

Notice of Annual General Meeting

MONITISE PLC (the "Company")

Notice of Meeting

Notice is hereby given that the second Annual General Meeting of Monitise plc will be held at 26 Southampton Buildings, Holborn Gate, London WC2A 1PB on 14 October 2008 at 10.00 am to consider and, if thought fit, pass the following resolutions, of which the resolutions numbered 1 to 9 will be proposed as Ordinary Resolutions and the resolutions numbered 10 to 14 will be proposed as Special Resolutions:

Ordinary Resolutions

- 1 THAT the Company's report and audited financial statements and the reports of the Directors and Auditors for the year ended 30 June 2008 now laid before this meeting be and are hereby approved.
- 2 THAT John Brougham be and is hereby elected as a Director of the Company.
- 3 THAT Tom Spurgeon be and is hereby elected as a Director of the Company.
- 4 THAT Jan Verplancke be and is hereby elected as a Director of the Company.
- 5 THAT PricewaterhouseCoopers LLP be and are hereby reappointed as Auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
- 6 THAT the Board of Directors be and is hereby authorised to agree the remuneration of the Auditors.
- 7 THAT the Directors' Remuneration Report on pages 22 and 23 of the Annual Report be and is hereby approved.
- 8 THAT, in accordance with section 80 of the Companies Acts 1985 (the "Act"), the Directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined in section 80 of the Act) up to an aggregate nominal amount of £1,112,432 provided that this authority (unless previously revoked, varied or renewed) shall expire on the earlier of 30 December 2009 and the date of the next Annual General Meeting of the Company save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired, such authority to be in substitution for any and all authorities previously conferred upon the Directors for the purposes of section 80 of the Act, without prejudice to any allotments made pursuant to the terms of such authorities.

- 9 THAT (i) the amendments (the “amendments”) to the rules of the Monitise Performance Share Plan (the “Plan”) and (ii) the performance conditions to be used for certain future awards made under the Plan, as summarised in the Explanation of Annual General Meeting Business in the Notice of Annual General Meeting dated 18 September 2008 and, in the case of the amendments, as produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to do all such acts and things as they may consider appropriate to implement the amendments and such performance conditions.

Special Resolutions

- 10 THAT, conditionally upon the passing of the Resolution numbered 8 above, in accordance with section 95(1) of the Act, the Directors be and they are hereby given power for the period commencing on and with effect from the date of adoption of this Resolution and (unless previously revoked, varied or renewed) expiring on the earlier of 30 December 2009 and the date of the next Annual General Meeting of the Company to allot equity securities (as defined in section 94(2) of the Act) pursuant to the authority conferred by the Resolution numbered 8 above and to sell treasury shares as if section 89(1) of the Act did not apply to such allotment or sale provided that this power shall be limited to:
- 10.1 the allotment or sale of equity securities for cash in connection with or pursuant to an offer to the holders of equity securities and other persons entitled to participate in proportion (as nearly as may be) to their then holdings of equity securities (or, as appropriate, the numbers of such securities which such other persons are for those purposes deemed to hold) subject only to such exclusions or other arrangements as the Directors may feel necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body of, or any stock exchange in, any territory; and
 - 10.2 the allotment (otherwise than pursuant to sub-paragraph 10.1 hereof) or sale of equity securities for cash up to a maximum nominal value of £166,865 save that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot or sell equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.
- 11 THAT the Company be generally authorised pursuant to section 166 of the Act to make market purchases (as defined in section 163(3) of the Act) of its ordinary shares PROVIDED THAT:
- 11.1 the Company does not purchase under this authority more than 33,372,948 ordinary shares;
 - 11.2 the Company does not pay for each such ordinary share less than the nominal amount of such ordinary share at the time of purchase; and
 - 11.3 the Company does not pay for each such ordinary share more than 5% above the average of the closing mid-market prices of the ordinary shares for the five business days immediately preceding the date on which the Company agrees to buy the shares concerned, based on the share prices published in the Daily Official List of the London Stock Exchange or the AIM supplement thereto.

The authority conferred by this Resolution shall (unless previously revoked, varied or renewed) expire on the earlier of 30 December 2009 and the date of the next Annual General Meeting of the Company except that the Company may before such expiry make a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract, as if such authority had not expired.

- 12** THAT the Articles of Association of the Company be and are hereby amended by the deletion of the existing Articles 94, 95 and 96 and the insertion of new Articles 94, 95 and 96 in the form which is set out in the Appendix to these resolutions.
- 13** THAT the Articles of Association of the Company be and are hereby amended by the insertion of a new Article 46.3 in the form which is set out in the Appendix to these resolutions.
- 14** THAT the Articles of Association of the Company be and are hereby amended by the deletion of the existing Articles 58 and 67 and the insertion of new Articles 58 and 67 in the form which is set out in the Appendix to these resolutions.

18 September 2008

By order of the Board
Lee Cameron - Secretary

Registered Office:

Providian House
16-18 Monument Street
London
EC3R 8AJ

NOTES

- 1 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions has been sent to shareholders at the same time as this notice.
- 2 The appointment of a proxy will not prevent a member from subsequently attending and voting at the Annual General Meeting in person.
- 3 To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be either (a) deposited at the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL not less than 48 hours before the time for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, or (b) lodged using the CREST Proxy Voting Service – see Note 9 below.
- 4 Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and 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 Annual 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 shareholder as to the exercise of voting rights.
- 5 The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in this paragraph can only be exercised by shareholders of the Company.
- 6 There are available for inspection at the registered office of the Company during usual business hours on any week day (Saturdays, Sundays and public holidays excepted) and there will be available for inspection at the place of the Annual General Meeting from at least fifteen minutes prior to and until the conclusion of the Annual General Meeting:
 - (a) A copy of the rules of the Monitise Performance Share Plan showing the amendments proposed in resolution 9 set out in the Notice of Meeting;
 - (b) Copies of the Directors' service agreements with the Company or any of its subsidiaries other than those agreements expiring or determinable by the employing company without payment of compensation within one year; and
 - (c) The Register of Directors' Interests.

- 7 Holders of ordinary shares are entitled to attend and vote at the Annual General Meeting of the Company. The total number of issued ordinary shares in the Company on 17 September 2008, which is the latest practicable date before the publication of this document, is 333,729,477. On a vote by show of hands every member who is present in person or by proxy shall have one vote. On a poll vote every member who is present in person or by proxy shall have one vote for every ordinary share of which he is the holder.
- 8 Entitlement to attend and vote at the meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's Register of Members at 10.00 am on 12 October 2008 or, if the meeting is adjourned, at 6.00 pm on the day two days before the date fixed for the adjourned meeting (as the case may be). In each case, changes to the Register of Members after such time will be disregarded.
- 9 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this Annual General Meeting and any adjournment thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider should refer to their CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy, the revocation of a proxy appointment 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 RA19) by the latest time(s) for receipt of proxy appointments specified in Note 3 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 a proxy appointed through CREST should be communicated to the appointee by other means.

CREST members, and where applicable their CREST sponsors or voting service providers, should note that CRESTCo 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, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members, and where applicable their CREST sponsors or voting service providers, are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

- 10** In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll vote those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

MONITISE PLC

Explanation of Annual General Meeting Business

This explanatory note gives further information in relation to the resolutions listed in the enclosed notice of the 2008 Annual General Meeting of the Company.

Resolution 1 – Receipt of Company Accounts

The Directors must lay the Company's accounts, the Directors' report and the Auditors' report before the shareholders at a General Meeting. This is a legal requirement after the Directors have approved the accounts and the Directors' report and the Auditors have prepared their report.

Resolutions 2 to 4 – Election of Directors

Although the Company is not bound to adhere to the Combined Code on Corporate Governance (the "Combined Code"), the Board of Directors has decided that, in the interests of maintaining the highest standards of corporate governance, the Company will endeavour to comply with the Combined Code as far as possible.

Therefore, in accordance with the Combined Code and the provisions of the Company's Articles of Association, all Directors of the Company who have been appointed since the last AGM seek election by the shareholders.

Resolution 2 – Election of Mr John Brougham

Aged 57, John brings a wealth of financial experience built through his career with BT. In 2008 John was Finance Director of BT Transformation, a role which is focused on accelerating BT's transformation into a networked IT services company. Previously he spent six years as CFO of BT Global Services, which serves BT's large corporate customers and runs all the Group's activities outside the UK. John joined BT in June 1986 and has held a number of divisional FD and CFO roles as well as spending over five years as Director of Investor Relations. In 2004 he was appointed to the BT Group Leadership Forum, comprising the leaders of BT's businesses and key Group functions.

Resolution 3 – Election of Mr Tom Spurgeon

Aged 40, Tom is Chief Financial Officer of Monitise and brings over 15 years of financial management experience, including audit, financial planning and controllership, gained over several industries. A Cambridge graduate and chartered accountant, Tom trained with Price Waterhouse (London). Prior to joining Monitise, Tom spent five years as UK Finance Director of Morse plc.

Resolution 4 – Election of Mr Jan Verplancke

Aged 45, Jan is Chief Information Officer of Standard Chartered Bank and is responsible for all systems development, technology support and banking operations. Prior to joining Standard Chartered, Jan was CIO-EMEA for Dell, where he achieved considerable cost reduction and process improvement over his tenure and was responsible for the expansion of Dell's business into new markets. He began his career at Levi Strauss in Brussels.

Resolution 5 – Re-election of PricewaterhouseCoopers LLP as Auditors

The Board of Directors, on the recommendation of the Audit Committee, recommends the re-election of PricewaterhouseCoopers LLP as Auditors to hold office until the next meeting at which accounts are laid.

Resolution 6 – Remuneration of the Auditors

This resolution authorises the Board of Directors to agree the remuneration of the Auditors.

Resolution 7 – Directors’ Remuneration Report

This resolution approves the Directors’ Remuneration Report for the financial year ended 30 June 2008. The full text of the report is contained on pages 22 and 23 of the Company’s Annual Report and sets out the Company’s policy towards, and gives details of, Directors’ remuneration and other relevant information.

Resolution 8 – Authority to Allot Shares

The purpose of resolution 8 is to renew the Directors’ power to allot shares.

Section 80 of the Companies Act 1985 provides that the Board of Directors may not allot new shares (other than for employee share schemes) without shareholder approval.

Accordingly, resolution 8 in the Notice of Meeting will be proposed as an ordinary resolution to authorise the Directors (pursuant to Section 80 of the Companies Act 1985) to allot ordinary shares of 1p each in the capital of the Company up to a maximum nominal amount of £1,112,432 being approximately one third of the nominal value of the ordinary shares in issue on 17 September 2008.

The authority (unless previously revoked, varied or renewed) will expire on the earlier of 30 December 2009 and the date of the next Annual General Meeting of the Company.

The Directors will exercise the authority to allot only when satisfied that it is in the interests of the Company to do so. They have no present intention of exercising the authority, except in connection with the issue of shares under the Company’s share option schemes.

Resolution 9 – Amendment of Performance Share Plan and Use of New Performance Conditions

Since the demerger from Morse plc, the primary vehicle through which share-based long-term incentives have been provided to senior executives has been the Monitise Performance Share Plan (the “Plan”). The Plan was established at the time of the demerger and has operated as follows since that date:

- Par value (i.e. 1p) options over shares worth up to a maximum value of 300% of salary (or higher in exceptional circumstances) can be granted each year.
- Awards vest three years after grant subject to the Company’s Total Shareholder Return (“TSR”) performance versus the constituents of the FTSE Techmark 100 index.
- More particularly, 30% of the award vests at the median, with full vesting at the upper quartile (with straight-line vesting between these two points).
- The Plan (and all other Monitise share plans) will operate within a “12.5% in 10 years post demerger” overall dilution limit.

The Company has also operated the Monitise Deferred Annual Bonus Plan (the “DAB”) since demerger (when the DAB was adopted). In essence, DAB awards (which are structured in a similar manner to awards made under the Plan) are granted in return for participants agreeing to replace a portion of their annual cash bonus with a right to receive additional shares in the Company.

Finally, and for completeness, at the time of the demerger certain executives were – under the Monitise Rollover Plan – granted awards over the Company's shares ("rollover options") to replace options that were originally over shares in Monitise plc's predecessor company that formed part of the old Morse group. These options became exercisable on demerger but management agreed to roll them over. For example, Alastair Lukies was granted 4,107,791 rollover options with an exercise price of 1p per share which vest in three equal tranches on the first, second and third anniversary dates of the demerger (i.e. June 2008, 2009 and 2010) subject to continued employment but no other performance conditions. Rollover options do not count towards the Company's 12.5% in 10 year dilution limit.

The Remuneration Committee of the Company (the "Committee") believes that the retention of the Company's CEO, Alastair Lukies, is critical to Monitise's future and the generation of substantial returns to shareholders. Alastair co-founded the business and since its inception has built up highly valuable relationships with industry operators and financial institutions. The current share awards and rollover options held by Alastair go some way towards delivering his continued retention with the Company. However, having reviewed the Company's ongoing long-term incentive policy, the Committee has come to the view that a revision to this policy is necessary to further ensure Alastair's continued employment and further strengthen the alignment of his interests with those of other shareholders. The Committee is particularly aware of the fact that the rollover options have already begun to vest and will vest in full by June 2010.

Consequently, shareholder approval is being sought so as to allow the following awards to be made to Alastair (and, as set out later, other senior Monitise executives):

- Alastair will be granted a one-off award of par value (i.e. 1p) options over 10 million shares shortly following the AGM.
- This award will be capable of vesting in equal 20% tranches on the next five award anniversary dates (i.e. 2009 through 2013).
- At each anniversary date, the Company's TSR performance is compared to that of the constituents of the FTSE Techmark 100 (as constituted at the date of initial grant but excluding the Company). The 'baseline' for all TSR calculations for the Company will be 12p. A three month average TSR at each anniversary date will be used for each 'end' TSR figure.
- If the TSR of the Company is at or above upper quartile ranking at the relevant anniversary date, the full 20% tranche vests (i.e. the par value option becomes capable of exercise). However, if a participant chooses to exercise this portion of the award within three years of the vesting date, they must retain the net-of-tax number of shares until the end of this three year period.
- If the Company's TSR performance is not at or above the upper quartile, none of the relevant 20% tranche vests. Instead, performance is then tested on the following anniversary date. If the Company's TSR performance against the Techmark 100 is at or above the upper quartile on this date, both the relevant year's 20% tranche and any prior years' awards that have not vested will also vest in full (with the further three year share retention period also applying). If the Company's TSR is not at or above the upper quartile, a 'rollover' of that tranche and any previous tranches that have not vested occurs as previously.

- On the last (i.e. the fifth) anniversary date, all unvested awards (i.e. both the last 20% tranche and any previous tranches that have not vested) are tested, with vesting again calculated by reference to the Company's TSR performance against the Techmark 100. However, at this point, awards vest on a straight-line basis between median (at which point 30% of the remaining award vests) to upper quartile (full vesting). The further three year share retention period applies once again.
- If the Company is taken over at any time during the five-year vesting period, all unvested awards vest in full, provided that the acquisition price is 35p (if the takeover occurs in the first year post-grant) or 35p plus an additional 2.5p per annum (if the takeover occurs in subsequent years). All post vesting share retention conditions also fall away.
- If a participant leaves employment in a "good leaver" circumstance during the five-year performance period, all unvested awards are capable of vesting to the extent determined by the Committee, either on cessation or such later date as the Committee may determine. When determining the extent to which awards vest in these circumstances, the Committee will take account of (i) the extent to which the median to upper quartile vesting schedule that would normally apply on the fifth anniversary has been satisfied on the relevant testing date (i.e. the date of cessation or such later date, up to the end of the original performance period) and (ii) the proportion of the full five-year vesting period that falls prior to the cessation (unless the Committee considers it appropriate to not take account of the time elapsed since grant). In other leaver circumstances, any unvested portion of the award lapses in full. For these purposes, "good leaver" circumstances comprise death, injury, ill-health, disability, redundancy, retirement, sale of a company or business out of the Monitise group and any other circumstance the Committee believes should constitute a good leaver scenario. It should also be noted that, for consistency, this policy regarding cessation will also be applied to all awards already made under the Plan.

While the retention of Alastair Lukies is considered crucial to the Company's success, the continued contribution of Alastair's senior executive team is also very important. Consequently, it is intended that awards structured in a broadly similar manner will also be made over up to 5 million further shares to certain other senior executives. Neither these awards nor Alastair's awards will place undue pressure on the current 12.5% share plan dilution limit.

The Committee is aware that the above approach does not fully comply with corporate governance best practice as it relates to long-term incentives. However, the Committee firmly believes that the approach has a number of compelling advantages and is, therefore, very much in the interests of shareholders. These advantages include:

- The awards are significant incentive and retention awards at what is a crucial stage in the Company's development. Therefore, these awards will assist in the retention of the senior executive team that are required to deliver Monitise's strategic goals and will also reward them if the achievement of these strategic goals translates into the generation of significantly above market returns to shareholders.

- While the awards described above to be made this year are large, it is currently envisaged that no further awards will be made under the Plan in the next five years to Alastair Lukies and those other members of the senior management team who are granted the awards described above. Therefore, taken in the round, these awards will not result in material increases in the year-on-year value of the relevant senior executives' remuneration packages. For example, while Alastair Lukies' award over 10 million shares equates to an award over shares with a total value of approximately £1.2m (i.e. over 6 x salary), under the current Plan he could receive an award over up to 3 x salary each year. However, to encourage senior executives to defer a portion of their annual bonus into shares, the DAB will continue to be operated for all senior management.
- In addition, the sizes of the proposed awards reflect the Committee's belief that a significant portion of the senior executive team's remuneration should be linked to performance and delivered in shares. Therefore, the Company's ongoing policy regarding fixed, non-performance-related pay (e.g. base salary, pension and other benefits) will be to aim to pay at or below median (where appropriate) and in no circumstances to provide higher levels of non-performance-linked pay than is necessary.
- The continued use of a relative TSR measure is most investors' preferred approach.
- The potential for annual tranching vesting – which only occurs for at or above upper quartile performance – encourages the delivery of sustained above market returns to shareholders throughout the five-year vesting period.
- The staggered vesting of awards also reduces the retention risk that can arise when a large “one-off” award is made that vests in full at one point in time.
- The three-year post vesting retention period adds to the long-term focus of the policy and provides an appropriate balance to the annual tranching vesting facility.
- The requirement for the share price to be at least 35p for awards to vest if a takeover occurs in year 1 of the five year performance period (rising 2.5p per annum if a takeover occurs between years 2 - 5) will ensure that participants are only rewarded if very substantial returns are delivered to shareholders in the event of a takeover.
- The Committee is also aware that other AIM listed and private equity backed companies with which Monitise competes for talent also operate highly leveraged incentive arrangements that take little account of best practice guidelines as they apply to companies on the official list of the London Stock Exchange. Therefore, the Committee believes it is very much in shareholders' interests to adopt the above approach which provides appropriate safeguards for investors to the extent it contains atypical features and has been designed with the Company's specific circumstances in mind.

Resolution 10 – Disapplication of Pre-Emption Rights

Section 89 of the Companies Act 1985 confers on shareholders rights of pre-emption in respect of the allotment of “equity securities” which are or are to be paid up in cash otherwise than by way of allotment to employees under an employees’ share scheme. The provisions of section 89 apply to the authorised but unissued ordinary shares of 1p each of the Company to the extent that they are not disapplied pursuant to section 95 of the Companies Act 1985. Furthermore, following the introduction of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 which came into force on 1 December 2003, this authority will now also cover the sale of treasury shares (should the Company elect to hold any) for cash.

It is proposed that the disapplication of these statutory pre-emption rights be approved, as a special resolution, to give the Directors power to allot shares without the application of these statutory pre-emption rights, first, in relation to rights issues and, secondly, in relation to the issue of ordinary shares of 1p each in the capital of the Company for cash up to a maximum aggregate nominal amount of £166,865 (representing approximately 5% of the nominal value of the ordinary shares in issue on 17 September 2008).

The authority will expire on the earlier of 30 December 2009 and the date of the next Annual General Meeting of the Company.

Resolution 11 – Purchase by the Company of its own Shares

The purpose of resolution 10 is to obtain the authority for the Company to purchase its ordinary shares. Under the Companies Act 1985, such an authority must first be sanctioned by an ordinary resolution of the Company in general meeting; but current IPC guidelines require that any such authority should be sanctioned by special resolution.

Accordingly, resolution 10 in the Notice of Meeting will be proposed as a special resolution to authorise the Company to purchase a maximum of 33,372,948 ordinary shares (approximately equal to 10% of the Company’s present issued ordinary share capital) on AIM at a price per share of not less than 1p and not more than 5% above the average of the middle market quotations for ordinary shares of the Company for the five business days immediately preceding the day of purchase. In order to maximise the benefit to be derived by the Company, it would be the Directors’ intention that any purchases should be made at as low a price (within the limits specified in resolution 10) as they considered reasonably obtainable.

The authority will expire on the earlier of 30 December 2009 and the date of the next Annual General Meeting of the Company.

Pursuant to the Companies Act 1985 (as amended), the Company can hold the shares which have been repurchased as treasury shares and either resell them for cash, cancel them (either immediately or at a point in the future) or use them for the purposes of its employee share schemes. The Directors believe that it is desirable for the Company to have this choice and therefore currently envisage holding any shares purchased under this authority as treasury shares. Holding the repurchased shares as treasury shares will give the Company the ability to resell or transfer them in the future, and so provide the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

Shares will only be repurchased if the Directors consider such purchases to be in the best interests of shareholders generally and that they can be expected to result in an increase in earnings per share. The authority will only be used after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall financial position of the Company. Shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently resold or transferred out of treasury).

If any shares repurchased by the Company are held in treasury and used for the purposes of its employee share schemes, so long as required under the guidelines of the Association of British Insurers Investment Committee, the Company will count those shares towards the limits on the number of new shares which may be issued under such schemes.

Purchases will not be made to the extent that they may affect the eligibility of the Company for continued listing on AIM and it is not the Board of Directors' current intention that the Company should stand in the market for any particular period or until any specified number of shares has been acquired.

The purchase of shares by the Company pursuant to these proposals will be a market purchase and thus made through AIM. This means that any shareholder selling shares, even if those shares are subsequently acquired by the Company, will not be subject to different tax considerations from those normally applying to a sale of shares in the market provided that the purchase by the Company is made exclusively through a market maker acting as principal. In that event, for shareholders who held their shares as an investment, the sale proceeds will normally be treated as capital and the normal capital gains tax rules will apply to those sale shares. There will normally be no liability to tax on income unless the shareholder's disposal is by way of trade.

Resolutions 12 to 14 – Amendment of Articles of Association

It is proposed to update the Company's Articles of Association to take into account changes brought about by the Companies Act 2006 and also to align the Articles with the Company's current practice of not sending notices and other documents and information to shareholders where it does not have a current address. An explanation of each of the amendments is as follows:

Resolution 12 – Directors' Conflicts of Interest

Pursuant to the Companies Act 2006, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation where such appointment conflicts or possibly may conflict with the Company's interests. The Companies Act 2006 allows directors to authorise conflicts and potential conflicts where appropriate and where the company's Articles of Association contain provisions to this effect. The amendments to the Articles of Association proposed in this Resolution 11 give the Directors authority to approve such situations.

There are safeguards which will apply when the Directors decide whether to authorise a conflict or potential conflict. First, only Directors who do not have an interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision, the Directors must act in good faith and in a way that the Directors consider will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving such authorisation if they think this is appropriate.

The proposed amendments to the Articles of Association contain provisions relating to confidential information, attendance at Board meetings and availability of Board papers to protect a Director from being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the conflict or potential conflict has previously been authorised by the Directors.

Resolution 13 – Notices of General Meetings

The Company wishes to provide in its Articles of Association that it is only required to send notices, documents and other information to a shareholder where the Company has a current address for that shareholder, being an address that has been notified to the Company by that shareholder as one at which documents may be sent to him and where the Company has no reason to believe that documents sent to him at that address will not reach him. This amendment will bring the Company's Articles of Association into line with the Company's current practice with regard to sending out notices and other documentation to shareholders.

Resolution 14 – Rights of Proxies

The proposed amendments to the Articles of Association are to bring them in line with the law in relation to the rights of proxies to attend and to speak and vote at a meeting of the Company as set out in the Companies Act 2006.

APPENDIX

Article 46.3

46.3 The Company shall not be required to send notices, documents or information to any member in respect of whom the Company does not hold a current address, being an address that has been notified to the Company by that member as one at which documents may be sent to him and where the Company has no reason to believe that documents sent to him at that address will not reach him.

Articles 58 and 67

58 Votes Attaching to Shares

Subject to Articles 6.2 and 47.4 and to any special rights or restrictions as to voting attached by or in accordance with these Articles to any class of shares

- (a) on a show of hands every member who is present in person and every proxy present who has been duly appointed by a member entitled to vote on the resolution shall have one vote, and
- (b) on a poll every member who is present in person or by proxy shall have one vote for every share of which such member is the holder.

67 Rights of Proxy

67.1 A proxy shall have the right to exercise all or any of the rights of his appointer, or (where more than one proxy is appointed), all or any of the rights attached to the shares in respect of which such proxy is appointed the proxy, to attend and to speak and vote at a meeting of the Company.

67.2 Unless his appointment provides otherwise, a proxy may vote or abstain from voting at his discretion on any resolution put to the vote at a shareholders' meeting.

Articles 94, 95 and 96

94 Conflicts of Interest Requiring Authorisation by Directors

94.1 The Directors may authorise, to the fullest extent permitted by law, any matter which would otherwise involve a Director (the "relevant Director") breaching his duty under the Statutes to avoid conflicts of interest (a "Conflict").

94.2 The relevant Director seeking authorisation in respect of a Conflict must declare to the Directors the nature and extent of his interest in that Conflict as soon as is reasonably practicable. The relevant Director must give the Directors sufficient details of the relevant matter to enable them to decide whether or not to authorise the Conflict. The relevant Director must also provide such additional information as may be requested by the Directors.

94.3 Any Director (including the relevant Director) may propose that the relevant Director be authorised by the Directors in relation to any matter which is the subject matter of the Conflict. Such proposal and any authorisation given by the Directors shall be effected in the same way that any other matter may be proposed to and resolved upon by the Directors in accordance with the provisions of these Articles except that:

- (a) the relevant Director and any other Director with an interest in the Conflict (together the "Interested Directors") shall not count in the quorum nor vote on any resolution giving such authorisation;
- (b) the Interested Directors may, if the other Directors so decide, be excluded from any meeting of the Directors while the Conflict is under consideration.

94.4 Where the Directors authorise any Conflict pursuant to Article 94.1, such authorisation may be given subject to such terms and conditions, if any, as the Directors may think fit to impose from time to time, whether at the time of authorisation or subsequently and subject always to their right to vary or terminate such authorisation at any time, and the relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Directors in relation to the Conflict. In particular the Directors may:

- (a) require that a relevant Director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at meetings of the Directors or otherwise) related to the Conflict;
- (b) provided that where the relevant Director obtains (through his involvement in the Conflict and otherwise than through his position as a Director of the Company) information that is confidential to a third party, the relevant Director will not be obliged to disclose that information to the Company, or to apply such information in relation to the Company's affairs.

The terms of the authorisation of any Conflict pursuant to Article 94.1 shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded) and the Directors may revoke or vary such authorisation at any time but this will not affect anything done by the relevant Director prior to such revocation or variation in accordance with the terms of such authority.

95 Other Conflicts of Interest

95.1 If a Director knows that he is in any way directly or indirectly interested in a proposed contract with the Company or a contract that has been entered into by the Company, he must tell the other Directors of the nature and extent of that interest in accordance with the relevant provisions of the Statutes.

95.2 If he has disclosed the nature and extent of his interest in accordance with Article 95.1, a Director can do any one or more of the following:

- (a) have any kind of interest in a contract with or involving the Company or another company in which the Company has an interest;
- (b) hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms, including as to remuneration, as the Directors may decide;

- (c) alone, or through a firm with which he is associated, do paid professional work for the Company or any other company in which the Company has an interest (otherwise than as auditor);
- (d) be or become a director or other officer of, or be employed by or otherwise be interested in any holding company or subsidiary of the Company or any other company in which the Company has an interest;
- (e) be or become a director of any other company in which the Company does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as a director of that other company.

96 Benefits

A Director shall not, by reason of his office, be liable to account to the Company for any remuneration, profit or other benefit which he makes as a result of anything authorised pursuant to Article 94.1 (subject in any case to any limits or conditions to which such approval was subject) or allowed under Article 95.2.