



Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the fifteenth Annual General Meeting of Interior Services Group plc (the “**Company**”) will be held at Mitre House, 160 Aldersgate Street, London EC1A 4DD on 4 December 2009 at 11.00am for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 to 13 will be proposed as special resolutions:

1. To receive the audited accounts of the Company for the financial year ended 30 June 2009, the directors’ report and the auditors’ report on those accounts.
2. To approve the directors’ report to the shareholders on directors’ remuneration.
3. To reappoint Deloitte LLP as auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which audited accounts are laid.
4. To authorise the directors to determine Deloitte LLP’s remuneration as auditors of the Company.
5. To declare a final dividend for the year ended 30 June 2009 of 9.66 pence per ordinary share payable to shareholders on the register at 6.00pm on 6 November 2009.
6. To re-appoint J C B Houlton as a director.
7. To re-appoint J L Jeremy as a director.
8. That the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (to the exclusion of, and in substitution for, all subsisting authorities to the extent unused) to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (together, “**relevant securities**”) up to an aggregate nominal amount of £207,004 comprising:
 - (a) an aggregate nominal amount of £103,502 (whether in connection with the same offer or issue as under (b) below or otherwise); and
 - (b) an aggregate nominal amount of £103,502 in connection with an offer or issue of ordinary shares by way of rights or other pre-emptive offer or issue, open for acceptance for a period fixed by the directors, to holders of ordinary shares (other than the Company) on the register on any record date fixed by the directors in proportion (as nearly as may be) to the respective number of ordinary shares held or deemed to be held by them, subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever.

This authority shall expire (unless previously varied, revoked or renewed by the Company in general meeting) on the earlier of the conclusion of the next annual general meeting of the Company and 15 months after the date of the passing of this resolution, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.
9. That the rules of the Interior Services Group Restricted Share Scheme 2009 (the “**New RSS**”), the main features of which are summarised on page 111 of the Notes to this Notice of Meeting, be and are hereby approved and the directors of the Company, or a duly authorised committee of them, be authorised to:
 - (a) make such modifications to the New RSS as they may consider appropriate for the implementation of the New RSS and to adopt the New RSS as so modified and to do all such other acts and things as they may consider appropriate to implement the New RSS; and
 - (b) establish further plans based on the New RSS but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the New RSS.

Notice of annual general meeting (continued)

10. That:

- (a) rule 3.4 of the Rules of the Interior Services Group plc Approved Company Share Option Plan, approved by the Company on 18 December 2006;
- (b) rule 3.2 of the Rules of the Interior Services Group plc Unapproved Company Share Option Plan, approved by the Company on 18 December 2006; and
- (c) rule 3.1 of the Rules of the Interior Services Group plc Savings-Related Share Option Scheme, approved by the Company on 18 December 2006,

be and are hereby amended so that the limit on the aggregate number of shares which may be issued under the Company's employee share schemes in any ten year period is increased from ten per cent to fifteen per cent.

11. That subject to the passing of resolution 8, the directors be empowered (to the exclusion of, and in substitution for, all subsisting authorities to the extent unused) (i) pursuant to section 570 of the Companies Act 2006 to allot equity securities (within the meaning of section 560(1) of that Act) for cash pursuant to the general authority conferred on them by resolution 8 above and/or (ii) pursuant to section 573(2) of that Act to sell equity securities held as treasury shares for cash in accordance with section 727 of that Act, in each case as if section 561(1) of that Act did not apply to any such allotment or sale, provided that this power shall be limited to:

- (a) any such allotment and/or sale of equity securities in connection with an offer or issue by way of rights or other pre-emptive offer or issue, open for acceptance for a period fixed by the directors, to holders of ordinary shares (other than the Company) on the register on any record date fixed by the directors in proportion (as nearly as may be) to the respective number of ordinary shares held or deemed to be held by them, subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
- (b) any such allotment and/or sale, otherwise than pursuant to sub-paragraph (a) above, of equity securities having, in the case of ordinary shares (as defined in section 560(1) of that Act), an aggregate nominal value or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having an aggregate nominal value, not exceeding the sum of £31,050.

This authority shall expire, unless previously revoked or renewed by the Company in general meeting, at such time as the general authority conferred on the directors by resolution 8 above expires, except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

12. That the Company be generally and unconditionally authorised, pursuant to the provisions of article 47 of the Company's articles of association, to make one or more market purchases (within the meaning of section 693(4) of the Companies Act 2006) on the Alternative Investment Market of the London Stock Exchange plc of ordinary shares of 1p each in the capital of the Company ("ordinary shares") provided that:

- (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 3,105,056;
- (b) the minimum price (exclusive of expenses) which may be paid per ordinary share is not less than 1p; and
- (c) the maximum price (exclusive of expenses) which may be paid per ordinary share is not more than 105 per cent of the average of the middle market quotations for an ordinary share as derived from the Alternative Investment Market AIM segment of the London Stock Exchange Alternative Trading Service for the five business days immediately preceding the day on which the ordinary share is purchased.

This authority shall expire on the earlier of the conclusion of the next annual general meeting of the Company and 15 months after the date of the passing of this resolution, but the Company may, if it agrees to purchase ordinary shares under this authority before it expires, complete the purchase wholly or partly after this authority expires.

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 amendments to the Articles of Association as shown in the document produced to the meeting (for the purpose of identification marked "A" and signed by the Chairman of the meeting) be approved and the Articles of Association be so amended with effect from the termination of this meeting.

The directors believe that the proposed resolutions to be put to the meeting are in the best interests of shareholders as a whole and recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial shareholdings in the Company.

BY ORDER OF THE BOARD

J S P Cranney
Secretary
8 September 2009

Registered Office:
Aldgate House
33 Aldgate High Street
London EC3N 1AG

Notes to the notice of the meeting

1. A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to exercise all or any of his rights to attend, speak and vote at the meeting on his behalf. 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.
2. To be effective, the instrument appointing a proxy and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the office of the registrars, Capita IRG plc (Proxies), PO Box 25, Beckenham, Kent BR3 4TU not later than 48 hours before the time fixed for the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting.
3. Copies of all directors' service contracts, or where any such contract is not reduced to writing, a memorandum of the terms thereof are available for inspection at the registered office of the Company during normal business hours (Saturdays, Sundays and public holidays excluded).
4. Copies of the rules of the New RSS and the amended rules of the CSOP, Unapproved Option Plan and SAYE plan are available for inspection at the registered office of the Company during normal business hours (Saturdays, Sundays and public holidays excluded) until the close of the Annual General Meeting and will also be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to, and during, the Annual General meeting.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders who are registered on the Company's share register at 11.00am on 2 December 2009, being not more than 48 hours prior to the time fixed for the meeting or, if the meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting, shall be entitled to attend the Annual General Meeting and vote in respect of the number of shares registered in their name at that time. Changes to entries on the share register made after this time will be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting.

Notice of annual general meeting (continued)

Explanatory notes on the resolutions

Resolutions 1 to 10 are ordinary resolutions. These resolutions will be passed if more than 50% of the votes cast for or against the resolution are in favour.

Resolutions 1 and 2 - Receiving the audited accounts and associated reports

The Companies Act 2006 (the “**Act**”) requires that for each financial year, the directors present the Company’s accounts, the directors’ report and the auditors’ report before the Annual General Meeting of the shareholders of the Company. The directors are also seeking approval of the directors’ report to the shareholders on directors’ remuneration.

Resolutions 3 and 4 - Reappointment of auditors and authority to determine auditors’ remuneration

The Act requires that the Company shall, at each general meeting at which accounts are presented, appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next general meeting at which accounts are presented. Accordingly, the directors propose to reappoint the Company’s auditors, Deloitte LLP, as the auditors of the Company and the directors are also seeking shareholder approval to fix the amount of their fees.

Resolution 5 – Declaration of a Final Dividend

The directors are recommending a final dividend of 9.66 pence per ordinary share of 1 pence, payable on 7 December 2009 to holders on the register as at 6.00pm on 6 November 2009. The final dividend will not be paid without shareholder approval and its amount may not exceed the amount recommended by the directors.

Resolutions 6 and 7 - Reappointment of directors

Article 95 of the Company’s articles of association requires that directors shall retire from office at the Annual General Meeting unless they have been reappointed as a director at either of the last two annual general meetings. Article 96 states that directors retiring in accordance with Article 96 shall be eligible for re-election. Accordingly, J C B Houlton is retiring and is seeking re-election.

J L Jeremy is retiring (due to his length of service he retires at each annual general meeting) and is also seeking re-election.

Directors seeking re-election

J C B Houlton joined ISG as Group Financial Director in 2006 taking responsibility for all areas of finance, strategy and investor relations, whilst leading and providing direction for the finance, accounting and IT functions of ISG across the UK, Europe and Asia. He also oversees all financial procedures, group reporting, performance and analysis. After six years spent with Arthur Anderson where he qualified as a Chartered Accountant, he has held a number of senior financial positions in the construction and building material industries, most recently at Wates Group Limited. He is Treasurer and a trustee of St. Christopher’s Hospice.

J L Jeremy has been a non-executive director of the Company since 1995. He is a former merchant banker and he is an Associate of the Institute of Financial Services. He has run his own consultancy business since 1993. He is Chairman of the Remuneration Committee, a member of the Audit Committee and is also the Senior Independent Director. Due to his length of service with the Company the Board agreed that he should submit himself for re-election every year from 2007 onwards.

Resolution 8 - Authority to allot shares and securities

The Act provides that the directors may only allot shares if authorised by shareholders to do so. At the Annual General Meeting, shareholders will be asked to renew the directors’ authority to allot new shares, to grant options to subscribe for new shares and to issue securities that are convertible into new shares under section 551 of the Act. This authority will be limited to an aggregate nominal amount of £207,004, which represents approximately two thirds of the current issued ordinary share capital. As provided in paragraph (a) of the resolution, up to half of this authority (equal to one-third of the issued share capital of the Company) will enable directors to allot and issue new shares, to grant options to subscribe for new shares and to issue securities that are convertible into new shares, in whatever manner they see fit (subject to relevant pre-emption rights). Paragraph (b) of the resolution provides that the remainder of the authority (equal to a further one-third) may only be used in connection with a rights issue or other pre-emptive offer or issue in favour of ordinary shareholders. As paragraph (a) imposes no restrictions on the way the authority may be exercised, it could be used in conjunction with paragraph (b) so as to enable the whole two-thirds authority to be used in connection with a rights issue. This accords with guidance issued by the Association of British Insurers in December 2008.

The authority will expire at the earlier of the conclusion of the next annual general meeting of the Company and the date falling 15 months after the passing of this resolution.

Passing this resolution will give the directors flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares. The directors have no present intention of exercising this authority except in connection with the employee share schemes of the Company.

Resolution 9 – Adoption of New RSS

The Company adopted a long-term incentive plan, the Interior Services Group Restricted Share Scheme (the “**Existing Scheme**”) on 25 February 2000. No further awards may be granted under the Existing Scheme after 24 February 2010 and, as the Board wishes to continue making long-term incentive awards to key executives, the Board wishes to adopt the New RSS as a replacement for the Existing Scheme. The New RSS remains designed to aid in the retention and incentivisation of key employees, which is critical to the success of the Company.

The rules of the New RSS are broadly in line with the Existing RSS except where amendments have been made to take account of changes in best practice and to reflect an increase from 10 per cent to 15 per cent in the maximum number of shares which may be issued under the Company’s employee share schemes in any ten year period. While recognising that this departs from standard quoted company practice, the Board considers that the existing 10 per cent limit is insufficient for the Company’s incentivisation requirements. The Company is currently very close to the present limit of 10 per cent for the issue of new shares over a ten year period. The Other Employee Share Plans (referred to in the Notes to Resolution 10) together with the Existing Scheme, have made a valuable contribution to the commitment and motivation of the Group’s employees and the directors consider that it would be beneficial to the continued operation of all the share plans to allow further shares to be issued to meet the exercise of share options under the Other Employee Share Plans and vesting of awards under the Existing Scheme and New RSS.

As a company listed on AIM, the Company is not required to follow the ABI guidelines, which recommend a limit of 10 per cent of the issued share capital, but seeks to do so where practicable. Whilst the proposed increase of the limit to 15 per cent would not be consistent with such requirements, the Board considers that the recruitment, retention and incentivisation of suitable staff is of significant importance and, therefore, considers the proposals to be in the best interests of shareholders. While seeking a 15 per cent limit, the Board will monitor the potential share dilution caused by its employee share schemes carefully over the life of the schemes to ensure that dilution in excess of 10 per cent remains justified.

A summary of the rules of the New RSS is set out in the Appendix to these Notes.

A copy of the draft rules of the New RSS will be available for inspection as noted on page 109 of this document.

Resolution 10 – Amendments to Other Employee Share Schemes

The rules of the Interior Services Group plc Approved Company Share Option Plan (the “CSOP”), the Interior Services Group plc Unapproved Company Share Option Plan (the “Unapproved Option Plan”) and the Interior Services Group plc Savings-Related Share Option Scheme (the “SAYE Plan”) (together the “Other Employee Share Plans”) each provide that no more than ten per cent. (10%) of the Company’s issued ordinary share capital may be issued or issuable under employee share awards over any ten year period.

For the same reasons as set out in the Note to Resolution 9, it is intended to increase this limit to fifteen per cent. (15%).

A copy of the amended rules of the CSOP, Unapproved Option Plan and SAYE Plan will be available for inspection as noted on page 109 of this document.

Resolutions 11 to 13 are special resolutions. These resolutions will be passed if more than 75% of the votes cast for or against the resolution are in favour.

Resolution 11 - Disapplication of pre-emptive rights

The Act requires that, if the Company issues new shares for cash or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings. Shareholders will be asked to allow the directors, within limits, to allot equity securities and/or to sell equity securities held “in treasury” (if any) (see below for explanation of

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equity securities held "in treasury") in the Company for cash without application of the pre-emptive rights provided by the Act up to a maximum aggregate nominal value of £31,051, which represents approximately 10 per cent. of the current issued ordinary share capital of the Company. The authority will expire at the same time as the authority to allot shares given under resolution 8. There are no current plans to allot any shares except in connection with the employee share schemes of the Company.

Since 1 December 2003, companies have been allowed to purchase their own shares and hold them "in treasury", rather than having to cancel them. Treasury shares carry no right to attend or vote at meetings, or to receive dividends. Nor will the shares confer any right to participate pre-emptively in new issues by the Company. It is possible to hold treasury shares for later cash sale or for transfer for the purposes of, or pursuant to, an employees' share scheme, or to cancel them at any time.

The Company does not at present hold any shares in treasury.

Resolution 12 - Authority to purchase own shares

Resolution 12 is to authorise the Company to purchase (in accordance with its articles of association and within recommended best practice) its own shares in the market. The authority prescribes the maximum and minimum prices to be paid, and, if passed, would expire at the same time as the authority to allot shares given under Resolution 8.

The authority would only be exercised if the directors were satisfied that such purchases might be expected to result in an increase in earnings per share for the remaining shareholders and were in the best interests of shareholders generally.

Shares purchased under the authority would be treated as cancelled (and the number of shares in issue reduced accordingly) or would be held as treasury shares, which may be re-sold, cancelled or transferred for the purposes of an employee share scheme.

As at the date of this Notice, the Company had 31,050,559 shares in issue. Resolution 12 seeks authority to purchase a maximum of 3,105,056 shares, representing approximately 10 per cent. of its current issued share capital.

Resolution 13 – Amendments to the Articles of Association

(a) Deleting provisions of the Memorandum of Association (the "Memorandum") from the Company's Articles of Association (the "Articles")

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

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

Further, the Act states that, unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason, the Company is proposing to remove its objects clause together with all other provisions of its Memorandum which, by virtue of the Act, are treated as forming part of the Company's Articles 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 Memorandum regarding limited liability, it is proposed that the Articles should now also contain an express statement regarding the limited liability of shareholders (see below).

(b) Amending the Articles

Adding a statement of limited liability in the Articles - article 2

As mentioned above, this statement will automatically be deleted from the Memorandum and be deemed added to the Articles from 1 October. Since the clause will not appear in the actual Articles (unless amended), there is a risk

it may get left out of any future amendments to the Articles which would in effect remove it from the constitution of the Company and therefore many companies are expressly adding it to their articles now to prevent the omission happening.

Authorised share capital and unissued shares - article 5

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

Increase, consolidation, sub division and cancellation of shares - (deleted article 45); Reduction of capital - (deleted article 47); Purchase of own shares - article 47

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

Voting by proxies on a show of hands - article 77.4

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

Change of name - article 92

Under the Companies Act 1985, a company could only change its name by special resolution; however, under the Act, a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the Articles have been amended to enable the directors to pass a resolution to change the Company's name.

Amending the terms on which directors retire when ill - article 101

The Articles currently specify the circumstances in which a director must vacate office. These provisions have been updated to treat physical illness in the same manner as mental illness.

Amending the terms on which notice of board meetings may be waived - article 106

Due to recent additions to the legislation, the terms on which notice of board meetings may be waived has been amended so as to conform with the language used in the "model" articles for public companies.

Abolition of the official seal for use abroad and alternative option for execution of documents - article 116

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

The Articles now provide an alternative option for execution of documents (other than share certificates). Under the 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.

Notice of annual general meeting (continued)

APPENDIX

Summary of the Principal Terms of the Interior Services Group Restricted Share Scheme 2009

Operation

The Remuneration Committee of the board of directors of the Company will supervise the operation of the New RSS. The New RSS will allow the Remuneration Committee to:

- (a) allocate a given number of shares to an eligible employee (a "**Fixed Share Allocation**");
- (b) allocate a variable number of shares which has a pre-set cash value (a "**Cash-linked Share Allocation**");
- (c) allocate a pre-set cash value (a "**Cash Allocation**"); or
- (d) allocate a combination of a Fixed Share Allocation, Cash-linked Share Allocation and/ or Cash Allocation in such proportion as the Remuneration Committee determines to eligible employees (together "**Allocations**").

Eligibility

Any employee (including an executive director) of the Company or any subsidiary will be eligible to participate in the New RSS at the discretion of the Remuneration Committee.

Grant of Allocations

The Remuneration Committee may grant Allocations within 42 days following the Company's announcement of results for any period. The Remuneration Committee may also grant Allocations within 42 days of shareholder approval of the New RSS or at any other time when the Remuneration Committee considers there are circumstances which justify making an Allocation at that time.

Allocations may not be granted more than ten years after the New RSS is adopted.

Individual participation

An employee may not normally receive a Fixed Share Allocation in any financial year over newly-issued shares which has a value – determined by reference to the market value of the shares over which the Allocation has been made (as at the date of grant of the Allocation) when aggregated with the value of shares over which he holds subsisting options (apart from under a Revenue-approved savings-related share option or share incentive plan) – which exceeds two times his salary and other relevant earnings in that financial year or the previous financial year (whichever gives the greater amount). However, the Remuneration Committee has discretion to make grants above this level.

Overall limit

The New RSS may operate over newly issued shares or shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 15 per cent. of the issued ordinary share capital of the Company under the New RSS and any other employee share plan adopted by the Company. The use of treasury shares will count as an issue of shares unless and until institutional guidelines treat them otherwise.

Performance conditions

Participants do not, other than in the circumstances described below, have any rights over the shares or cash comprising their Allocation unless and until, at the end of a restricted period of at least three years, the relevant performance conditions have been satisfied. These performance conditions are fixed by the Remuneration Committee prior to the Allocation being made and communicated to participants at the date of grant of the Allocation. Only upon these performance conditions being satisfied at the end of the restricted period do the shares or cash represented by a participant's Allocation actually become vested in the participant.

Subject only to any possible restrictions described under "Retention Period" below, the participant will become the beneficial owner of the shares, or become entitled to a cash equivalent upon vesting.

The Remuneration Committee may vary the performance conditions applying to existing Allocations if:

- (a) an event has occurred which, in the opinion of the Remuneration Committee, causes the performance condition to cease to be appropriate in which case the Remuneration Committee may vary or waive the performance condition so that any new condition is, in its opinion fair and reasonable and no more difficult to satisfy than the previous performance condition;
- (b) the Remuneration Committee considers that the Allocation to which the amended performance condition applies will or is likely to become a fairer and more effective incentive for the participant; and/or
- (c) the New RSS will or is likely to become fairer and more effective in its aim to reward participants by reference to their respective contributions to the Company's prosperity.

Retention Period

Some or all of a participant's shares or the cash value of their Allocation may be held by the trustees of an employee benefit trust established by the Company for a further period of two years after vesting, until he ceases to be employed by the Company or there is a change of control of the Company, whichever is the earlier.

Leaving employment

Following a participant's death, retirement, termination of employment due to accidental injury, disability or sickness or other special circumstances (at the discretion of the Remuneration Committee), the Remuneration Committee may allow participants either to retain their Allocations for the remainder of the restricted period or to have a vested right to some or all of the shares over which an Allocation was made to the participant (in such number as is just and equitable, having regard to the length of restricted period which remains and the Company's then progress toward achieving the performance conditions set).

Corporate events

Where a change of control of the Company occurs during the restricted period, Allocations will vest immediately as to 33.3% of the shares or cash over which the Allocation has been made or such different proportion as the Remuneration Committee may determine. Any remaining proportion of the Allocation will be forfeited.

Where there is a change of control of the Company, the acquiring company and the participant may agree that the existing Allocation be released in consideration for a new Allocation granted by the acquiring company on such terms as are agreed with the acquiring company. If an internal reorganisation occurs, the Remuneration Committee may determine that existing Allocations are automatically exchanged for new Allocations granted by the acquiring company.

If a demerger occurs, Allocations will not automatically vest and the extent to which (if any) they do vest and the future terms of the Allocations (including any voluntary or compulsory exchange of Allocations) will be determined by the Remuneration Committee.

Variation of share capital

If a variation of share capital, special dividend or other similar event is proposed, the Remuneration Committee may adjust an Allocation as it considers appropriate.

Participants' rights

An allocation is personal to the participant and may not be transferred, except to his personal representatives on his death. No payment is required for an Allocation.

Allocations will not confer any shareholder rights until the Allocation (assuming it is a Fixed Share Allocation or Cash-linked Share Allocation which is satisfied in shares) has vested and the participant has received his shares.

Dividends

The Remuneration Committee may decide that participants will receive a payment (in cash and/or shares) on or shortly following the vesting of a Fixed Share Allocation or Cash-linked Share Allocation, of an amount relating to the dividends which would have been paid on those shares between the time when the Allocations were granted and the time when they vest.

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Rights attaching to shares

Any shares issued when an Allocation vests will rank equally with shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Alterations to the New RSS

The Board may amend the New RSS at any time in any way, which does not affect adversely existing Allocations (although majority participant approval is required for amendments which are to the disadvantage of participants). An amendment of the New RSS to the advantage of participants may not occur without the prior approval of shareholders in general meeting (except for minor amendments to take account of a change in legislation or to maintain or obtain favourable tax, exchange control or regulatory treatment for any participant, the Company or its subsidiaries).

The Company may terminate the New RSS at any time but without prejudice to the terms of outstanding Allocations.

Overseas plans

The shareholder resolution to approve the New RSS will allow the Board to establish further plans for overseas territories, any such plan to be similar to the New RSS, but modified to take account of local tax, exchange control or securities laws, provided that any shares and awards made available under such further plans are treated as counting against the limits on individual and overall participation in the New RSS.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.