reflect this requirement by giving the Chairman discretion to set the time and place of a general meeting subject to the provisions of the 2006 Act.

Voting record date

The Shareholders' Rights Regulations have amended the 2006 Act to require a company to 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, ignoring days which are not working days. The New Articles reflect this requirement.

Returned notices

The New Articles introduce a new provision to the effect that if any documents or information, sent by the Company to a member by post in accordance with the New Articles, have been returned undelivered on at least two consecutive occasions or on one occasion and reasonable enquiries have failed to establish the member's address, the member will only be entitled to receive such further communications upon provision of a new address to the Company.

General

We have taken the opportunity to clarify some other wording of the existing Articles of Association. In some areas we thought it appropriate 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.

Item 11: Notice of general meetings

This resolution is required as a result of the implementation in August 2009 of the Shareholder Rights Directive. The regulation implementing this Directive increased the notice period for general meetings under the 2006 Act to 21 days. The Company will be able to continue to call general meetings (other than an Annual General Meeting) on 14 clear days' notice as long as shareholders have approved the calling of meetings on 14 days' notice. Resolution 11 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 Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice. It is confirmed that ability to call a general meeting on 14 days' notice would only be utilised in limited circumstances where the shorter notice period was to the advantage of shareholders as a whole.

Item 12: Disapplication of pre-emption rights

Resolution 12 seeks authority for the directors to issue equity securities (as defined in the 2006 Act) in the Company for cash as if the pre-emption provisions of section 561 of the 2006 Act did not apply. Other than in connection with a rights issue or any other pre-emptive offers concerning equity securities, the authority contained in this resolution will be limited to the issue of shares for cash up to an aggregate nominal value of £3,328,934 which represents approximately 5% of the Company's total ordinary share capital in issue as at 12 March 2010 (being the latest practicable date prior to publication of this Notice). In accordance with the Pre-emption Group's Statement of Principles, the directors confirm their intention that no more than 7.5% of the issued share capital (excluding treasury shares) will be issued for cash on a non pre-emptive basis during any rolling three-year period.

This resolution seeks a disapplication of the pre-emption rights on a rights issue so as to allow the directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas members.

There are presently no plans to allot ordinary shares wholly for cash other than in connection with employee share schemes. Shares allotted under an employee share scheme are not subject to statutory pre-emption rights.

The authority sought by resolution 12 will last until the conclusion of the next Annual General Meeting (or, if earlier, 15 months from the date of the resolution). The directors intend to seek renewal of this power at subsequent Annual General Meetings.

Item 13: Authority to purchase own shares

This resolution renews the authority granted at last year's Annual General Meeting to enable the Company to make market purchases of up to 13,315,737 of its own shares, representing approximately 10% of the Company's total ordinary share capital in issue as at 12 March 2010 (being the latest practicable date prior to publication of this Notice). Before exercising such authority, the directors would ensure that the Company was complying with the current relevant UK Listing Authority and ABI guidelines. No purchases would be made unless the directors believe that the effect would be to increase the earnings per share of the remaining shareholders and the directors consider the purchases to be in the best interests of shareholders generally. Any shares so purchased would be cancelled. The directors have no present intention of exercising the authority to purchase the Company's ordinary shares but would like to have the flexibility of considering such purchases in the future.

Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange. The maximum price (exclusive of expenses) which may be paid for each ordinary share shall be the higher of: (a) an amount equal to 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 day on which the Company agrees to buy the ordinary shares; and (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System (SETS). The minimum price (exclusive of expenses) would be 50 pence, being the nominal value of each ordinary share. The authority will only be valid until the conclusion of the next Annual General Meeting in 2011.

As at 12 March 2010 there were options over 1,272,010 ordinary shares in the capital of the Company which represent 0.96% of the Company's issued ordinary share capital at that date. If the authority to purchase the Company's ordinary shares was exercised in full, these options would represent 1.06% of the Company's issued ordinary share capital.

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.