

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

It contains the resolutions to be voted on at the Annual General Meeting of Optos plc to be held on 25 February 2010. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

You will find enclosed with this Notice of Annual General Meeting (the "**Notice**") a Form of Proxy for use in connection with the Annual General Meeting. Whether or not you propose to attend the Annual General Meeting in person, you are requested to complete the Form of Proxy and return it to the Company's Registrars in accordance with the instructions printed thereon as soon as possible and, in any event, so as to be received no later than 11h00 GMT on 23 February 2010. This Notice should be read in conjunction with the Explanatory Notes and the Appendix contained at the end of this Notice. Please read both the Explanatory Notes and the Appendix carefully as they explain the background to the items of business proposed to be transacted at the Annual General Meeting.

If you have sold or otherwise transferred all your ordinary shares ("**Ordinary Shares**") of £0.02 each in the Company, please forward this document and the Form of Proxy for use in relation to the Annual General Meeting as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your Ordinary Shares, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

OPTOS PLC
Registered in Scotland
SC139953



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Optos plc (the "**Company**") will be held at **Goldman Sachs International, Peterborough Court, Room 10A, 133 Fleet Street, London EC4A 2BB United Kingdom** at 11h00 GMT on 25 February 2010 (the "**Meeting**") for the transaction of the following business:

Ordinary Resolutions

To consider and, if thought fit, pass resolutions 1 to 10, each of which will be proposed as an ordinary resolution:

1. To receive and adopt the Directors' Report and the annual accounts of the Company for the financial year ended 30 September 2009 together with the report of the Company's auditors thereon.
2. To approve the Directors' Remuneration Report for the financial year ended 30 September 2009.
3. To reappoint Ernst & Young LLP as Auditors of the Company to hold office from the conclusion of the Annual General Meeting of the Company until the conclusion of the next meeting at which accounts are laid before the Company.
4. To authorise the Directors of the Company to determine the Auditors' remuneration.
5. To elect Peter John FELLNER (who has been appointed since the last Annual General Meeting) as a Director of the Company.
6. To elect Christine Helen SODEN (who has been appointed since the last Annual General Meeting) as a Director of the Company.
7. To re-elect Anne Margaret GLOVER as a Director of the Company.
8. To re-elect Patrick Robin David PAUL as a Director of the Company.
9. To re-elect Rosalyn Susan WILTON as a Director of the Company.
10. THAT, in substitution for any existing authority under Section 80 of the Companies Act 1985 but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors of the Company be generally and unconditionally authorised, pursuant to Section 551 of the Companies Act 2006, to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company, such shares and rights together being "relevant securities" up to an aggregate nominal amount of £463,136.22 being equal to approximately 33.3% of the Company's issued share capital as at 15 January 2010, to such persons and on such terms as the Directors of the Company may determine, such authorisation to expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution, unless previously renewed, varied or revoked, save that the Company may at any time before the expiry of this authorisation make offers or enter into agreements or other arrangements which would, or might, require relevant securities to be allotted or granted after such expiry and the Directors of the Company may allot or grant relevant securities in pursuance of any such offers, agreements or other arrangements as if the authorisation conferred hereby had not expired.

Notice of Annual General Meeting

continued

Special Resolutions

To consider and, if thought fit, pass resolutions 11 to 14, each of which will be proposed as a special resolution:

- 11 THAT, subject to the passing of resolution numbered 10 above and in substitution for any existing authority under Section 95(1) of the Companies Act 1985 but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors of the Company be empowered, pursuant to Sections 570 and 573 of the Companies Act 2006 (the "**2006 Act**"), to allot equity securities (within the meaning of Section 560 of the 2006 Act) for cash, either pursuant to the authorisation under Section 551 of the 2006 Act as conferred on the Directors of the Company by resolution 10 above or by way of a sale of treasury shares, as if Section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
- (a) the allotment of equity securities in connection with an offer to holders of ordinary shares of £0.02 each in the capital of the Company (the "**Ordinary Shares**") in proportion (as nearly as practicable) to their existing holdings of Ordinary Shares but subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or any legal, regulatory or practical problems in or under the laws or the requirements of any territory or the requirements of any regulatory body, stock exchange or otherwise howsoever; and
 - (b) the allotment of equity securities for cash (otherwise than pursuant to paragraph (a) above) up to an aggregate nominal amount of £69,539.97 being approximately 5% of the issued share capital of the Company as at 15 January 2010,
- provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution or 25 May 2011, whichever is the earlier, unless previously renewed, varied or revoked, save that the Company may at any time before the expiry of this power make offers or enter into agreements or other arrangements which would, or might, require equity securities to be allotted for cash after such expiry and the Directors of the Company may allot equity securities for cash in pursuance of any such offers, agreements or other arrangements as if the power conferred hereby had not expired.
- 12 THAT the Company be generally and unconditionally authorised, pursuant to Section 701 of the Companies Act 2006 (the "**2006 Act**"), to make market purchases (within the meaning of Section 693(4) of the 2006 Act) of its ordinary shares of £0.02 each in the capital of the Company (the "**Ordinary Shares**") provided that:
- (a) the maximum aggregate nominal value of Ordinary Shares that may be purchased shall be limited to £139,079.95 representing approximately 10% of the issued share capital of the Company as at 15 January 2010;
 - (b) the minimum price which may be paid for any Ordinary Share is £0.02, exclusive of the expenses of purchase (if any) payable by the Company;
 - (c) the maximum price which may be paid for any Ordinary Share, exclusive of the expenses of purchase (if any) payable by the Company, shall not be more than the higher of an amount equal to: (i) 105% of the average of the middle market closing quotations of such Ordinary Shares as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date of purchase; and (ii) the higher of the price of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out; and
 - (d) the authority conferred hereby shall expire at the conclusion of the next Annual General Meeting of the Company or 25 May 2011, whichever is the earlier, unless previously renewed, varied or revoked, save that the Company may make a contract to purchase Ordinary Shares under the authority conferred hereby prior to the expiry of such authority which will or may be executed wholly or partly thereafter, and a purchase of Ordinary Shares may be made pursuant to any such contract as if the authority conferred hereby had not expired.
- 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 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and
 - (b) the Articles of Association in the form produced to the Annual General Meeting of the Company and initialled by the Chairman of the Annual General Meeting for the purposes of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.
- 14 THAT a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days' notice.

The Directors of the Company believe that the above resolutions are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company for the benefit of its shareholders as a whole. Accordingly, the Directors unanimously recommend that shareholders vote in favour of the above resolutions as they intend to do in respect of their own beneficial holdings.

BY ORDER OF THE BOARD

John McNeil
Company Secretary
25 January 2010

Registered office:
Queensferry House
Carnegie Business Campus
Dunfermline, Scotland
KY11 8GR

Notes

1. Information about the Meeting is available from the Company's website: www.optos.com
2. As a shareholder, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the Meeting. A proxy need not be a shareholder of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share.
3. A Form of Proxy is enclosed. To be valid, your Form of Proxy and any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority should be sent to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZR so as to arrive no later than 11h00 GMT on 23 February 2010.
4. If you appoint a proxy, this will not prevent you attending the Meeting and voting in person if you wish to do so.
5. The right to vote at the Meeting is determined by reference to the Company's register of members as at 18h00 GMT on 23 February 2010 or, if the Meeting is adjourned, at 18h00 GMT on the day two days prior to the adjourned meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any shareholder to attend and vote at the Meeting.
6. As a shareholder, you have the right to put questions at the Meeting relating to the business being dealt with at the Meeting.
7. A copy of this Notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a "Nominated Person"). The rights to appoint a proxy cannot be exercised by a Nominated Person; they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him/her and the member by whom s/he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, s/he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. It is important for any Nominated Person to remember that his main contact in terms of his investment remains as it was (so the registered shareholder, or perhaps custodian or broker, who administers the investment on the Nominated Person's behalf). Therefore any changes or queries relating to a Nominated Person's personal details and holding (including any administration thereof) must continue to be directed to that Nominated Person's existing contact at his investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company, in exercising one of its powers under the Companies Act 2006, writes to a Nominated Person directly for a response.
8. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
9. As at 17h00 GMT on 15 January 2010, the Company's issued share capital comprised 69,539,975 ordinary shares of £0.02 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 17h00 GMT on 15 January 2010 is 69,539,975.
10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising 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.
11. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual, www.euroclear.com/CREST. The message must be transmitted so as to be received by the issuer's Agent ID RA19 by 11h00 GMT on 23 February 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
12. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. 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.
14. Copies of Directors' Service Contracts and Letters of Appointment will be available for inspection for at least 15 minutes prior to the Meeting and during the Meeting.
15. It is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances 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 2006 Act. 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 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 Meeting includes any statement that the Company has been required under Section 527 of the 2006 Act to publish on a website.
16. Copies of the existing Articles of Association of the Company together with the Articles of Association as proposed to be adopted by resolution 15 will be available for inspection at the offices of Maclay Murray & Spens LLP, One London Wall, London EC2Y 5AB from 25 January 2010 to and including 25 February 2010 during normal business hours on any day (Saturdays, Sundays and public holidays excepted) and will also be available for inspection at the venue of the Meeting for at least 15 minutes before the Meeting until its conclusion.

Explanatory notes to the resolutions

Resolution 1

The Directors of the Company are required, under the provisions of the Companies Act 2006 (the “**2006 Act**”), to lay before the Company at the general meeting copies of the Company’s annual accounts and reports before the end of the relevant period for filing those accounts and reports.

Resolution 2

Under the 2006 Act the Company must give its shareholders notice of an ordinary resolution approving the Directors’ Remuneration Report. The vote on this resolution is, however, advisory and no aspect of an individual Director’s entitlement to remuneration is conditional upon the passing of this resolution.

Resolutions 3 & 4

The provisions of the 2006 Act require auditors to be appointed for each financial year of the Company. Resolutions 3 provides for the reappointment of Ernst & Young LLP as Auditors of the Company to hold office from the conclusion of the Meeting until the conclusion of the next general meeting at which accounts are laid before the Company and Resolution 4 authorises the Directors of the Company to determine the Auditors’ remuneration.

Resolutions 5 & 6

Christine Helen Soden and Peter John Fellner, who were appointed to the Board of Directors of the Company (the “**Board**”) on 1 December 2009 and 1 January 2010 respectively, make themselves eligible for election in accordance with the Articles of Association of the Company (the “**Articles**”).

Resolutions 7 & 8

A.7.2 of the Combined Code on Corporate Governance (2008) states that non-executive directors of a company may serve longer than nine years subject to annual re-election. Anne Margaret Glover and Patrick Robin David Paul have served as Non-executive Directors of the Company for a period longer than nine years and are therefore submitted for re-election. The contributions made by both Ms Glover and Mr Paul are considered to be an asset to the Company and the Board believes that they exercise independent judgement on all matters.

Resolution 9

The Articles provide that at each Annual General Meeting of the Company one-third of the Directors who are subject to retirement by rotation shall retire from office. Therefore, in accordance with the Articles, Rosalyn Susan Wilton will retire and will make herself eligible for re-election.

Biographies of each of the above-mentioned Directors, proposed either for election or re-election under resolutions 5–9, are contained on pages 26–27 of the Company’s 2009 Annual Report and Accounts.

Resolution 10

Resolution 10, which will be proposed as an ordinary resolution, authorises the Directors of the Company to allot unissued ordinary shares in the capital of the Company up to a maximum nominal amount of £463,136.22 which figure represents approximately 33.3% of the issued share capital of the Company as at 15 January 2010. This authority will expire on the conclusion of the next Annual General Meeting of the Company.

Shareholders last granted such general authority to the Directors of the Company at the Annual General Meeting of the Company held on 26 February 2009. Resolution 12 seeks to renew this authority. While the Directors of the Company have no current plans to utilise this authority, the resolution provides the Company with the flexibility to issue shares going forward.

The Company does not hold any shares in treasury as at 15 January 2010 which is the latest practicable date prior to issue of this Notice of Annual General Meeting.

Resolution 11

Resolution 11, which is proposed as a special resolution, seeks to provide the Directors of the Company with authority to allot unissued ordinary shares in the capital of the Company for cash on a non-pre-emptive basis i.e. without first offering them to existing shareholders in proportion to their shareholdings. There may be occasions when the Directors of the Company will need the flexibility to finance business opportunities by the issue of ordinary shares without a pre-emptive offer to existing shareholders. Shareholders last granted authority to the Directors of the Company to dis-apply pre-emption rights at the Annual General Meeting of the Company held on 26 February 2009 and such authority will expire at the end of the Meeting. Resolution 11 seeks to renew this authority. The Directors of the Company have no present intention to utilise the authority sought.

The authority sought under resolution 13 will expire on the earlier of the conclusion of the next Annual General Meeting of the Company or on 25 May 2011.

Resolution 12

In certain circumstances, and subject to the provisions of the 2006 Act, it may be advantageous for the Company to purchase its own shares and resolution 14 seeks authority from the Company's shareholders to do so up to a limit of approximately 10% of the Company's issued share capital.

Shareholders granted the Company authority to make market purchases of its own shares, up to a limit of approximately 10% of the issued share capital of the Company, at the Annual General Meeting of the Company in February 2009. Such authority will expire at the end of the Meeting. Resolution 12 seeks to renew this authority to give the Company flexibility to purchase its own shares.

The Directors of the Company do not currently have any intention of exercising the authority granted by this resolution. The Directors intend to exercise this power only when, in light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and that such purchases are in the best interest of shareholders generally, consistent with the Directors' duty to act in the way most likely to promote the success of the Company for the benefit of its shareholders as a whole. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account before deciding upon this course of action.

If the Company buys back any of its shares, the Company may cancel such shares or hold them in treasury. The Directors of the Company believe it is advantageous for the Company to have this choice and the Directors would consider holding any shares repurchased pursuant to resolution 14 as treasury shares. The Directors of the Company further believe that the holding of treasury shares would provide the Company with increased flexibility in managing its share capital. No voting rights would be exercised, or dividends paid, in respect of any treasury shares.

The authority sought by resolution 12 will expire on the conclusion of the next Annual General Meeting of the Company or on 25 May 2011, whichever is earlier. The resolution sets out the lowest and highest prices that the Company can pay for its ordinary shares.

Resolution 13

The law in relation to companies has recently undergone a number of changes following the introduction of new company legislation in the United Kingdom under the 2006 Act (as amended by The Companies (Shareholders' Rights) Regulations 2009). Some of the changes will apply automatically to the Company whilst others will require the Company to take specific steps to take advantage of, or exclude, as the case may be, the effect of the changes.

In order to accommodate all the proposed changes to the Company's existing articles of association (the "**Existing Articles**") to reflect the provisions of the 2006 Act which is now fully in force, it is proposed that new articles of association (the "**New Articles**") be adopted at the Meeting. Accordingly, resolution 15 is a special resolution relating to the proposed adoption of New Articles which, in addition to reflecting the provisions of the 2006 Act, also contain a number of changes that generally update the Existing Articles bringing the provisions into line with current market practice.

The principal changes proposed to be made to the Existing Articles at the Meeting are detailed in the Appendix at the back of this Notice of Annual General Meeting. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the 2006 Act 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 ("**BIS**"), have not been noted in the Appendix.

Resolution 14

Section 307A of the 2006 Act increases the minimum notice period for general meetings of a company to 21 days unless shareholders agree to a shorter notice period. Resolution 14 seeks such agreement. The resolution will be effective until the Company's next Annual General Meeting in 2011 when, it is intended, a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under Section 307A of the 2006 Act before it can call a general meeting on 14 days' notice.

Appendix

Explanatory notes of the principal changes to the existing articles

1. The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's Memorandum of Association (the "Memorandum") and in the Existing Articles. The Memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake.

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will only record the names of the subscribers and the number of shares each subscriber has agreed to take in a company. Under the 2006 Act the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in a company's articles of association, although a company can remove these provisions by special resolution. Further, the 2006 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 2006 Act, would be treated as forming part of the New Articles. Resolution 15(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, the New Articles also contain an express statement regarding the limited liability of the shareholders of the Company.

2. Authorised share capital and unissued shares

The 2006 Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can allot at any time because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

3. Redeemable shares

Under the Companies Act 1985 (the "1985 Act"), if a company wished to issue redeemable shares it had to include in its articles the terms and manner of redemption. The 2006 Act enables directors to determine such matters instead provided they are so authorised by the articles of a company. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the Directors of the Company would need shareholders' authority to issue new shares in the usual way.

4. 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 shareholder authority to undertake the relevant action. The Existing Articles include these enabling provisions. Under the 2006 Act a company will only require shareholder authority to do any of these things and it will no longer be necessary for a company's articles to contain enabling provisions. The relevant enabling provisions have been carried over into the New Articles only in respect of consolidation and sub-division.

5. Transfers of shares

5.1 The 2006 Act provides that if the directors of a company refuse to register a transfer of shares then, in addition to sending the purported transferee notice of refusal, the directors must also give reasons for the refusal and any further information about such reasons that the purported transferee may reasonably request. The New Articles have therefore been amended in this regard.

5.2 The Existing Articles permit the Directors of the Company 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 and this power has accordingly been removed in the New Articles.

6. Variation of class rights

The Existing Articles contain provisions regarding the proceedings and specific quorum requirements for a meeting convened to vary class rights. These provisions have been carried over into the New Articles but have been updated to the extent necessary to reflect the provisions of the 2006 Act.

7. Shareholder meetings

7.1 The New Articles reflect the fact that the 2006 Act does not contain any references to extraordinary general meetings of shareholders. Under the 2006 Act, any meeting other than an annual general meeting is simply classified as a 'general meeting'.

7.2 The provisions in the Existing Articles dealing with the convening of general meetings and length of notice required to convene general meetings are amended in the New Articles to conform to new provisions in the 2006 Act. In particular, a general meeting (other than an annual general meeting) convened to consider a special resolution may be convened on 14 days' notice whereas previously 21 days' notice was required. As detailed on page 2 of this document, under "Resolution 14", a further resolution is required to enable the Company to take advantage of this shorter notice period.

7.3 The New Articles clarify that at least two people must be present before business can be transacted at a general meeting. It is not possible for one person who is a shareholder in his/her own right and has also been appointed a proxy or corporate representative for another shareholder to constitute a quorum.

7.4 In addition, the ability of shareholders to consent to short notice of a general meeting (but not a class meeting) has been removed as this is no longer permitted by the 2006 Act. Provisions permitting the place or time of a general meeting to be changed without giving new notice of the meeting have been removed for the same reason.

7.5 The Existing Articles provide that the Board may resolve that shareholders entitled to attend a general meeting may do so by attendance and participation at a satellite meeting place. An enabling provision has been included in the New Articles so that arrangements may be made for shareholders to participate in general meetings electronically and the provisions in the New Articles in respect of the holding and conducting of electronic meetings reflect more closely the relevant provisions in the 2006 Act, as amended by the Regulations.

7.6 The casting vote of the chairman of a general meeting in the event of an equality of votes has been removed in the New Articles as this is no longer permitted by the 2006 Act.

8. Form of resolution

References in the Existing Articles to "extraordinary resolutions" have either been deleted or replaced by references to "special resolutions" in the New Articles. The distinction between special and extraordinary resolutions under the old law, that 21 days' notice was required for a special resolution and only 14 days' notice for an extraordinary resolution, has been removed. The concept of extraordinary resolutions has not been retained under the 2006 Act.

9. Proxies and corporate representatives

9.1 The 2006 Act now provides that shareholders can appoint multiple proxies provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the shareholder. Proxies can also speak at general meetings. In addition, the 2006 Act provides that proxies have the right to vote on a show of hands whereas under the Existing Articles proxies were only entitled to vote on a poll. The New Articles therefore contain amendments to reflect these provisions.

9.2 Each proxy present will have one vote on a show of hands, unless he has been appointed by more than one shareholder and has received instructions to vote both in favour of and against the same resolution. In this case he will have one vote for the resolution and one vote against. If a proxy has been given discretion as to how to vote, he is treated for this purpose as if he had been instructed to vote in the way in which he decides to exercise his discretion.

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

9.4 The New Articles also reinforce the legal position that a company has no obligation to check that proxies and corporate representatives have voted in accordance with shareholder instructions and that the validity of a resolution will not be affected if there is any failure to do so.

10. Change of name

Under the 1985 Act a company could only change its name by special resolution. Under the 2006 Act a company can change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the Company to change its name by resolution of the Directors of the Company.

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 any person authorised by the Directors of the Company for that purpose whereas previously the requirement was for signature by either a Director and the Company Secretary or two Directors.

12. Number of directors

The Existing Articles provide for a minimum of two directors as required under the 2006 Act. The New Articles have been updated to require a minimum of five directors.

13. Notice of Board meetings

In certain circumstances it is not necessary under the Existing Articles for a Director of the Company to receive notice of Board meetings if he/she is absent from the United Kingdom. This provision has been removed as modern communications mean that there may be no particular obstacle to giving notice to a director who is abroad.

14. Voting record date

Under the 2006 Act, as amended by the Regulations, the Company must determine the right of shareholders to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The New Articles have been drafted to reflect this requirement.

15. Adjournment for lack of quorum

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

16. Director's indemnities

16.1 Under the Existing Articles the Directors of the Company are indemnified to the fullest extent permissible under the 2006 Act. It is proposed that the indemnity provisions in the Existing Articles are simplified in the New Articles so that whilst the Company continues to indemnify its Directors to the extent permitted by the 2006 Act the indemnity is extended to former Directors or secretaries of the Company (or of any associated company).

16.2 Further, the indemnity provisions in the Existing Articles extend to "every officer of the Company or of an associated company." It is now recommended best practice (as articulated by, for example, NAPF) for listed companies to exclude auditors from the indemnity provisions in their articles. Accordingly, the New Articles clarify that it is only directors, alternate directors or secretaries (or former directors or secretaries) who fall within the scope of the indemnity provisions.

17. Winding-up

The Existing Articles contain provisions dealing with winding-up and the power of the Board to petition the Court for the Company to be wound up. These provisions have been removed in the New Articles on the grounds that these matters are adequately covered by insolvency law.

18. Articles which duplicate statutory provisions

Provisions in the Existing Articles which replicate provisions contained in the 2006 Act are, in the main, removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution.

19. General

Generally the opportunity has been taken to bring clearer language into the New Articles and therefore non-material changes and stylistic amendments have also been made to the Existing Articles. The New Articles also contain a number of non-material differences to reflect changes in general law and market practice since the date the existing Articles were adopted.



Registered Number
SC139953

Company Secretary
John McNeil

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