

# The City of London Investment Trust plc

(an investment company within the meaning of section 833 of the Companies Act 2006  
incorporated in England and Wales with registered number 34871)

*Registered Office:*  
201 Bishopsgate  
London EC2M 3AE

14 September 2010

To the Ordinary Shareholders, First Preference and Preferred Ordinary Stockholders of The City of London Investment Trust plc

Dear Shareholders

## Annual General Meeting 2010

I hope that you will be able to attend this year's Annual General Meeting of the Company ("AGM"), which is to be held at 3.00pm on Thursday 21 October 2010 at 201 Bishopsgate, London EC2M 3AE (the offices of Henderson Global Investors).

The Notice of Meeting and explanatory notes can be found on pages 2 to 6, together with a map showing the location of 201 Bishopsgate. Further details of each of the resolutions to be proposed at the Meeting are set out on pages 7 and 8. I also refer you to the Company's Report and Financial Statements for the year ended 30 June 2010 ("the Annual Report"), which is being sent to shareholders with this document.

We will be asking shareholders to approve new Articles of Association to comply fully with the Companies Act 2006 and details of the principal changes are set out on pages 9 and 10.

Our Portfolio Manager, Job Curtis, will give a presentation at the meeting and there will be opportunities to ask questions during and after the Meeting. I hope that you are able to attend the AGM or that you vote by completing and returning your form of proxy.

The Board considers that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company's shareholders as a whole. The Board therefore recommends unanimously to shareholders that they vote in favour of each of the resolutions, as the directors intend to do in respect of their own beneficial holdings.

Yours faithfully

**Simon de Zoete**  
*Chairman*

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to what action you should take, you should consult your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the UK, or if not from another appropriately independent professional adviser in your own jurisdiction.

If you have sold, transferred or otherwise disposed of all your shares in The City of London Investment Trust plc (the "Company"), please pass this circular and the accompanying Form of Proxy to the stockbroker, bank or other agent through whom you made the sale, transfer or disposal for transmission to the purchaser or transferee, except that such documents should not be sent to any jurisdiction under any circumstances where to do so might constitute a violation of local securities laws and regulations. If you have sold or transferred or otherwise disposed of only part of your holding of shares in the Company, you should retain this circular and the accompanying Form of Proxy and consult the stockbroker, bank or other agent through whom you made the sale, transfer or disposal.

# The City of London Investment Trust plc

(an investment company within the meaning of section 833 of the Companies Act 2006,  
incorporated in England and Wales with registered number 34871)

## Notice of Annual General Meeting

Notice is hereby given that the 118th Annual General Meeting of The City of London Investment Trust plc ("the Company") will be held at 201 Bishopsgate, London EC2M 3AE on Thursday 21 October 2010 at 3.00pm for the following purposes:

### Ordinary Business

- 1 To receive the Report and Financial Statements for the year ended 30 June 2010.
- 2 To receive and approve the Directors' Remuneration Report for the year ended 30 June 2010.
- 3 To re-elect Mr Simon de Zoete as a director of the Company.
- 4 To re-elect Sir Keith Stuart as a director of the Company.
- 5 To re-elect Mr Richard Hextall as a director of the Company.
- 6 To re-elect Mr David Brief as a director of the Company.
- 7 To elect Mr Simon Barratt as a director of the Company.
- 8 To re-appoint PricewaterhouseCoopers LLP as the auditors of the Company.
- 9 To authorise the directors to determine the auditors' remuneration.

### Other Business

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

*as an Ordinary Resolution:*

- 10 THAT in substitution for all existing authorities the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551) up to an aggregate nominal amount of £2,648,998 (being 5 per cent. of the issued ordinary share capital at the date of this notice) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2011, but that the Company may make an offer or agreement which would or

might require relevant securities to be allotted after expiry of this authority and the Board may allot relevant securities in pursuance of that offer or agreement.

*as a Special Resolution*

- 11 THAT in substitution for all existing authorities and subject to the passing of resolution 10 the directors be empowered pursuant to section 570 and/or section 573 of the Companies Act 2006 ("the Act") to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 10 as if section 561 of the Act did not apply to the allotment and to sell relevant shares (within the meaning of section 560 of the Act) held by the Company immediately before the sale as treasury shares (as defined in section 724 of the Act) for cash as if section 561 of the Act did not apply to any such sale. This power:
  - (a) expires at the end of the next Annual General Meeting of the Company in 2011, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the directors may allot equity securities in pursuance of that offer or agreement; and
  - (b) shall be limited to allotments of equity securities and/or the sale of shares held in treasury for cash up to an aggregate nominal amount equal to £2,648,998 (being 5 per cent. of the issued ordinary share capital at the date of this notice).

*as a Special Resolution*

- 12 THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 ("the Act") to make market purchases (within the meaning of section 693 of the Act) of ordinary shares of 25p each in the capital of the Company ("Ordinary Shares"), provided that:
  - (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 31,766,788 (or, if less, the number representing 14.99 per cent of the Ordinary Shares at the date of passing of this resolution);

- (b) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is 25p;
- (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average middle market quotations for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased, or such other amount as may be specified by the UK Listing Authority from time to time;
- (d) the authority hereby conferred will expire at the conclusion of the Annual General Meeting of the Company in 2011, or if earlier, 18 months from the date of the passing of this resolution, unless such authority is renewed prior to such time;
- (e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract; and
- (f) any Ordinary Shares so purchased shall be cancelled or, if the directors so determine, be held as treasury shares.

*as a Special Resolution*

13 THAT the Company be and is hereby authorised in accordance with section 701 of the Companies Act 2006 ("the Act") to make market purchases (within the meaning of section 693 of the Act) of the Company's 4.2% cumulative first preference stock ("the First Preference Stock"), 4.2% non-cumulative second preference stock ("the Second Preference Stock") and 14% non-cumulative preferred ordinary stock ("the Preferred Ordinary Stock") (together "the Preferred Stock"), provided that:

- (a) the maximum amount of Preferred Stock hereby authorised to be purchased is the entire issued capital amount of each such class of Preferred Stock as at the date of this resolution, being:
  - (i) £301,982 of First Preference Stock;
  - (ii) £507,202 of Second Preference Stock; and
  - (iii) £589,672 of Preferred Ordinary Stock;

- (b) the minimum price (exclusive of expenses) which may be paid for each £1 of capital of Preferred Stock is 1p;
- (c) the maximum price (exclusive of expenses) which may be paid for each £1 of capital of Preferred Stock is an amount equal to 110% of the prevailing middle market quotations for £1 of capital of the relevant Preferred Stock taken from the London Stock Exchange Daily Official List for the business day immediately preceding the day on which such stock is purchased;
- (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2011; and
- (e) the Company may make a contract to purchase any class of Preferred Stock under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Preferred Stock pursuant to any such contract.

*as a Special Resolution:*

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

*as a Special Resolution*

15: 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 produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

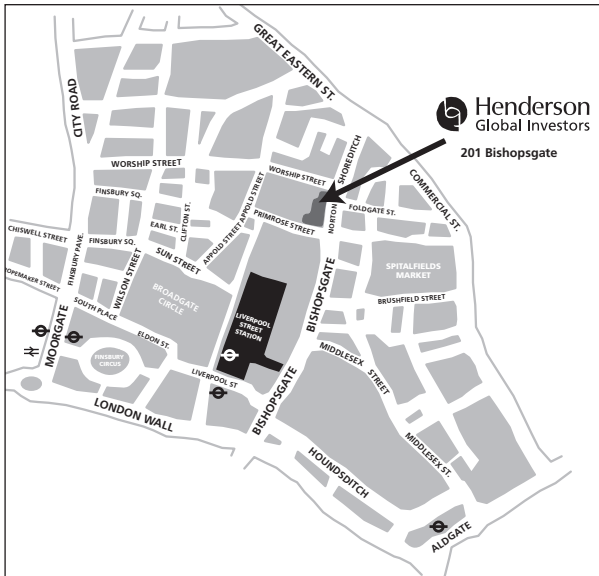
By order of the Board

D J Trickett  
 For and on behalf of  
 Henderson Secretarial Services Limited  
 Secretary  
 14 September 2010

*Registered Office:*  
 201 Bishopsgate  
 London EC2M 3AE

## Meeting Venue

The AGM will be held at Henderson's offices at 201 Bishopsgate, London EC2M 3AE.



**Henderson Global Investors is located in the City of London at 201 Bishopsgate. It is a few minutes walk from Liverpool Street Station and from Moorgate Underground Station.**

## Notes to the Notice of AGM

Resolutions 1 to 10 are proposed as ordinary resolutions. This means that, for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 11 to 15 are proposed as special resolutions. This means that, for each of those resolutions to be passed, at least three quarters of the votes cast must be in favour of the resolution.

### 1 Voting record date

Only those shareholders registered in the Register of Members of the Company at close of business on Tuesday 19 October 2010 shall be entitled to attend and vote at the meeting in respect of the number of voting rights registered in their name at that time. Changes to entries on the Register of Members after close of business on Tuesday 19 October 2010 shall be disregarded in determining the rights of any person to attend and vote at the meeting. In the case of joint holders of a voting right, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

### 2 Rights to attend and vote

The rights of members to attend and vote at the meeting or at any adjournment(s) thereof are as follows:

- (a) Holders of **Ordinary Shares** are entitled to attend and vote on a poll or on a show of hands. On a poll holders of Ordinary Shares have one vote for every 15 shares.

- (b) Holders of the **First Preference Stock** are entitled to attend and vote on a poll or on a show of hands. On a poll holders of the First Preference Stock have one vote for every £10 of stock held.
- (c) Holders of the **Preferred Ordinary Stock** are entitled to attend and vote on a poll or on a show of hands. On a poll holders of the Preferred Ordinary Stock have one vote for every £20 of stock held.
- (d) Holders of the **Second Preference Stock** have no rights to attend and vote at this meeting of the Company.

### 3 Debenture Holders

This notice is sent for information only to holders of the debenture stock who are not entitled to attend or vote at the meeting.

### 4 Right to appoint proxies

Pursuant to section 324 of the Companies Act 2006 (the "Act"), a member entitled to attend and vote at the meeting may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares held by him. A proxy need not be a member of the Company. A form of proxy is enclosed. The completion of the form of proxy will not preclude a shareholder from attending and voting in person at the meeting. Section 324 does not apply to persons nominated to receive information rights pursuant to section 146 of the Act. Persons nominated to receive information rights under section 146 of the Act have been sent this notice of meeting and are hereby informed, in

accordance with section 149(2) of the Act, that they may have the right under an agreement with the registered member by whom they are nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

### **5 Proxies' rights to vote at the meeting**

On a vote on a show of hands, each proxy has one vote. If a proxy is appointed by more than one member and all such members have instructed the proxy to vote in the same way, the proxy will only be entitled, on a show of hands, to vote "for" or "against", as applicable. If a proxy is appointed by more than one member, and such members have given different voting instructions, the proxy may, on a show of hands, vote both "for" and "against" in order to reflect the different voting instructions.

On a poll all or any of the voting rights of the member may be exercised by one or more duly appointed proxies. However, where a member appoints more than one proxy, section 285(4) of the Act does not authorise the exercise by the proxies taken together of more extensive voting rights than could be exercised by the member in person.

### **6 Voting by corporate representatives**

Corporate representatives are entitled to attend and vote on behalf of the corporate member in accordance with section 323 of the Act.

### **7 Receipt and termination of proxies**

To be valid the enclosed form of proxy must be lodged with the Company's Registrar before 3.00pm on Tuesday 19 October 2010.

A member may terminate a proxy's authority at any time before the commencement of the meeting. Termination must be provided in writing and submitted to the Company's Registrar.

In accordance with the Company's Articles of Association, in determining the time for delivery of proxies, no account shall be taken of any part of a day that is not a working day.

### **8 Electronic receipt of proxies**

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, which is available to download from the Euroclear website

([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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. 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 specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the Issuer's agent (ID 3RA50) by the latest time for receipt of proxy appointments specified in note 7 above. 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. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited 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 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. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001.

### **9 Questions at the meeting**

Section 319A of the Act requires the directors to answer any question raised at the AGM which relates to the business of the meeting, although no answer need be given

- (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information;
- (b) if the answer has already been given on the Company's website; or

- (c) if it is undesirable in the best interests of the Company or the good order of the meeting that the question be answered.

Members satisfying the thresholds in section 527 of the Act can require the Company to publish a statement on its website setting out any matter, relating to:

- (a) 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 meeting; or
- (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last annual general meeting, that the members propose to raise at the meeting.

The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time at which it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

#### **10 Receipt of communications at the meeting**

The attendance at the meeting of members and their proxies and representatives is understood by the Company to confirm their agreement to receive any communications made at the meeting.

#### **11 Website**

A copy of this document is included on the Company's website, [www.cityinvestmenttrust.com](http://www.cityinvestmenttrust.com)

#### **12 Total voting rights**

As at 14 September 2010 (being the last practicable date prior to the publication of this Notice) the Company's total voting rights comprised:

- (a) 211,919,868 Ordinary Shares, representing 14,127,991 votes;
- (b) £301,982 of Cumulative First Preference Stock, representing 30,198 votes;
- (c) £589,672 of Preferred Ordinary Stock, representing 29,484 votes.

Therefore the total number of votes in the Company as at 14 September 2010 is 14,187,673.

## Explanation of the Resolutions

### **Resolution 1: Company's Report and Financial Statements** (ordinary resolution)

The directors are required to present to the meeting the Annual Report and Financial Statements and the Directors' Report and Auditors' Report in respect of the financial year. Shareholders will be given an opportunity at the meeting to ask questions on these items before being invited to receive the Annual Report and Financial Statements.

### **Resolution 2: Approval of the Directors' Remuneration Report** (ordinary resolution)

Shareholders are requested to approve the Directors' Remuneration Report, which is set out on page 26 of the Annual Report and Financial Statements.

### **Resolutions 3 – 7: Re-election of Directors** (ordinary resolutions)

In accordance with the UK Code on Corporate Governance, all directors of FTSE 350 companies are required to retire and seek re-election annually. Resolutions 3 to 6 therefore relate to the re-election of Mr Simon de Zoete, Sir Keith Stuart, Mr Richard Hextall and Mr David Brief. Biographical details for the directors seeking re-election are shown on page 13 of the Annual Report.

Resolution 7 is for the election of Mr Simon Barratt, who was appointed by the Board since the last AGM and is required under the Articles of Association of the Company to stand for election at the first AGM following his appointment. Mr Barratt, who is General Counsel and Company Secretary at Whitbread PLC, is due to join the Board with effect from Friday 1 October 2010. Mr Barratt has been with Whitbread since 1991. He was previously at Rio Tinto and Heron, having qualified as a solicitor with the law firm, Slaughter and May.

The directors have reviewed the performance and commitment of the directors standing for election and re-election and consider that they all bring wide, current and relevant business experience that allows them to contribute effectively to the leadership of the Company.

### **Resolutions 8 and 9: Re-appointment and remuneration of the auditors** (ordinary resolutions)

In accordance with the Companies Act 2006, shareholders are required to approve the appointment of the Company's auditors, PricewaterhouseCoopers LLP, each year and to give directors the authority to determine the auditors' remuneration. PricewaterhouseCoopers LLP have expressed their willingness to continue as auditors to the Company.

### **Resolution 10: Authority to allot shares** (ordinary resolution)

On 15 October 2009 the directors were granted authority to allot a limited number of authorised but unissued ordinary shares. 3,300,000 shares have been

allotted under this authority, which will expire at the forthcoming AGM in October 2010. As at the date of this Notice, the directors have remaining authority to issue a further 7,130,988 shares.

An ordinary resolution to renew this authority will be proposed at the AGM, which will allow the directors to allot shares up to a maximum aggregate nominal amount of £2,648,998 (being 5% of the issued share capital as at the date of this Notice). The resolution is set out in full in the Notice on page 2. If renewed, the authority will expire at the conclusion of the AGM in 2011.

### **Resolution 11: Power to disapply pre-emption rights** (special resolution)

At the AGM on 15 October 2009, the directors were also empowered to allot securities of a limited value for cash without first offering them to existing shareholders in accordance with statutory pre-emption procedures. The directors have allotted 3,300,000 shares under this power, and may allot a further 7,130,988 shares under the existing power which will expire at the 2010 AGM.

Resolution 11 will give the directors power to allot securities for cash on a non pre-emptive basis up to a maximum aggregate nominal amount of £2,648,998 (being 5% of the issued share capital as at the date of this Notice). If renewed, this power will expire at the conclusion of the AGM in 2011.

The directors do not intend to allot shares pursuant to resolutions 10 and 11 other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company's existing shareholders to do so and when it would not result in any dilution of net asset value per share (ie shares will only be issued at a premium to net asset value).

### **Resolution 12 – Repurchase of the Company's Ordinary Shares** (special resolution)

On 15 October 2009 the directors were granted authority to repurchase 31,272,105 ordinary shares (with a nominal value of £7,818,026) for cancellation or to be held in treasury. The directors have not bought back any shares and therefore at the date of this Notice of AGM the directors have remaining authority to repurchase 31,272,105 shares.

Resolution 12 seeks to renew the Company's authority to buy back shares. The authority under this resolution is limited to the purchase of a maximum of 14.99% of the ordinary shares in issue at the date of the passing of this resolution. The minimum price which may be paid for an ordinary share is 25p. The maximum price which may be paid for an ordinary share is an amount equal to 105% of the average middle market quotations for an ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased, or such other amount

as may be specified by the UK Listing Authority from time to time. Both the minimum and maximum price are exclusive of any relevant tax and expenses payable by the Company. The Company may cancel or hold in treasury any shares bought back under this authority.

The directors believe that, from time to time and subject to market conditions, it will continue to be in the shareholders' interests to buy back the Company's shares when they are trading at a discount to the underlying net asset value per share. The authority being sought provides an additional source of potential demand for the Company's shares. The Company may utilise the authority to purchase shares by either a single purchase or a series of purchases when market conditions allow, with the aim of maximising the benefit to shareholders. This proposal does not indicate that the Company will purchase shares at any particular time or price, nor imply any opinion on the part of the directors as to the market or other value of the Company's shares.

This authority will expire at the conclusion of the 2011 AGM or within 18 months from the date of the passing of this resolution (whichever is earlier) and it is the present intention of the directors to seek a similar authority annually.

**Resolution 13 – Repurchase of the Company's Preferred Stock** (special resolution)

The Company has in issue 4.2% cumulative first preference stock ("First Preference Stock"), 4.2% non-cumulative second preference stock ("Second Preference Stock") and 14% non-cumulative preferred ordinary stock ("Preferred Ordinary Stock") (together the "Preferred Stock").

On 15 October 2009 the directors were granted authority to repurchase for cancellation up to the entire issued capital amount of each class of Preferred Stock. At the date of this Notice, no repurchases have been made of any of the Preferred Stock and the directors therefore still have authority to repurchase up to £301,982 of First Preference Stock; £507,202 of Second Preference Stock and £589,672 of Preferred Ordinary Stock.

The directors consider that the Company should continue to have the power to make market purchases of its Preferred Stock, in the event that appropriate opportunities to make such purchases arise. Accordingly, a resolution will be proposed at the forthcoming AGM to authorise the Company to make market purchases of each such class of Preferred Stock, up to a maximum of the entire amount of each such class in issue. The maximum price that is payable for each £1 of Preferred Stock will not be more than 10% above the average middle market quotation of

the relevant class of Preferred Stock on the business day before the stock is repurchased and the minimum price per £1 of stock is 1p.

This authority will expire at the conclusion of the 2011 AGM or within 18 months from the date of the passing of this resolution (whichever is earlier) and it is the present intention of the directors to seek a similar authority annually.

**Resolution 14 – Notice period for General Meetings** (special resolution)

Under the Companies Act 2006 the notice period for general meetings (other than the annual general meeting) is 21 days. At the 2009 AGM shareholders approved the resolution to allow general meetings (other than the annual general meeting) to be called on 14 days' notice. That approval expires at the conclusion of the 2010 AGM.

In order to maintain maximum flexibility in communicating with shareholders, the Board is seeking authority at the 2010 AGM to be able to call general meetings (other than the annual general meeting) on the shortest permissible notice. This authority will only be used if to do so will be in the best interests of shareholders. The Company will only be able to take advantage of this authority if all shareholders are given the opportunity (but not the obligation) to vote at such a general meeting by electronic means. This authority will expire at the conclusion of the 2011 AGM.

**Resolution 15 – Adoption of New Articles of Association** (special resolution)

The resolution proposes that the Company adopt new Articles of Association which incorporate amendments to reflect the changes in company law brought about by the final stages of the implementation of the Companies Act 2006, which came into effect on 1 October 2009, the Companies (Shareholders' Rights) Regulations 2009, which came into effect on 3 August 2009, conforms the language of the new Articles of Association with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills together with making other minor technical or clarifying changes. The principal changes in the new Articles of Association relate to the Company's constitution and share capital and enhanced shareholder rights. A summary of the principal proposed changes is set out on pages 9 and 10.

The full text of the proposed new Articles (including a copy of the proposed new Articles marked to show the changes from the existing Articles of Association) will be available for inspection at the Company's registered office up to the time of the meeting.

## Appendix

### Principal Changes to the Company's Articles of Association

It is proposed in Resolution 15 to adopt new articles of association (the "New Articles") in substitution for, and in order to update, the Company's current articles of association (the "Current Articles"), primarily to take account of changes in English company law brought about by the coming into force of the Shareholders' Rights Regulations and the implementation of the Companies Act 2006 (the "Act").

The principal changes introduced in the New Articles are summarised in this Appendix. Other changes, which are of a minor, technical or clarifying nature and also some other minor changes, which merely reflect changes made by the Act and the Shareholders' Rights Regulations, have not been noted in this Appendix.

#### **1 The Company's objects**

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

The 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 existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Furthermore 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, have been treated as forming part of the Company's articles of association. Resolution 15 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

#### **2 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 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.

#### **3 Vacation of office by directors**

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills.

#### **4 Voting by proxies on a show of hands**

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 New Articles reflect these changes.

#### **5 Chairman's casting vote**

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

#### **6 Adjournments for lack of quorum**

Under the Act 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.

#### **7 Form of resolution**

The Current Articles contain a provision that, in certain circumstances, an extraordinary resolution is required. This provision is not included in the New Articles as the concept of extraordinary resolutions has not been retained under the Act.

#### **8 Authorised share capital and unissued shares**

The 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 at any time allot because allotment authority continues to be required under the Act.

## **9 Directors' indemnification**

Under Article 160(a) of the Current Articles, the Company provides the directors and officers of the Company, subject to the provisions of UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in relation to, or about the execution of, their office or otherwise in relation thereto. From 6 April 2005, the Companies (Audit Investigations and Community Enterprise) Act 2004 introduced certain relaxations to the previous company law prohibitions on companies indemnifying their directors against, and on advancing funds to directors to meet the costs of defending proceedings in relation to, liabilities incurred in the course of their duty. Although Article 160 as presently drafted grants a wide indemnity, this provision in the New Articles makes it clear that the directors have the power to grant indemnities of the type contemplated by the new legislation.

## **10 Change of name**

Under the Companies Act 1985, a company could only change its name by special resolution. Under the Act, a company is 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.



