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Bunzl plc
Registered Office:
York House
45 Seymour Street
London
W1H 7JT

Registered in England
No. 358948

To the holders of ordinary shares

15 March 2010

Dear Sir or Madam

ANNUAL GENERAL MEETING ('AGM')

The AGM of Bunzl plc (the 'Company') is to be held at 11.00 am on Wednesday 21 April 2010 in The Park Suite at The Dorchester, Park Lane, London W1K 1QA. You will see from the Notice of Meeting in Appendix 1 to this letter that, in addition to the routine business to be dealt with at the meeting, there are five items of other business contained in Resolutions 8 to 12. An explanation of these Resolutions is set out below and certain further information is given in Appendices 2 and 3 to this letter.

Ordinary Resolution 8 (Authority to allot shares)

The directors require the authority of shareholders in general meeting to allot ordinary shares of the Company. Paragraph (a) of Resolution 8 seeks to renew the authority granted to the directors at last year's AGM (or, further to the implementation of section 549 of the Companies Act 2006, to grant rights to subscribe for or to convert any security into ordinary shares in the Company) up to a maximum aggregate nominal amount equal to £35,194,000, being approximately one third of the Company's issued share capital (excluding treasury shares). Paragraph (b) of this Resolution seeks a further new authority which is in line with guidance issued by the Association of British Insurers ('ABI') for the directors to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue to existing shareholders in proportion (as nearly as may be practicable) to their existing holding, up to an aggregate nominal amount equal to £70,388,000, as reduced by the nominal amount of any ordinary shares issued under paragraph (a) of this Resolution. This amount (before any such reduction) represents approximately two thirds of the Company's issued share capital (excluding treasury shares).

The directors have no present intention to exercise either of these authorities other than that under paragraph (a) in respect of the Company's scrip dividend scheme ('Scrip') and, if necessary, to satisfy the consideration payable for businesses to be acquired. However, if they do exercise the authority under paragraph (b), the directors intend to follow ABI recommendations concerning its use (including as regards the directors standing for re-election in certain cases). These authorities supersede all previous authorities and the directors intend to seek their renewal at next year's AGM.

Special Resolution 9 (Allotment of shares for cash)

Shareholders' authority is required before the directors may allot ordinary shares in the Company (including any shares which the Company has purchased and has elected to hold as treasury shares) for cash (unless the issue or sale takes place pro rata to existing ordinary shareholders). Such an authority has been sought annually by the Company. The existing authority will expire at this year's AGM. By proposing Resolution 9, the directors seek a renewal of such authority, but in a form updated to reflect the relevant provisions of the Companies Act 2006, although, at present, there is no intention to exercise such authority.

Under the renewed authority, the directors may at any time, should appropriate circumstances arise, allot ordinary shares for cash in connection with a rights issue or other pre-emptive offer (subject to certain limited exclusions or arrangements) and, in addition, up to a maximum amount of 17,590,000 ordinary shares, being 5% of the Company's issued share capital (including treasury shares). In respect of this maximum amount, the directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles (the '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.

Special Resolution 10 (Purchase of own shares)

Resolution 10 replaces a similar authority granted to the directors at the 2009 AGM which is valid until the conclusion of this year's AGM. No shares have been purchased under the current authority. The proposed authority will be exercised in the future only if the directors consider it to be in the best interests of the Company and its shareholders, given the market conditions and price prevailing at the time. For a further explanation of this proposal and a brief summary of its taxation consequences, please see Appendix 2 to this letter.

Special Resolution 11 (Notice of general meetings)

Resolution 11 also replaces a similar authority granted to the directors at the 2009 AGM to allow the Company to hold general meetings (other than AGMs) on 14 clear days' notice as required by the Companies (Shareholders' Rights) Regulations 2009 (the 'Shareholders' Rights Regulations'). 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. The Company will also need to meet certain requirements for electronic voting under the Shareholders' Rights Regulations before it can call a general meeting on 14 clear days' notice. The authority will be effective until the Company's next AGM, when it is intended that a similar Resolution will be proposed.

Special Resolution 12 (Amendments to articles of association)

The directors are proposing for adoption a comprehensively updated set of articles of association ('New Articles') primarily reflecting the implementation of the final parts of the Companies Act 2006 and the coming into force of the Shareholders' Rights Regulations, but also taking the opportunity to modernise the existing articles of association ('Current Articles') which have been amended in a piecemeal fashion over many years. An explanation of the principal differences between the Current Articles and the New Articles is set out in Appendix 3 to this letter. Other changes, which are of a minor, technical or clarifying nature or which merely reflect changes made by the Companies Act 2006 or the Shareholders' Rights Regulations or conform to 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 individually noted in Appendix 3.

Poll voting

The directors have decided that voting on each of the Resolutions to be put to the AGM will be taken on a poll rather than on a show of hands. The directors believe a poll is more representative of the shareholders' voting intentions because shareholders' votes are counted according to the number of shares held and all votes tendered are taken into account. The results of the poll will be announced through a Regulatory Information Service and made available on the Company's website as soon as practicable following the closing of the AGM.

Issued share capital

Unless otherwise stated, all references to the Company's issued share capital in this letter are to the Company's issued ordinary share capital as at 15 March 2010, which was 328,477,065 ordinary shares, excluding any ordinary shares held as treasury shares. As at 15 March 2010 the Company held 23,325,000 ordinary shares as treasury shares, representing 7.1% of the Company's issued share capital, and the total number of voting rights in the Company was 328,477,065.

Action to be taken

Shareholders are asked to complete the enclosed Form of Proxy and to post it to the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible, but in any event so as to arrive by no later than 11.00 am on Monday 19 April 2010. Completion and posting of the Form of Proxy will not preclude shareholders from attending and voting in person at the AGM, should they wish to do so. A user of the CREST system (including a CREST Personal Member) may appoint a proxy by having an appropriate CREST message transmitted so as to be received by no later than 11.00 am on Monday 19 April 2010. Alternatively, proxy votes can be submitted via the internet to be received by no later than 11.00 am on Monday 19 April 2010. Details of how to do this are set out on the enclosed Form of Proxy.

Documents available for inspection

Copies of the directors' service agreements and letters of appointment will be available for inspection at any time during normal business hours on normal working days up to and including 21 April 2010 at the Company's registered office, as will copies of the Annual Review and Summary Financial Statement and Directors' Report and Accounts for the year ended 31 December 2009. Copies of the New Articles and this letter will also be available for inspection at such times at the Company's registered office and at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY. All such documents will be available for inspection in The Park Suite at The Dorchester, Park Lane, London W1K 1QA from 10.45 am on 21 April 2010 until the conclusion of the AGM.

Dividend

The directors are recommending a final dividend of 14.9p per ordinary share for the year ended 31 December 2009 and, subject to the passing at the AGM of Resolution 2 approving the dividend, shareholders will again be offered the opportunity to receive shares instead of the cash dividend to which they would otherwise have been entitled by participating in the Scrip. Further information about the dividend timetable, the terms and conditions of the Scrip and how to participate in the Scrip can be found in the Shareholder Information section of the Company's website at www.bunzl.com or by contacting the Company's registrar Computershare Investor Services PLC on 0870 889 3257.

Recommendation

The directors are unanimously of the opinion that the proposals described above are in the best interests of the Company and its shareholders as a whole. Accordingly, they recommend shareholders to vote in favour of the Resolutions referred to above, as they intend to do in respect of their own beneficial holdings.

Further copies of this letter may be obtained from the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, from the date of this letter until 19 April 2010.

Yours faithfully



Philip Rogerson
Chairman

Appendix 1
Notice of Meeting

NOTICE IS HEREBY GIVEN that the seventieth annual general meeting ('AGM') of Bunzl plc (the 'Company') will be held in The Park Suite at The Dorchester, Park Lane, London W1K 1QA on Wednesday 21 April 2010 at 11.00 am for the following purposes:

1. To receive and consider the accounts for the year ended 31 December 2009 together with the reports of the directors and auditors.
2. To resolve THAT a final dividend of 14.9p per ordinary share in the Company in respect of the year ended 31 December 2009 be and is hereby declared due and payable on 1 July 2010 to ordinary shareholders on the Company's register of shareholders as at 6.00 pm on 7 May 2010 but excluding such of the ordinary shares in the Company so held in respect of which a valid election to participate in the Company's scrip dividend scheme ('Scrip') and thereby receive the 2009 final dividend in new ordinary shares in the Company instead of cash shall have been received by the Company by 5.00 pm on 10 June 2010 (such exclusion, however, being subject to fulfilment of the conditions set out in paragraph 3 of the terms and conditions of the Scrip).
3. To re-appoint Mr M J Roney as a director.
4. To re-appoint Dr U Wolters as a director.
5. To re-appoint Mr P G Rogerson as a director.
6. To re-appoint KPMG Audit Plc as auditors to hold office from the conclusion of this AGM until the conclusion of the next general meeting at which accounts are laid before the Company at a rate of remuneration to be determined by the directors.
7. To approve the directors' remuneration report as set out on pages 52 to 60 of the Directors' Report and Accounts for the year ended 31 December 2009.

To consider and, if thought fit, pass the following Resolutions:

8. Ordinary Resolution (Authority to allot shares)

THAT the directors of the Company 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 £35,194,000 (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) of the Companies Act 2006) up to a nominal amount of £70,388,000 (such amount to be reduced by any allotments or grants under paragraph (a) above) in connection with an offer by way of a rights issue 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 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 21 July 2011) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

9. Special Resolution (Allotment of shares for cash)

THAT if Resolution 8 is passed, the directors of the Company 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 8, 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 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 8 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (a) above) of equity securities or sale of treasury shares up to a nominal amount of £5,653,954,

such power to apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 21 July 2011) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the directors may allot equity securities (and/or sell treasury shares) under any such offer or agreement as if the power had not ended.

10. Special Resolution (Purchase of own shares)

THAT the Company be authorised, for the purposes of section 701 of the Companies Act 2006, to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its ordinary shares of 32½p each ('Ordinary Shares'), such power to be limited:

- (a) to a maximum number of 32,845,000 Ordinary Shares;
- (b) by the condition that the minimum price which may be paid for an Ordinary Share is 32½p and the maximum price which may be paid for an Ordinary Share is the highest of:
 - (i) an amount equal to 5% above the average market value of an Ordinary Share for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out,

in each case, exclusive of expenses,

such power to apply until the end of next year's annual general meeting (or, if earlier, the close of business on 21 July 2011) but so that during this period the Company may enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase Ordinary Shares pursuant to any such contract as if the power had not ended.

11. Special Resolution (Notice of general meetings)

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

12. Special Resolution (Amendments to articles of association)

THAT the articles of association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be and are hereby adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By Order of the Board

P N Hussey
Secretary

15 March 2010

Notes:

1. Resolutions 3, 4, and 5 relate to the re-appointment of directors. Biographical information relating to the directors appears on page 16 of the Company's Annual Review and Summary Financial Statement for the year ended 31 December 2009. Mr M J Roney and Dr U Wolters are subject to re-election in accordance with the retirement by rotation provisions of the current articles of association and the Combined Code on Corporate Governance. Following a formal evaluation process, the Company believes that the performance of Dr U Wolters as a non-executive director continues to be effective and he continues to demonstrate commitment to his role. Mr P G Rogerson was appointed to the Board by the directors after the last annual general meeting and as a result, in accordance with the current articles of association and in compliance with the Combined Code on Corporate Governance, he will be offering himself for re-appointment by shareholders at this year's AGM.
2. Every holder of ordinary shares (other than a holder of treasury shares) is entitled to attend, speak and vote at the AGM. A shareholder entitled to attend, speak and vote may appoint a proxy (who need not be a member of the Company) to attend, speak and vote instead of him. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A Form of Proxy is enclosed with this letter for use in connection with the AGM. If you do not have a Form of Proxy and believe that you should have one, or if you require additional Forms of Proxy, please contact the Company's registrar, Computershare Investor Services PLC. To be valid, any Form of Proxy together with the power of attorney or other authority (if any) under which it is signed or sealed or a duly certified copy thereof, must reach the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 11.00 am on Monday 19 April 2010. Completion and return of any Form of Proxy will not preclude a member from attending and voting at the AGM. A user of the CREST system (including a CREST Personal Member) may appoint a proxy or proxies by having an appropriate CREST message transmitted to be received by no later than 11.00 am on Monday 19 April 2010. Alternatively, proxy votes can be submitted via the internet to be received by no later than 11.00 am on Monday 19 April 2010. Details of how to do this are shown on the enclosed Form of Proxy. In the case of joint holdings, any one holder may sign the Form of Proxy, but the names of all joint holders must be stated. The vote of the senior joint holder who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). 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 3RA50) by 11.00 am on Monday 19 April 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the 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.
5. 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.
6. 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.
7. 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.
8. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 Act to enjoy information rights (a 'Nominated Person') may, under an agreement between him and the shareholder by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. 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 shareholder as to the exercise of voting rights.
9. The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 2 of the Notes to this Notice of Meeting above does not apply to Nominated Persons. The rights described in such paragraph can only be exercised by the Company's shareholders.
10. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 311 of the Companies Act 2006, the Company specifies that only those shareholders registered in the Register of Members of the Company at 6.00 pm on 19 April 2010 shall be entitled to attend, speak or vote at the AGM in respect of the number of shares registered in their name at that time. If the AGM is adjourned, the Company specifies that only shareholders entered on the Company's Register of Members not later than 48 hours before the time fixed for the adjourned AGM shall be entitled to attend, speak or vote at the AGM.
11. 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 AGM; 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 AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
12. Information regarding the AGM, including information required by section 311A of the Companies Act 2006, can be found in the Shareholder Information section of the Company's website at www.bunzl.com.
13. Under section 319A of the Companies Act 2006, the Company must cause to be answered any question relating to the business being dealt with at the meeting put by a member attending the meeting unless (a) answering the question 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.
14. You may not use any electronic address provided either in this notice of AGM or any related documents (including the Chairman's letter and Form of Proxy) to communicate for any purposes other than those expressly stated.

Appendix 2

Authority for the Company to purchase its own shares

Details of proposals

Authority is sought for the Company to purchase up to 10% of its issued ordinary shares (excluding any treasury shares), renewing the authority granted by shareholders at previous AGMs.

The directors have no present intention of exercising the authority to make market purchases. However the authority provides the flexibility to allow them to do so in the future. The directors will exercise this authority only when to do so would be in the best interests of the Company, and of its shareholders generally, and could be expected to result in an increase in the earnings per share of the Company.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. The directors will consider holding any ordinary shares the Company may purchase as treasury shares. The Company currently has 23,325,000 ordinary shares in treasury. The minimum price, exclusive of expenses, which may be paid for an ordinary share is 32½p. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of (i) an amount equal to 5% above the average market value of an ordinary share for the five business days immediately preceding the date of the purchase, and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.

The number of options to subscribe for ordinary shares outstanding at 15 March 2010 was 4,017,592 representing 1.2% of the Company's issued share capital (excluding treasury shares). If the existing authority given at the 2009 AGM and the authority now being sought by Resolution 10 were to be fully used, these outstanding options would represent 1.5% of the Company's ordinary issued share capital (excluding treasury shares) at that date.

The authority will expire at the earlier of 21 July 2011 and the conclusion of the AGM of the Company held in 2011.

Taxation consequences

The main taxation consequences under current UK legislation in force on 15 March 2010 of a purchase of ordinary shares taking place on or after 6 April 2010 pursuant to the proposed authority would be broadly as follows:

- (a) for the Company: the Company would be treated as having made a distribution broadly to the extent that the amount paid for the ordinary shares purchased exceeds the price received by the Company when such shares were originally issued. The Company will generally be obliged to pay stamp duty at the rate of 0.5% (rounded up to the nearest £5) of the price paid by it for the ordinary shares; and
- (b) for a shareholder selling in the market: on the basis that all purchases by the Company will be made through the London Stock Exchange Electronic Trading System and that a dealer will therefore act as principal in the sale to the Company, the sale into the market of all or part of a shareholder's holding of shares ultimately acquired by the Company should generally be treated as a normal market sale. If the shares are held by the shareholder as a capital asset, the sale to the dealer by the shareholder will generally constitute a disposal for the purposes of tax on capital or chargeable gains (and will not constitute an income distribution) and a chargeable gain or an allowable loss may arise in the hands of the shareholder.

Appendix 3

Principal Changes to Articles of Association

The principal changes introduced by the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature or which merely reflect changes made by the Companies Act 2006 or the Shareholders' Rights Regulations or conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills have not been individually noted below. The New Articles and a copy of this letter summarising the changes to the Current Articles are available for inspection as noted on page 2 of this letter.

1. Uncertificated Shares

The New Articles include provisions to reflect the fact that the Company's shares are held primarily in uncertificated form and traded using CREST, the electronic settlement system for securities traded on a recognised investment exchange, bringing them into line with the Uncertificated Securities Regulations 2001 and current custom and practice which has developed since dematerialised trading of shares first became possible. The provisions relating to the holding of shares in certificated form in the Current Articles are largely replicated in the New Articles, subject to certain consequential amendments to reflect the alternative method of holding shares in uncertificated form. Although the directors' resolution adopted by the Company in 1996 to enable shares to be so held and traded is still technically effective, the adoption of the New Articles has provided the opportunity to address these matters within the Company's constitution on a more permanent basis as is now the commonly adopted approach of most UK listed companies. Accordingly, the directors' resolution will be revoked with effect from adoption of the New Articles incorporating such provisions.

2. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being omitted from the New Articles as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

The Current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. This provision has therefore been omitted from the New Articles.

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. 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.

5. Rights attached to shares

The Current Articles provide that new shares may be issued with such rights and restrictions attached as the Company may by ordinary resolution decide. The New Articles amend this provision so that, in the absence of an ordinary resolution, or if the ordinary resolution does not make specific provisions, the directors may decide the rights and restrictions attached. In order to issue new shares the directors would need shareholders' authority 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 omitted from the New Articles.

7. Distribution of assets otherwise than in cash

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been omitted from the New Articles as the provisions are a reflection of applicable legislation.

8. Share warrants and stock

The New Articles do not include provisions relating to share warrants and stock as these are no longer considered to be relevant. In particular, it has not been the Company's practice to issue share warrants and shareholdings are expected to continue to be represented by share certificates or uncertificated securities held through CREST.

9. Share certificates sent at holder's risk

The New Articles provide that the Company will not be responsible for share certificates which are lost or delayed in the course of delivery.

10. Untraced shareholders

The Current Articles provide that if a shareholder has failed to claim dividends on his shares or communicate with the Company for 12 years then the Company may sell the untraced shareholder's shares and the proceeds of such sale shall become a debt owed by the Company to the untraced shareholder. The New Articles retain this provision and further provide that if the untraced shareholder does not claim the proceeds of sale of his shares within six years of such sale (i.e. it has been at least 18 years since the shareholder last claimed a dividend or communicated with the Company) then the proceeds of sale are forfeited and belong to the Company absolutely.

11. Use of seals

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one director in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors.

12. 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 omitted from the New Articles.

13. Suspension of rights where non-disclosure of interest

The provisions contained in the New Articles more accurately reflect the current statutory and Listing Rules requirements in relation to non-disclosure of interests in shares, those in the Current Articles not having been updated for some time. The New Articles provide for both a shareholder's failure to comply with a statutory notice and the making of statements which are false or inadequate in a material particular in purported compliance with such a notice. The possible sanctions for non-compliance are more clearly stated, being restrictions on rights conferred by membership in relation to general meetings, the withholding of dividends (including scrip dividends) and the rights of the directors to decline to register a transfer. The New Articles also ensure that shareholders who hold their shares in uncertificated form are subject to the relevant provisions by providing a mechanism to oblige them to convert into certificated form if the relevant circumstances arise.

14. 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 treat physical illness in the same manner as mental illness.

15. Retirement of directors by rotation

The provision of the Current Articles which requires one third of the directors to retire at every AGM has been removed in the New Articles. In line with the Combined Code on Corporate Governance, which the Company has been complying with in practice for some time, the New Articles require all directors to retire or submit themselves for re-election at least every three years and require any director who has served for nine years or more to be subject to annual re-election.

16. Maximum number of directors and directors' fees

In line with the recommendations of the ABI, the New Articles stipulate a maximum number of directors which the Company may have and places a cap on the amount of fees that can be paid to directors, both limits being subject to amendment by an ordinary resolution of shareholders. The maximum number of directors is 15 and the maximum aggregate amount that can be paid in directors' fees per annum is £1 million. Directors' fees are exclusive of any remuneration paid to executive directors under the terms of their employment with the Company which is disclosed in the directors' remuneration report each year.

17. Directors' expenses and indemnities

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. The wording in the New Articles in respect of expenses has been adjusted to reflect minor amendments to the position made by the the Act, including to cover directors of holding companies. The wording relating to indemnification, which already authorises the giving of an indemnity to the extent permitted by law, has been adjusted to provide that directors are not accountable for any benefit provided by virtue of any insurance taken out for the benefit of directors and that the receipt of such benefit does not disqualify any person from being a director of the Company. This is consistent with the provisions of the Current Articles regarding directors' conflicts of interest which were updated at the 2008 AGM.

18. Borrowing powers

The borrowing limits contained in the Current Articles, which were last amended at the 2008 AGM, have been carried across to the New Articles with minimal amendments, simply updating and conforming the language and style of the existing wording with that used elsewhere in the New Articles. None of these amendments has any substantive effect upon the calculation of the borrowing limits.

19. 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 the provision of the Companies Act 2006 giving a proxy a second vote on a show of hands should apply to discretionary authorities.

20. 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.

21. Chairman's casting vote

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

22. Notice of a poll

The New Articles amend the poll provisions in the Current Articles so that it is not necessary to give notice of a poll which is demanded at a meeting but which will be held at a future date as long as the chairman of the meeting at which the poll is demanded announces the time and place at which the poll is to be taken.

23. Adjournments for lack of quorum

Under the Companies Act 2006, as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The New Articles reflect this requirement.

24. Electronic communications

The New Articles include provisions permitting the Company to communicate with shareholders in electronic form, including by means of a website. This reflects the passing of an ordinary resolution at last year's AGM enabling the Company to take full advantage of the provisions of the Companies Act 2006 in relation to website and other electronic communications with shareholders.