

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

If you sell or otherwise transfer or have sold or otherwise transferred all of your ordinary shares you should send this document and the accompanying Form of Proxy and Election Form 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. However, such documents should not be distributed, forwarded or transmitted into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction. If you sell or have sold or otherwise transferred only part of your holding, you should retain these documents.



**McBRIDE PLC**

(Incorporated in England and Wales – No. 2798634)

## **NOTICE OF GENERAL MEETING**

### **PROPOSED ISSUE OF B SHARES**

**This document should be read as a whole. Your attention is drawn to the letter from the Chairman of McBride plc on pages 3 to 4 of this document which contains the recommendation by the Directors to Shareholders to vote in favour of the special resolution to be proposed at the General Meeting, notice of which is set out on pages 5 to 8 of this document. Shareholders should read the whole of this document and not just rely on the summarised information set out in the Chairman's letter.**

No application will be made to the UK Listing Authority or to the London Stock Exchange for any of the B Shares to be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities, nor will the B Shares be admitted to trading on any other recognised investment exchange.

The Form of Proxy for use at the General Meeting accompanies this document and, to be valid, should be completed and returned in accordance with the instructions set out thereon as soon as possible but in any event so as to reach Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 1pm on 22 March 2011. If you are a CREST member, you can register your proxy vote electronically by using the service provided by Euroclear. Completion and return of the Form of Proxy or the transmission of a CREST Proxy Instruction will not preclude Shareholders from attending and voting in person at the General Meeting, should they so wish.

To be valid, Election Forms which are included with this document must be returned in the prescribed manner to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH so as to be received by no later than 3pm on 16 May 2011.

If you have any queries in relation to the Election Form or Form of Proxy or the manner in which elections for uncertificated holders can be made, you may call Computershare Investor Services PLC on 0870 707 1136 (or +44 870 707 1136 from outside the UK) between 9am and 5pm on any business day. Computershare Investor Services PLC will not provide advice on the merits of the proposals set out in this document or give any financial or taxation advice.

A summary of the actions to be taken by Shareholders is set out on page 4 of this document.

## Contents

	Pages
<b>Chairman's letter</b>	3-4
<b>Notice of General Meeting</b>	5-8
<b>Appendix – Explanatory notes to proposed issue of B Shares</b>	
Part 1: Key Features of the B Share Proposal	9-10
Part 2: Details of B Shares and the Proposed Redemption Offer	11-15
Part 3: Taxation	16-18
Part 4: Additional Information	19-20
Part 5: Definitions	21-22

### Expected timetable of principal events

1pm on 22 March, 2011	Latest time and date for receipt by the Registrar of Form of Proxy in respect of the General Meeting
1pm on 24 March, 2011	General Meeting
26 April, 2011	Record Date for B Share Entitlements
27 April, 2011	Credit CREST accounts with B Share Entitlements
3pm on 16 May 2011	Latest time and date for receipt by the Registrar of completed Election Forms and submitting CREST elections
26 May, 2011	Retained May 2011 B Shares issued in CREST
27 May, 2011	Despatch of cheques in respect of May 2011 B Shares which have been redeemed
27 May, 2011	Payment into bank accounts in respect of May 2011 B Shares which have been redeemed by certificated shareholders who have a valid mandate instruction in place
27 May, 2011	Despatch of share certificates for May 2011 B Shares not being redeemed
27 May, 2011	Payments on redeemed May 2011 B Shares issued in CREST

## LETTER FROM THE CHAIRMAN

Directors

Iain Napier (Independent Non-Executive Chairman)  
Chris Bull (Chief Executive)  
Richard Armitage (Group Finance Director)  
Christine Bogdanowicz-Bindert (Independent Non-Executive Director)  
Jeff Carr (Independent Non-Executive Director)  
Robert Lee (Independent Non-Executive Director)  
Colin Smith (Senior Independent Non-Executive Director)

Registered Office

28th Floor  
Centre Point  
103 New Oxford Street  
London  
WC1A 1DD

24 February 2011

Dear Shareholder

### General Meeting – Introduction of B Share Scheme

On 6 January 2011, McBride plc (the **Company**) announced its intention to implement a 'B Share' scheme as a mechanism for making payments to shareholders. This document gives you details of these proposals which require the approval of shareholders at a general meeting of the Company to be held at 1st Floor, Centre Point, 103 New Oxford Street, London WC1A 1DD on Thursday 24 March 2011 at 1pm. The formal notice convening the meeting is set out on pages 5 to 8 of this document.

Under the new arrangements you would receive non-cumulative redeemable preference shares (known as **B Shares**) in place of a dividend, which could then be redeemed for cash. The Company expects that the issue of B Shares in this way should help maintain the cash flow and other benefits to the Group of using its unrelieved credits for corporation tax paid in advance, which would in turn benefit all shareholders. I appreciate the additional paperwork that this change will require, but in view of the benefits that would accrue to the Group, I very much hope you will agree that it is in the interests of all shareholders to proceed in this way. Further background on the B Share proposal is contained in the Appendix to this document and the enclosed 'Questions and Answers' brief.

If these proposals are approved by special resolution at the General Meeting, shareholders will receive 20 B Shares, each with a nominal value of 0.1 pence, for each ordinary share held on 26 April 2011. If the B Shares are redeemed for cash, shareholders will receive 2 pence for each ordinary share.

Shareholders will have a choice between redeeming their B Shares for cash on 27 May 2011 (and therefore receiving an amount equivalent to the payment which, were it not for the B Share arrangements, shareholders would otherwise expect the Company to declare and pay by way of dividend) or retaining their B Shares until such time as the Company makes a redemption offer in the future.

The Company has entered into exploratory discussions with its four largest shareholders who have all given an initial indication of their support for the B Share proposals.

### Explanatory Notes

The following paragraphs set out in summary form the special resolution to be proposed at the General Meeting. In order for the special resolution to be passed, at least three-quarters of votes cast must be cast in favour of the resolution.

Paragraph (a) of the special resolution is the authority for the directors to capitalise up to £4 million standing to the credit of the Company's share premium account or such other reserve as the Company may legally use in paying up in full and at par up to 4 billion B Shares with a nominal value of 0.1 pence each from time to time having the rights and being subject to the restrictions contained in the Company's articles of association, as amended by paragraph (c) of the special resolution.

Paragraph (b) of the special resolution is the authority for the directors to allot and issue B Shares credited as fully paid up to an aggregate nominal amount of £4 million (representing 1.59% of the market capitalisation of the ordinary share capital in issue (excluding shares held in treasury) as at 14 February 2011 (being the latest practicable date prior to publication of this document)). The directors intend to allot and issue B Shares to shareholders on the basis of 20 B Shares for each ordinary share held on 26 April 2011.

The Company held 425,417 treasury shares as at 14 February 2011 representing 0.235% of the issued ordinary share capital (excluding treasury shares).

This authority, under section 551 of the Companies Act 2006, is separate from, and in addition to, the authority to issue ordinary shares granted by resolution 13 of the Company's AGM held on 25 October 2010 and expires at the conclusion of the Company's next AGM.

Paragraph (c) of the special resolution amends the Company's articles of association to enable the introduction of the B Shares. A summary of the rights attaching to the B Shares, which are proposed to be included in the Company's articles of association, is set out in paragraph 8 of Part 2 of the Appendix to this document. The full terms of the proposed amendments to the articles of association are available for inspection at the Company's registered office during normal business hours from the date of this document until the close of the General Meeting and will also be available for inspection at the General Meeting for at least 15 minutes prior to and during the meeting.

### **Action required**

Whether or not you are able to attend the meeting, you may complete and submit your proxy electronically by accessing [www.eproxyappointment.com](http://www.eproxyappointment.com). For security reasons, members will need to provide their shareholder reference number (SRN), personal identification number (PIN) and the identifying meeting control number to validate the submission of their proxy online. Members' individual SRN, PIN and control number have been notified electronically to those members who have elected to receive the Company's shareholder communications electronically. Otherwise, members' individual SRN, PIN and control number are shown on the printed Form of Proxy.

If you are a CREST member, you can register your proxy vote electronically by using the service provided by Euroclear.

As an alternative to submitting your proxy electronically, you may complete the Form of Proxy and return it in the prepaid envelope provided to the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible and in any event so as to arrive not later than 1pm on 22 March 2011, being not less than 48 hours before the time appointed for the meeting.

For further information, see the instructions printed on the Form of Proxy. Completion and return of a Form of Proxy will not prevent you from attending and voting in person at the meeting should you wish to do so.

Shareholders who hold their ordinary shares in certificated form (i.e. not in CREST) and who wish to have their May 2011 B Shares redeemed for cash on 27 May 2011 (and all subsequent B Shares issued by the Company) should complete and return the enclosed Election Form so as to be received by the Company's registrar, Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH, by no later than 3pm on 16 May 2011. Shareholders who hold their ordinary shares in uncertificated form (i.e. in CREST) and who wish to have their May 2011 B Shares redeemed for cash should send a valid USE instruction through CREST by no later than 3pm on 16 May 2011.

### **Recommendation**

**The board considers that the resolution set out in the Notice of General Meeting is in the best interests of the Company and of its shareholders. Accordingly, the board recommends shareholders to vote in favour of the resolution, as each of the directors intends to do in respect of their own beneficial holdings.**

Yours faithfully



**Iain Napier**  
Chairman

## McBRIDE PLC

### NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting (**General Meeting**) of McBride plc (the **Company**) will be held at 1st Floor, Centre Point, 103 New Oxford Street, London WC1A 1DD on 24 March 2011 at 1pm for the transaction of the following business.

#### Special Resolution

THAT:

- (a) the directors be and are authorised and empowered, on one or more occasions, to capitalise such sum as they may determine from time to time but not exceeding the aggregate nominal sum of £4 million standing to the credit of the Company's share premium account and/or such other reserves as the Company may legally use in paying up in full at par, up to 4 billion non-cumulative redeemable preference shares with a nominal value of 0.1 pence each (**B Shares**) from time to time having the rights and being subject to the restrictions contained in the articles of association of the Company as amended by paragraph (c) below of this special resolution and any terms of issue set out in the circular to shareholders dated 24 February 2011 sent with this Notice of General Meeting or any other terms and conditions approved by the directors from time to time; and provided that the authority conferred by this paragraph (a) shall expire at the end of the next annual general meeting of the Company;
- (b) the directors be and are authorised and empowered pursuant to section 551 of the Companies Act 2006 (the **Act**) to exercise all powers of the Company to allot and issue B Shares credited as fully paid up to an aggregate nominal amount of £4 million to the holders of ordinary shares of 10 pence each in the capital of the Company on the register of members on any dates determined by the directors from time to time and on the basis of the number of B Shares for every ordinary share held as may be determined by the directors from time to time; and provided that the authority conferred by this paragraph (b) of this special resolution shall expire at the end of the next annual general meeting of the Company and so that the authority shall be additional to, and without prejudice to, the unexercised portion of any authorities and powers granted to the directors pursuant to resolution 13 of the Company's annual general meeting held on 25 October 2010, and any resolution passed prior to the date of passing this resolution;
- (c) the articles of association of the Company be and are hereby amended by the insertion of a new article 4A which is set out in the document produced to the meeting and initialled by the Chairman of the Meeting for the purpose of identification; and
- (d) the directors be and are hereby authorised to do all acts and things they may consider necessary or desirable to give effect to this resolution and to satisfy any entitlement to B Shares however so arising.

By Order of the Board

**Carole A Barnet (Mrs)**  
Company Secretary  
24 February 2011

Registered Office:  
28th Floor  
Centre Point  
103 New Oxford Street  
London  
WC1A 1DD

Registered in England and Wales number 2798634

## Notes

### 1 Proxies

Only holders of ordinary shares are entitled to attend and vote at this meeting. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the General Meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company. A Form of Proxy for the meeting is enclosed.

To be valid any Forms of Proxy or other instrument appointing a proxy need to be received by post or by hand (during normal business hours) with the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or at the electronic address provided in the Form of Proxy, as soon as possible and in any event so as to arrive not later than 1pm on 22 March 2011, being not less than 48 hours before the time of the meeting. If you are a CREST member, see note 3 below.

Completion of a Form of Proxy, or other instrument appointing a proxy, or any CREST Proxy Instruction will not preclude a member attending and voting in person at the meeting.

### 2 Completion of proxies

As an alternative to completing and returning the printed Form of Proxy, you may submit your proxy electronically by accessing [www.eproxyappointment.com](http://www.eproxyappointment.com). For security reasons, members will need to provide their shareholder reference number (**SRN**), personal identification number (**PIN**) and identifying meeting control number to validate the submission of their proxy online. Members' individual SRN, PIN and control number are shown on the printed Form of Proxy.

### 3 CREST Members

Alternatively, if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained below.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures, and to the address, described in the CREST Manual subject to the provisions of the Company's articles of association. 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 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 and Ireland specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or 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) no later than 1pm on 22 March 2011, being not less than 48 hours before the time of the General Meeting. 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 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 and Ireland 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 provider(s) 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)(a) of the Uncertificated Securities Regulations 2001.

#### **4 Nominated persons**

Under the Act, where a shareholder holds shares on behalf of another person (in the way that most share dealing accounts are set up), the registered shareholder can nominate that other person (a **Nominated Person**) to receive documents published by the Company, such as reports and accounts and notices of general meetings. Any Nominated Person who has received this notice may, under an agreement with the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the registered shareholder as to the exercise of voting rights.

The statement of the rights of members in relation to the appointment of proxies in paragraphs 1, 2 and 3 above does not apply to a Nominated Person. The rights described in these paragraphs can only be exercised by members of the Company.

#### **5 Corporate members**

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.

#### **6 Right to attend and vote**

In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company hereby specifies that, to have the right to attend and vote at the General Meeting (and also for the purpose of calculating how many votes a person entitled to attend and vote may cast), a person must be entered on the register of holders of the ordinary shares of the Company by no later than 1pm on 22 March 2011, being not more than 48 hours before the time fixed for the meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

#### **7 Documents on display**

A copy of the proposed amended articles of association of the Company and a copy of the existing articles of association marked up to show the changes being proposed by the special resolution are available for inspection at the Company's registered office (and the current and proposed amended articles of association will also be available at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS) during normal business hours from the date of this notice until the close of the General Meeting (except days that are not working days). All these items will also be available for inspection at the place of the General Meeting for at least 15 minutes prior to and during the meeting. The proposed amended articles of association and the mark up of the existing articles, as well as the copy of this notice and other information required by section 311A of the Act, will also be available on the Company's website at [www.mcbride.co.uk](http://www.mcbride.co.uk).

A copy of the proposed amended articles of association will also be lodged with the National Storage Mechanism.

#### **8 Total number of shares and voting rights**

As at 14 February 2011 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consists of 180,614,884 ordinary shares carrying one vote each. (This excludes 425,417 ordinary shares held as treasury shares, which carry no voting rights.) Therefore, the total voting rights in the Company as at that date were 180,614,884.

## **9 Right to ask questions**

Any member attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so 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.

## **10 Electronic communications**

Any website or electronic address (within the meaning of section 333(4) of the Act) provided either in this Notice of General Meeting or in any related documents (including the Chairman's letter and the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.

### **General Meeting**

1st Floor  
Centre Point  
103 New Oxford Street  
London  
WC1A 1DD

Telephone: +44 (0)20 7539 7850  
Facsimile: +44 (0)20 7539 7855

### **Location**

Centre Point is located in Central London at the junction of Tottenham Court Road, Oxford Street and New Oxford Street. It is immediately above Tottenham Court Road tube station from which it is recommended that Exit 4 is used to access Centre Point.



# McBRIDE PLC

## APPENDIX

### EXPLANATORY NOTES TO PROPOSED ISSUE OF B SHARES

#### Part 1: Key Features of the B Share Proposal

##### Reasons for the Proposal

The Group has been reviewing ways in which value can be realised from its unrelieved advance corporation tax (**surplus ACT**). Currently the Group has approximately £9 million of surplus ACT which has accumulated from the payment of cash dividends up to April 1999. Despite the abolition of ACT in April 1999, this surplus ACT can still be recovered against the Group's future mainstream corporation tax liabilities, but the rate at which this can be done is restricted by what is known as **shadow ACT**, which is generated each time a cash dividend is paid. Unlike the payment of cash dividends, a return of capital through the issue of B Shares does not generate shadow ACT.

By issuing B Shares rather than paying a dividend, the Group will accelerate the recovery of its surplus ACT which will significantly benefit cash flows in future years.

##### Summary of the Proposals:

- A bonus issue of B Shares to holders of Ordinary Shares on the basis of:
  - 20 B Shares for each Ordinary Share held on the Record Date (**the May 2011 B Shares**). If the B Shares are redeemed for cash, Shareholders will receive 2 pence for each Ordinary Share held on 26 April 2011.
- Shareholders can either:
  - (a) elect to have their B Shares redeemed for cash on 27 May 2011 (elections to be received by no later than 3pm on 16 May 2011); or
  - (b) take no action and retain their B Shares.
- The Company expects to offer Shareholders further opportunities to redeem their B Shares in the months of May and November each year.
- Shareholders who retain their B Shares will receive a dividend of 75% of LIBOR on the 0.1 pence nominal value of each of their B Shares.
- The B Shares will not carry any voting rights in the capital of the Company (other than at a general meeting at which a resolution to wind up the Company is to be considered). Details of these limited rights are set out more fully in Part 2 of this Appendix.
- The B Shares will neither be admitted to the Official List nor to trading on the London Stock Exchange's main market for listed securities nor will the B Shares be admitted to trading on any other recognised investment exchange.
- In certain circumstances the Company will have the option to redeem the B Shares. These circumstances are set out in Part 2 of this Appendix.
- Shareholders who hold their Ordinary Shares in certificated form (i.e. not in CREST) can elect to make an **evergreen election** to have all future issues of B Shares automatically redeemed for cash on each subsequent issue.

If for any reason the issue of B Shares does not proceed, the directors will pay an interim dividend of 2 pence for each Ordinary Share held on 26 April 2011.

##### Redemption of B Shares for cash

Certificated Shareholders who have elected to redeem their B Shares in accordance with the terms and conditions of the Redemption Offer will be sent redemption payment cheques or, if they have a valid mandate in place for their dividend payments to be paid directly into a designated bank account, have their bank accounts credited with the redemption payment, on 27 May 2011. Uncertificated Shareholders who have elected to redeem their B Shares in accordance with the terms and conditions of the Redemption Offer will have their CREST accounts credited with the redemption payment on 27 May 2011.

## **Retention of B Shares**

Shareholders who do not wish to have their B Shares redeemed need take no action but should note that after 3pm on 16 May 2011, which is the last date on which Election Forms can be received by the Registrar (or, in the case of Shareholders who hold their Ordinary Shares in uncertificated form, the date for sending an Unmatched Stock Event message), there may not be a further opportunity to redeem their B Shares until November 2011. Such Shareholders will either be sent a B Share certificate on 27 May 2011, or will have their CREST accounts credited with B Shares on 26 May 2011, depending on whether they hold their Ordinary Shares in certificated or uncertificated form.

The Company expects to offer future redemption opportunities in the months of May and November each year while B Shares are in issue.

## **Future Payments to Shareholders**

The Company expects that any future payments to Shareholders will be made through the issue of further B Shares. The Company will revert to paying dividends when it considers that it is appropriate to do so, but does not currently envisage that this will occur in the next 7 to 10 years.

## **ISAs**

The B Shares will not be qualifying investments for the purposes of the ISA regulations.

## **US Registration**

The B Shares have not been and will not be registered under the US Securities Act of 1933 (as amended) (the **Securities Act**) or the state securities laws of any state of the United States and such shares may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of such laws.

## **United Kingdom taxation**

A guide to the general tax position of United Kingdom Shareholders as at the date of this document is set out in Part 3 of this Appendix. In summary,

- the issue of B Shares should not create any charge to UK income tax or UK taxation of chargeable gains; and
- the redemption of the B Shares will be a disposal for the purposes of UK taxation of chargeable gains and may, depending on the Shareholder's circumstances, give rise to capital gains tax on the amount of any chargeable gain.

*UK shareholders who are in any doubt as to their tax position, and non-UK shareholders, should consult their professional advisers.*

## Part 2: Details of the B Shares and the Proposed Redemption Offer

### 1 Allotment of B Shares

It is proposed that the directors be authorised, on one or more occasions, to capitalise a sum of up to £4 million standing to the credit of the Company's share premium account and applied in paying up the B Shares with a nominal value of 0.1 pence each. Under this proposal B Shares will be issued to Shareholders who appear on the Company's register of members on the Record Date on the basis of 20 B Shares for each Ordinary Share then held. These B Shares are referred to as the May 2011 B Shares. None of the May 2011 B Shares will be marketed or made available in whole or in part to the public.

The B Shares will carry a non-cumulative preferential dividend of 75 per cent of LIBOR on their nominal value. Dividends on the B Shares will be paid six monthly in arrears in the months of May and November each year. The first dividend will be paid on 25 November 2011 in respect of the dividend calculation period commencing on 27 May 2011. The B Shares will only carry voting rights in the context of a general meeting at which a resolution to wind-up the Company is to be considered and will not rank *pari passu* with the existing Ordinary Shares.

The B Shares will neither be admitted to the Official List nor to trading on the London Stock Exchange's main market for listed securities nor will the B Shares be admitted to trading on any other recognised investment exchange. Accordingly, there will be no ready market in which you can sell your B Shares.

### 2 Form in which B Shares will be issued and Shareholders to whom they will be issued

#### a) *Holders of B Share Entitlements in Certificated Form (i.e. not in CREST)*

Subject to the approval of the special resolution at the General Meeting, all Shareholders holding Ordinary Shares on the Record Date (being 26 April 2011) will have their names entered into the Company's B Share register on 26 May 2011, to reflect their holding of the May 2011 B Shares. B Share Entitlements will be issued in registered form to Certificated Shareholders.

Certificated Shareholders who have elected to redeem their May 2011 B Shares by returning their Election Forms to the Company's Registrar by no later than 3pm on 16 May 2011 will receive cash and will not receive B Share certificates. Certificated Shareholders who have made an election but wish to cancel it should contact the Registrar on 0870 707 1136 (or +44 870 707 1136 from outside the United Kingdom) between 9am and 5pm on a Business Day prior to 3pm on 16 May 2011 to request details on how to effect such cancellation.

Unless they complete and return the Election Form by 3pm on 16 May 2011, those Certificated Shareholders who have not returned a valid Election Form will be sent a B Share certificate on 27 May 2011. B Shares issued in certificated form may be dematerialised and held through CREST.

#### b) *Holders of B Share Entitlements in uncertificated form (i.e. in CREST)*

Holders of B Share Entitlements in uncertificated form will be given a separate option to redeem those shares via a CREST notification. This CREST notification will only apply to the May 2011 B Shares and not in respect of subsequent issues of B Shares.

B Share Entitlements in uncertificated form should be redeemed by following the procedure set out below.

The prescribed form of redemption is an Unmatched Stock Event Instruction (*USE instruction*) which, on its settlement, will have the effect of crediting a stock account of the Registrar, under the participant ID and member account ID specified below, with the number of B Share Entitlements to be redeemed.

The USE instruction must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- 1 the number of B Share Entitlements to be redeemed;
- 2 the participant ID of the holder of the B Share Entitlements;
- 3 the member account ID of the holder of the B Share Entitlements from which the B Share Entitlements are to be debited;
- 4 the participant ID of the Registrar, i.e. 3RA43;
- 5 the member account ID of the Registrar, i.e. REDEEM;
- 6 the corporate action number (which will be allocated by Euroclear UK & Ireland Limited and can be found by viewing the relevant corporate action details);
- 7 the corporate action ISIN for the B Shares being redeemed, i.e. GB00B4M4Y050;
- 8 the intended settlement date which must be on or before 3pm on 16 May 2011;
- 9 input with a standard USE delivery instruction of priority 80; and
- 10 contact name and telephone number in the shared note field.

In order for an uncertificated redemption to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above.

CREST members and (where applicable) their CREST sponsors should note that the latest time at which a USE instruction may settle is 3pm GMT (the CREST deadline for settlement). Redemption proceeds are expected to be credited to CREST accounts on 27 May 2011.

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid election is made as stated above by 3pm on 16 May 2011. In this connection, CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

### **3 Redemption offer**

Subject to the approval of the special resolution at the General Meeting, the Company offers to redeem for cash the May 2011 B Shares in accordance with provisions of this paragraph 3 and paragraph 7 below.

#### *a) Circumstances under which B Shares can be redeemed*

B Shares are redeemable at their nominal value of 0.1 pence each (subject to rounding in the manner the Company deems appropriate) in the following circumstances:

- where a Shareholder elects to redeem B Shares during the Election Period or during any Future Election Period, subject to any terms and conditions which the Company may determine; or
- at the Company's option (upon giving at least 20 days prior written notice), at any time, in the following circumstances:
  - if the aggregate number of B Shares in issue is less than 10% of the aggregate number of B Shares issued; or
  - a proposed capital restructuring of the Company by way of a creation and/or issue of new or existing securities (other than B Shares); or
  - a new holding company being inserted above the Company; or
  - an acquisition of the Company; or
  - a demerger from the Group.

All B Shares which are redeemed will be cancelled and will not be reissued.

*b) Manner in which Shareholders may redeem their B Shares*

Certificated Shareholders may elect during the Election Period to redeem their May 2011 B Shares, and any B Shares that may be issued in respect of a Future Election Period, for cash by completing the Election Form in the prescribed manner and ensuring that it is received by the Registrar by no later than 3pm on 16 May 2011. Forms received after this time will not be processed in respect of the redemption in May 2011 (except, in exceptional circumstances, at the discretion of the Company), but will be recorded in respect of future B Share issues.

CREST participants who wish to redeem will be required to send an electronic message through the CREST system for their B Share Entitlements during every election period and will not be able to record an evergreen election.

The Company reserves the right at its sole discretion to reject any Election Forms or other election mandates if redemption pursuant to them would be illegal.

**4 Number of B Shares that may be redeemed and evergreen elections**

The Election Forms being sent to Shareholders with this document allow Shareholders holding their Ordinary Shares in certificated form to redeem for cash the May 2011 B Shares and all B Shares that may be issued by the Company in the future. As mentioned above, CREST participants who wish to redeem will not be able to record an evergreen election.

Certificated Shareholders who wish to redeem only some of the May 2011 B Shares to be issued to them (and not future issues of B Shares) should contact the Registrar by calling 0870 707 1136 (or +44 870 707 1136 from outside of the United Kingdom) between 9am and 5pm on any Business Day before 16 May 2011.

**5 Retention of B Shares and future redemption opportunities and future B Share issues**

Shareholders who wish to retain their B Shares should take no action.

The Company expects to offer B Shares instead of dividends on an ongoing basis. Future Election Periods are expected to be set to allow redemption in the months of May and November on an ongoing yearly basis. Shareholders will on such occasions be able to redeem any retained B Shares.

**6 Non United Kingdom resident Shareholders**

The attention of non United Kingdom resident Shareholders is drawn to the additional information set out in paragraph 1 of Part 4 of this Appendix.

**7 Dealings and despatch of documents and method of redemption payments**

Shareholders who do not complete an Election Form prior to 16 May 2011 or have not submitted a valid election through CREST, will, as a condition of issue of the May 2011 B Shares, be sent a B Share certificate on 27 May 2011, or will have their CREST accounts credited with B Shares on 26 May 2011.

Shareholders who have elected to redeem their B Shares in accordance with the terms and conditions of the Redemption Offer will be sent redemption payment cheques or have their CREST accounts credited with the redemption payment on 27 May 2011, depending on whether or not they hold their Ordinary Shares in CREST on the Record Date.

If Shareholders have previously instructed the Company to pay dividends to them directly into designated accounts and if these instructions are still valid (**Standing Instructions**), redemption payments will be made to them in accordance with their Standing Instructions on 27 May 2011. Shareholders who have not established Standing Instructions and who wish to receive their redemption payment in an account or in a specified manner should contact the Registrar by calling 0870 707 1136 (or +44 870 707 1136 from outside of the United Kingdom) between 9am and 5pm on any Business Day prior to 16 May 2011 to request a Standing Instructions form or, alternatively, complete the relevant section of their Election Form. This form must be completed and received by the Registrar no later than 3pm on 16 May 2011 in order to be effective for this issue of B Shares.

All certificates, cheques and other documents in relation to the B Shares and any future issue of B Shares will be despatched to, by or on behalf of Members at their own risk. In the case of joint Members, all documents will be posted to the registered address of the first named Member (as applicable) on the Company's registers of Members.

Temporary documents of title will not be issued and the documents of title issued are not renounceable. Pending despatch of definitive share certificates or crediting of CREST accounts, transfers of B Shares which have not been redeemed will be certified against the B Share register held by the Registrar.

## 8 Rights and restrictions attaching to B Shares

The following is a summary of the rights and restrictions of the B Shares which will be reflected in the amended articles of association of the Company:

### (a) Income

- (i) Out of the profits available for distribution, the holders of the B Shares shall be entitled, in priority to any payment of a dividend to the holders of Ordinary Shares, to be paid a non-cumulative preferential dividend per B Share at such rate on the nominal value thereof (exclusive of any associated tax credit relating thereto or withholding tax deductible therefrom) as calculated in accordance with sub-paragraphs (ii) and (iii) below, such dividend to be paid half-yearly in arrears in respect of Calculation Periods (as defined below) on the Business Day immediately following the end of each Calculation Period (each a **Payment Date**). No B preferential dividend shall accrue on any B Shares between the date of issue of such B Shares and, (aa) where an offer has been made by the Company (or if more than one offer, the first such offer) to redeem such B Shares, the earliest date on which a redemption payment is due and payable by the Company in accordance with the terms of such offer; or (bb) where no such offer has been made to redeem the B Shares, the earlier of 30 days from the date of such issue and the date determined by the directors in their discretion.
- (ii) **Calculation Period** means, (a) in respect of the first Calculation Period in relation to any particular issue of B Shares, the period (i) commencing on the date the B Shares are issued and (ii) ending on the earlier of the last Thursday in the month of May or the last Thursday in the month of November (as the case may be) immediately following the issue of such B Shares, and (b) in respect of subsequent Calculation Periods, the period (i) commencing on the day after the last day of the immediately preceding Calculation Period and (ii) ending on the earlier of the last Thursday in the month of May or the last Thursday in the month of November (as the case may be) immediately following the commencement of such Calculation Period. The rate per annum of the B preferential dividend for each Calculation Period shall be 75 per cent of the British Bankers Association Interest Settlement Rate as displayed on the appropriate page of the Reuters screen (or such other page or service, specified by the Company, as may replace it for the purpose of displaying the appropriate rate) (**LIBOR**) at or about 11.00 a.m. (London time) on the first Business Day immediately preceding the relevant first day of the Calculation Period for the offering of deposits for a six-month period.
- (iii) In this paragraph (a), **non-cumulative** in relation to the B preferential dividend means that the dividend payable on each Payment Date is payable out of the profits of the Company available for distribution in respect of the accounting reference period in which the Payment Date falls (including any reserves representing profits made in previous accounting periods) without any right in the case of deficiency to pay B preferential dividends out of profits made in subsequent periods.
- (iv) Payments of B preferential dividends shall be made to holders on the register of B Shareholders on a date selected by the directors being not less than 15 days nor more than 42 days (or, in default of selection by the directors, the date falling 42 days) prior to the relevant Payment Date. The aggregate dividend due to each B Shareholder will be rounded down to the nearest whole penny.
- (v) The holders of the B Shares shall not be entitled to any further right of participation in the profits of the Company.
- (vi) All B preferential dividends which are unclaimed for a period of 12 years from the date when the dividend became due for payment shall be forfeited and shall revert to the Company.

## **(b) Capital**

On a return of capital on a winding-up, the holders of the B Shares shall be entitled, in priority to any payment to the holders of Ordinary Shares, to the repayment of the nominal capital paid up or credited as paid up on the B Shares held by them, together with a sum equal to the outstanding preferential dividend which will have accrued but not been paid until the date of the return of capital. The aggregate amount due to each B Shareholder on the return of capital on a winding-up will be rounded down to the nearest whole penny.

The holders of the B Shares shall not, in their capacity as B Shareholders, be entitled to any further right of participation in the profits or assets of the Company. If, on a return of capital, the amounts available for payment are insufficient to cover in full the amounts payable on the B Shares, the holders of such shares will share pro rata in the distribution of assets (if any) in proportion to the full preferential amounts to which they are entitled.

## **(c) Voting and general meetings**

The holders of B Shares shall not be entitled in respect of their holdings of such shares to receive notice of any general meeting of the Company or to attend, speak or vote at any such general meeting except any general meeting at which a resolution to wind up the Company is to be considered in which case the holders of B Shares shall have the right to attend the general meeting and shall be entitled to speak and vote only on such resolution. Where the holders of B Shares are entitled to vote at a general meeting of the Company upon any such resolution being proposed at such general meeting, on a show of hands every B Shareholder who (being an individual) is present in person or (being a corporation) is present by representative will have one vote and on a poll every B Shareholder present in person or, being a corporation, is present by representative or by proxy will have one vote for every 100 B Shares held by such holder.

## **(d) Redemption**

During the Election Period or a Future Election Period, and in accordance with the terms and conditions of the Redemption Offer or the relevant Future Redemption Offer (as the case may be), Members may elect to exercise their Redemption Right.

The Company expects to set Future Election Periods twice a year in May and November and may at any other time, by notifying Members in any way it deems appropriate, allow Members to elect to have their B Shares redeemed at their 0.1 pence nominal value and on the terms and conditions announced by the Company at those times. The aggregate redemption proceeds payable to each Member will be rounded down to the nearest whole penny.

In addition, the Company may, at its discretion, redeem all unredeemed B Shares remaining in issue in the circumstances described in paragraph 3 above.

## **(e) Class rights**

The Company will be entitled from time to time to effect a reduction of its capital (other than the capital paid up on the B Shares and subject to the provisions of the Companies Act) and to create, allot and issue further shares, whether ranking *pari passu* with, in priority to or deferred to the B Shares, and such reduction of capital or creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares and whether or not the same confer on the holders voting rights more favourable than those conferred by the B Shares) shall be deemed not to involve a variation of the rights attaching to the B Shares for any purpose.

## **(f) Transfers**

The B Shares will be transferable by instrument of transfer in usual or common form.

## **(g) Transmission**

The B Shares will be capable of transmission in the event of the death of a B Shareholder or otherwise by operation of law.

## Part 3: Taxation

### United Kingdom Taxation

The following paragraphs, which are intended as a guide only, are based on current UK legislation and the published practice of HM Revenue and Customs at the date of this document and are therefore subject to change. They only summarise certain limited aspects of the UK taxation treatment of the proposed issue of B Shares. They relate only to the position of Shareholders who are resident or ordinarily resident in the UK for tax purposes, who will hold their B Shares as an investment and are the absolute beneficial owners of the B Shares. They do not extend to Shareholders who are subject to special tax rules (such as persons acquiring their Ordinary Shares in connection with employment, dealers in securities, insurance companies, collective investment schemes and other types of investment funds or vehicles). This section is not intended to be, and should not be construed to be, legal or taxation advice to any particular Shareholder. If you are in any doubt as to your taxation position, you are recommended to seek your own taxation advice immediately from an independent professional adviser.

#### The issue of B Shares

- 1 The allotment and issue of B Shares will not itself create any charge to UK income tax or UK taxation of chargeable gains.
- 2 For the purposes of UK taxation of chargeable gains, the allotment and issue of B Shares by the Company will be treated as a reorganisation of its share capital. Accordingly:
  - (a) a Shareholder receiving an entitlement to B Shares will not be treated as making a disposal of all or part of that Shareholder's existing holding of Ordinary Shares by reason thereof;
  - (b) the B Shares will be treated as the same asset as, and as having been acquired at the same time as, the Shareholder's existing holding of Ordinary Shares. Accordingly the new combined holding of B Shares and Ordinary Shares (together the **New Holding**) will have the same aggregate base cost as the existing holding of shares in the Company immediately before this issue; and
  - (c) on a subsequent disposal (including a redemption) of the whole or part of the New Holding, the Shareholder's base cost in respect of the New Holding will be apportioned between the Ordinary Shares and the B Shares by reference to their respective market values on the first day after issue on which market values or prices are quoted or published for the Ordinary Shares, as derived from the Official List in the case of the Ordinary Shares.

#### Redemption of B Shares

- 3 The payment by the Company of the nominal value of the B Shares on their redemption will not constitute an income distribution for UK tax purposes. Accordingly:
  - (a) no part of the proceeds received by a Shareholder pursuant to the redemption will be an income receipt in that Shareholder's hands for UK tax purposes. Those proceeds will not carry any entitlement to a tax credit;
  - (b) a Shareholder who disposes of his holding of B Shares pursuant to the Redemption Offer may, depending on that Shareholder's circumstances, be charged to capital gains tax or (in the case of a company) corporation tax on the amount of any chargeable gain realised. In computing such gain, the base cost of the B Shares is calculated in the manner described at paragraph (2)(c) above; and
  - (c) where the Shareholder is an individual, no tax will be payable on any gain realised on the redemption if the amount of the chargeable gain, when aggregated with any other chargeable gains realised by the Shareholder in the year of assessment in question, does not exceed the annual allowance of tax-free gains.
- 4 Set out below are two examples of the capital gains tax computation on a redemption of B Shares by an individual. However, the actual calculation would depend on the tax position of each Shareholder and Shareholders should consult their professional advisers. The examples are for illustrative purposes only and the prices used are not intended to relate to the actual price of the Ordinary Shares.

In the examples, it is assumed that forty B Shares (issued in respect of one Ordinary Share) are held. It is also assumed that the market quotation of the Ordinary Shares immediately after the bonus issue of B Shares is 150 pence each and that the market value of the B Shares at the same time is 0.1 pence each.



### Example 1

If the historic cost for capital gains tax purposes of the Ordinary Shares was 100 pence each, then:

	Pence
Proceeds from redemption of forty B Shares	4
Cost of forty B Shares = $100 \times ((40 \times 0.1) / 150 + (40 \times 0.1))$	(2.6)
Gain	1.4

### Example 2

If the historic cost for capital gains tax purposes of the Ordinary Shares was 200 pence each, then:

	Pence
Proceeds from redemption of forty B Shares	4
Cost of forty B Shares = $200 \times ((40 \times 0.1) / 150 + (40 \times 0.1))$	(5.2)
Allowable loss	(1.2)

### Stamp duty and stamp duty reserve tax

5 No stamp duty or stamp duty reserve tax should arise on the issue or redemption of B Shares.

### Dividends

6 The United Kingdom tax treatment of dividends paid on the B Shares will be the same as the tax treatment of dividends paid on the Ordinary Shares. Accordingly under current tax law, the Company will not be required to withhold tax at source from dividend payments it makes on the B Shares.

#### (a) Individuals

An individual shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company on a B Share will be entitled to a tax credit which may be set off against his total income tax liability on the dividend. Such an individual shareholder's liability to income tax is calculated on the aggregate of the dividend and the tax credit (the **Gross Dividend**) which will be regarded as the top slice of the individual's income. The tax credit will be equal to 10% of the Gross Dividend (i.e. the tax credit will be one-ninth of the amount of the dividend).

Shareholders who are not liable to income tax in respect of the Gross Dividend will not be entitled to reclaim any part of the tax credit.

A UK resident shareholder who is liable to income tax at the lower or basic rate will be subject to income tax on the dividend at the rate of 10% of the Gross Dividend so that the tax credit will satisfy in full such shareholder's liability to income tax on the dividend. A UK resident individual shareholder liable to income tax at the higher rate or the additional rate will be subject to income tax on the Gross Dividend at 32.5% or 42.5% respectively. After taking into account the tax credit, such a shareholder will have to account for additional tax equal to 22.5% (or 32.5%) of the Gross Dividend (an effective tax rate of 25% (or 36.1%) of the net cash dividend received).

#### (b) Companies

A corporate shareholder resident in the UK for tax purposes will not normally be subject to corporation tax on any dividend received from the Company on a B Share. Such corporate shareholders will not be able to claim repayment of the tax credit attaching to any dividend.

#### (c) Pension funds and charities

UK pension funds and charities will not be entitled to reclaim the tax credit attaching to any dividend paid by the Company on a B Share.

## **Section 684 of the Income Tax Act 2007 (ITA)**

- 7 There is an anti-avoidance provision, section 684 ITA, which HM Revenue and Customs may apply where they have reason to believe that a person obtains a tax advantage in consequence of certain transactions in securities. Were HM Revenue and Customs to seek to apply section 684 ITA to the B Share proposals, one possible effect would be to tax the redemption proceeds as income. However, this legislation has recently been amended so that only close company transactions are caught. The directors of the Company do not consider that the Company is a close company, and consequently this anti-avoidance legislation should not be relevant.

### *Overseas Shareholders*

This summary only considers UK taxation. Any overseas Shareholders should seek tax advice in their jurisdiction of residency.

## Part 4: Additional Information

### 1 Non-United Kingdom resident Shareholders

Shareholders who are not resident in the United Kingdom should consult their professional advisers to ascertain whether the effect of the redemption or subsequent disposal of B Shares by them will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Shareholder not resident in the United Kingdom wishing to redeem B Shares or otherwise dispose of any shares in the Company to satisfy himself or herself fully as to observance of any government, exchange control or other consents which may be required or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the redemption of B Shares constitutes an invitation or offer to redeem B Shares in any jurisdiction in which such invitations or offers are unlawful.

In the event that the Board is advised that the allotment and issue of B Shares would or might infringe the laws of any jurisdiction outside the United Kingdom, or would or might require the Company to obtain governmental or other consent, or effect any registration, filing or other formality with which, in the opinion of the Company, it would be unable to comply or which it regards as unduly onerous, the Company will have the right to issue the B Shares to which such Shareholders are entitled, to a nominee on behalf of such Shareholders which nominee shall be entitled to sell or redeem such B Shares for cash with the net proceeds of such sale or redemption (as the case may be) being remitted to such Shareholders. Any remittance of the net proceeds of sale or redemption shall be at the risk of the relevant Shareholder.

In particular, but without prejudice to the generality of the foregoing, the B Shares have not been and will not be registered under the US Securities Act of 1933 (as amended) or the state securities laws of any state of the United States and such shares may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of such laws.

Each recipient of the B Shares within the state of New York, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that it:

- (a) understands and acknowledges that the B Shares have not been and will not be registered under the Securities Act, and therefore may not be offered or sold, directly or indirectly, in the United States or to or for the account or benefit of any United States person, except in compliance with the registration requirements of the Act and other applicable laws or pursuant to any exemption therefrom; and
- (b) is acquiring the B Shares for its own account and (subject to disposition of its property being at all times within its control) not with a view to any resale or distribution or other disposition thereof.

Each recipient of the B Shares within the state of California, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that it:

- (a) understands and acknowledges that the B Shares have not been and will not be registered under the Securities Act, and therefore may not be offered or sold, directly or indirectly, in the United States or to or for the account or benefit of any United States person, except in compliance with the registration requirements of the Act and other applicable laws or pursuant to any exemption therefrom;

- (b) is an institutional investor under Section 25102(i) of the California Corporations Code (an 'Institutional Investor'), has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the B Shares, and is able to bear the economic risk of such investment. Institutional Investors are defined to include:
- (i) a bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, or pension or profit sharing trust (other than a pension or profit sharing trust of the issuer, a self employed individual retirement plan or an individual retirement account);
  - (ii) any organisation described in Section 501(c)(3) of the Internal Revenue Code, as amended to December 29, 1981, which has total assets (including endowment, annuity and life income funds) of not less than \$5,000,000 according to its most recent audited financial statement;
  - (iii) any corporation which has a net worth on a consolidated basis of not less than \$14,000,000 according to its most recent audited financial statement;
  - (iv) any wholly owned subsidiary of any of the foregoing institutional investors; or
  - (v) the federal government of the United States (the 'Federal Government'), any agency or instrumentality of the Federal Government, any corporation wholly owned by the Federal Government, any state, any city, city and county, or county, or any agency or instrumentality of a state, city, city and county, or county, or any state university or state college and any retirement system for the benefit of employees of any of the foregoing;
  - (vi) provided that any purchaser listed in (i) to (v) above represents that it is purchasing for its own account (or for such trust account) for investment and not with a view to or for sale in connection with any distribution of securities; and
- (c) is acquiring the B Shares for its own account and (subject to disposition of its property being at all times within its control) not with a view to any resale or distribution or other disposition thereof.

The circular, copies thereof or any document relating to the B Shares are only being distributed to Shareholders. The B Shares are therefore only being issued to Shareholders.

## **2 Number of B Shares being issued**

If the special resolution is approved at the General Meeting (notice of which is set out on pages 5 to 8 of this document), it is proposed that 20 B Shares, each with a nominal value of 0.1 pence, be issued to Shareholders on 26 May 2011 for each Ordinary Share held on the Record Date. If all 3,612,297,680 B Shares are redeemed on 27 May 2011, redemption payments would amount to £3,612,297.68.

## **3 General**

All questions as to validity, form and eligibility in relation to the Election Form, mandate on the reverse of B Share certificates and the CREST USE instructions will be determined by the Company (which may delegate this power in whole or part to the Registrar) and such determination shall be final and binding.

No authority conferred by or agreed to by execution of the Election Form, mandate on the reverse of the B Share certificate and the CREST USE instruction shall be affected by, and all such authority shall survive, the death or incapacity of the Shareholder executing such form. All obligations of such Shareholders shall be binding upon the heirs, personal representatives, successors and assignees of such Shareholders.

## **Part 5: Definitions**

The following terms apply throughout this appendix unless the context otherwise requires.

### **ACT**

means advance corporation tax;

### **AGM**

means an annual general meeting of the Company;

### **B preferential dividend**

means the non-cumulative preferential dividend to be paid to holders of the B Shares, more fully set out in paragraph 8 of Part 2 of this appendix;

### **B Shareholder**

means a holder of B Shares;

### **B Shares**

means the non-cumulative redeemable preference shares of 0.1 pence each in the capital of the Company proposed to be issued from time to time on the terms and conditions set out in this appendix;

### **B Share Entitlements**

means the entitlements of those Shareholders holding Ordinary Shares on the Record Date to be issued B Shares pursuant to the terms and conditions set out in this appendix;

### **Board or Directors**

means the directors of the Company as at the date of this document and from time to time;

### **Business Day**

means a day upon which pounds sterling deposits may be dealt in on the London inter-bank market and commercial banks are open in London;

### **Calculation Period**

means, (a) in respect of the first Calculation Period in relation to any particular issue of B Shares, the period (i) commencing on the date the B Shares are issued and (ii) ending on the earlier of the last Thursday in the month of May or the last Thursday in the month of November (as the case may be) immediately following the issue of such B Shares, and (b) in respect of subsequent Calculation Periods, the period (i) commencing on the day after the last day of the immediately preceding Calculation Period and (ii) ending on the earlier of the last Thursday in the month of May or the last Thursday in the month of November (as the case may be) immediately following the commencement of such Calculation Period, by reference to which the B preferential dividend is calculated;

### **Certificated Shareholders**

means Shareholders holding Ordinary Shares in certificated form;

### **Companies Act**

means the Companies Act 2006;

### **Company**

means McBride plc;

### **CREST**

means the system for the paperless settlement of trades in securities operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended);

### **Election Form**

means the form that allows Shareholders to elect to redeem all their B Shares during the Election Period subject to the conditions referred to therein;

### **Election Period**

means the period during which Shareholders may elect for any or all of their May 2011 B Shares to be redeemed for cash in accordance with the terms and conditions of the Redemption Offer expected to commence on 24 February 2011 and to end at 3pm on 16 May 2011;

**Future Election Period(s)**

means any period or periods after the Election Period when the Company gives Members an opportunity to redeem B Shares;

**Future Redemption Offer**

means any offer (other than the Redemption Offer) made by the Company to redeem B Shares for cash;

**General Meeting**

means the general meeting of the Company to be held at 1pm on 24 March 2011;

**Group**

means the Company and its subsidiary undertakings (as defined in the Companies Act) from time to time;

**LIBOR**

means the applicable British Bankers' Association Interest Settlement Rate displayed on the appropriate page of the Reuters screen (or such other page or service, specified by the Company, as may replace it for the purpose of displaying the appropriate rate) at or about 11am (London time) on the first Business Day immediately preceding the relevant first day of the Calculation Period for the offering of deposits for a six-month period;

**London Stock Exchange**

means the London Stock Exchange plc;

**May 2011 B Shares**

means the B Shares to be issued on 26 May 2011 to Shareholders holding Ordinary Shares on the Record Date;

**Members**

means Shareholders and B Shareholders;

**Official List**

means the Official List of the UK Listing Authority;

**Ordinary Shares**

means ordinary shares of 10 pence each in the share capital of the Company;

**Proxy Form or Form of Proxy**

means the Form of Proxy accompanying this document for use in connection with the General Meeting;

**Record Date**

means 26 April 2011, being the record date for the proposed bonus issue of the May 2011 B Shares;

**Redemption Offer**

means the offer made by the Company in paragraph 3 of Part 2 of this appendix to redeem any or all of the May 2011 B Shares for cash on the terms and conditions set out in this appendix;

**Redemption Right**

means the right of Members to redeem their B Shares for cash when the Company makes the Redemption Offer or a Future Redemption Offer, more fully set out in paragraph 3 of Part 2 of this appendix;

**Registrar**

means Computershare Investor Services PLC, or such other agent as the Company may appoint from time to time;

**Shareholders**

means holders of Ordinary Shares;

**UK or United Kingdom**

means the United Kingdom of Great Britain and Northern Ireland; and

**US or United States**

means the United States of America and its territories and possessions, any state of the United States of America and the District of Columbia.