
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to any matter referred to in this document or as to the action you should take, you should seek your own personal financial advice from a stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you are not resident in the United Kingdom, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your shares in Shanks Group plc, please pass this document, but not the accompanying personalised proxy form, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Shanks Group plc

(incorporated and registered in Scotland under the Companies Act 1985 with registered number SC077438)

Notice of Annual General Meeting

Notice of the Annual General Meeting of the Company to be held at the offices of Royal Bank of Scotland, 250 Bishopsgate, London, EC2M 4AA on Thursday 23 July 2009 at 11.00am is set out in Part III of this circular.

A proxy form for use at the Annual General Meeting is enclosed. Whether or not you propose to attend the Annual General Meeting, you are requested to complete and submit the proxy form in accordance with the instructions printed on it. In order to be valid the proxy form must be received by the Company's registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY by 11.00am on Tuesday 21 July 2009. Alternatively, you may vote or appoint a proxy electronically by logging on to the registrar's website, www.eproxyappointment.com, provided that they receive your voting or proxy instructions by 11.00am on Tuesday 21 July 2009.

part I

Shanks Group plc

(incorporated and registered in Scotland under the Companies Act 1985 with registered number SC077438)

Registered Office:

16 Charlotte Square
Edinburgh
EH2 4DF

15 June 2009

To the holders of Ordinary Shares

Dear Shareholder,

Notice of Annual General Meeting

I am pleased to be writing to you with details of our Annual General Meeting which we are holding at the offices of Royal Bank of Scotland, 250 Bishopsgate, London, EC2M 4AA on Thursday 23 July 2009 at 11.00am. The formal notice of Annual General Meeting is set out in Part III of this document.

If you would like to vote on the resolutions to be considered at the Annual General Meeting but cannot attend the meeting then you can appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting by completing the proxy form sent to you with this circular and returning it to our registrar by post at the address stated on the form. They must receive it by 11.00am on Tuesday 21 July 2009 in order for it to be valid. Alternatively, you may vote or appoint a proxy electronically by logging on to the registrar's website, www.eproxyappointment.com, provided that they receive your voting or proxy instructions by 11.00am on Tuesday 21 July 2009. Shareholders holding shares in CREST may appoint a proxy through the CREST system in accordance with the instructions set out in Notes 11 to 13 of the notice of Annual General Meeting.

The Shanks Group plc Annual Report and Accounts for the year ended 31 March 2009 and a copy of this circular have been published on the Company's website at www.shankspc.co.uk in the "Investor information" section. To access these documents you will need to have Adobe Acrobat Reader installed. If you elected to receive shareholder correspondence in hard copy form then you will have received a copy of the Annual Report and Accounts. Should you wish to change your election at any time, or if you wish to request a hard copy of the Annual Report and Accounts, you can do so by contacting our registrar, Computershare, on Tel 0870 707 1290 or by writing to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY.

The following notes provide an explanation of the resolutions to be considered at the Annual General Meeting.

Resolutions 1 to 10 will be proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 11 to 14 will be proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Reports and Accounts (Resolution 1)

Shareholders are being asked to receive the audited accounts of the Group for the year ended 31 March 2009 together with the associated reports of the Directors and auditors.

Directors' Remuneration Report (Resolution 2)

Shareholders are being asked to approve the Directors' Remuneration Report for the year ended 31 March 2009, the full contents of which are set out in the Annual Report and Accounts 2009.

Election and re-election of Directors (Resolutions 3 to 7)

Mr Chris Surch was appointed to the Board on 1 May 2009 as Group Finance Director and, in accordance with the Company's articles of association, is obliged to seek election at the forthcoming Annual General Meeting.

Under the Company's current articles of association all Directors must submit themselves for re-election at regular intervals of at least every three years. However, for the reasons explained in relation to Resolution 14 below, the non-executive Directors, being Mr Adrian Auer, Mr Eric van Amerongen, Mr Peter Johnson and Dr Stephen Riley, have voluntarily agreed to retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Biographical information in respect of those Directors seeking election or re-election at the Annual General Meeting is set out in the Annual Report and Accounts 2009 and in Part II of this document.

The Board commends to shareholders the election and re-election of these Directors, all of whom they regard as possessing the requisite skills and attributes to continue making significant contributions in their respective roles.

Appointment of auditors (Resolution 8)

Shareholders are being asked to re-appoint PricewaterhouseCoopers LLP as auditors of the Company and to authorise the Directors to determine their remuneration.

Political donations (Resolution 9)

In accordance with the Companies Act 2006, a company may not make a political donation or incur political expenditure unless it has been authorised by ordinary resolution or the political donation does not exceed £5,000 when aggregated with all Group political donations in the past twelve months. Whilst it remains the Company's policy not to make political donations or to incur political expenditure the terms "political donation", "political parties", "independent election candidates", "political organisation" and "political expenditure" are widely defined in the Companies Act 2006, and it is possible that the definitions may include activities which the Company might carry on in the ordinary course of its business, such as participation in functions attended by politicians or participation in review of Governmental policy or law reform. Therefore, in common with other companies, the Company is seeking shareholder approval, on a precautionary basis and to avoid unwitting contravention of the Companies Act 2006, to incur a level of expenditure to cover these activities. Any donations made or expenditure incurred under the authority will be disclosed in the Company's next Annual Report and Accounts.

Authority to allot shares (Resolution 10)

The Directors may not allot new shares in the Company unless authorised by shareholders in general meeting. Paragraph (a) of Resolution 10 will authorise the Directors to allot up to 132,233,222 ordinary shares having an aggregate nominal value equal to £13,223,322.20, representing approximately 33.33% of the Company's issued ordinary share capital (including the 158,679,867 new ordinary shares which have been provisionally allotted in connection with the Company's Rights Issue) as at 12 June 2009 (being the latest practicable date prior to the publication of this circular).

In line with recent guidance issued by the Association of British Insurers, paragraph (b) of Resolution 10 will authorise the Directors to allot up to a further 132,233,222 ordinary shares in connection with a rights issue having an aggregate nominal value equal to £13,223,322.20, representing approximately 33.33% of the Company's issued ordinary share capital (including the 158,679,867 new ordinary shares which have been provisionally allotted in connection with the Company's Rights Issue) as at 12 June 2009 (being the latest practicable date prior to the publication of this circular).

The authorities sought under Resolution 10 will expire on the earlier of 30 September 2010 (the latest date by which the Company must hold an annual general meeting in 2010) or the conclusion of the Annual General Meeting of the Company held in 2010. The Directors do not have any plans at present to issue new shares other than pursuant to the Rights Issue (which was announced on 21 May 2009 and approved by shareholders on 8 June 2009) or in satisfaction of the exercise of options or awards under the Company's employee share schemes.

part I

continued

Disapplication of statutory pre-emption rights (Resolution 11)

If the Directors wish to allot new shares for cash, the Companies Act 1985 states that the new shares must be offered first to existing shareholders in proportion to their existing shareholdings. An offer of this type is called a 'rights issue' or a 'pre-emptive offer' and a shareholder's entitlement to be offered the new shares is known as a 'pre-emption right'. For legal, regulatory and practical reasons, however, it might not be possible or desirable for new shares allotted by means of a rights issue or other pre-emptive offer to be offered to certain shareholders, particularly those resident overseas. Furthermore, it might in some circumstances be in the Company's interests for the Directors to be able to allot some shares for cash without having to offer them first to existing shareholders. To enable this to be done, shareholders' statutory pre-emption rights must be disapplied. Accordingly Resolution 11 will empower the Directors to allot a limited number of new equity securities without shareholders' statutory pre-emption rights applying to such allotment.

Sub-paragraph (a) of Resolution 11 will confer authority on the Directors to make any arrangements which may be necessary to deal with any legal, regulatory or practical problems arising on a rights issue, an open offer or any other pre-emptive offer in favour of ordinary shareholders, for example, by excluding certain overseas shareholders from such issue or offer.

Sub-paragraph (b) of Resolution 11 will disapply shareholders' statutory pre-emption rights by empowering the Directors to allot shares for cash on a non-pre-emptive basis but only new shares having a maximum aggregate nominal value of £1,983,498.30, representing approximately 5% of the Company's issued ordinary share capital (including the 158,679,867 new ordinary shares which have been provisionally allotted in connection with the Company's Rights Issue) as at 12 June 2009 (being the latest practicable date prior to the publication of this circular). The authority under Resolution 11 would also cover the sale of treasury shares for cash.

Resolution 11 is in line with standard practice and the guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds. Resolution 11 also has regard to the Pre-Emption Group's 2008 Statement of Principles on Disapplying Pre-Emption Rights.

The authorities sought under Resolution 11 will expire on the earlier of 30 September 2010 (the latest date by which the Company must hold an Annual General Meeting in 2010) or the conclusion of the Annual General Meeting of the Company held in 2010.

Purchase of own shares (Resolution 12)

The Companies Act 1985 permits a company to purchase its own shares provided the purchase has been authorised by shareholders in general meeting. Resolution 12, if passed, would give the Company the authority to purchase any of its own issued ordinary shares at a price of not less than ten pence per share and not more than 5% above the average of the middle market quotations of the Company's ordinary shares as shown on the London Stock Exchange Daily Official List for the five dealing days before any purchase is made. The authority will enable the purchase of up to a maximum of approximately 10% of the Company's issued ordinary share capital as it will be immediately following completion of the Company's Rights Issue, and will expire at the end of the next Annual General Meeting or on 23 January 2011, whichever is the earlier. The Directors' present intentions are that in certain circumstances it may be advantageous for such purchases to be made if they believe that they are generally in the best interests of shareholders and (except in the case of purchases intended to satisfy obligations under share schemes) the expected effect of any purchase would be to increase earnings per share of the remaining ordinary shares.

The Directors would only exercise this buy back authority after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels, the expected effect on the return on embedded value and the overall financial position of the Group. Purchases would be financed out of distributable profits and shares purchased would either be cancelled and the number of shares in issue reduced accordingly or held as treasury shares. As at 12 June 2009 (being the latest practicable date prior to the publication of this circular), there were options and LTIP awards over 2,720,092 ordinary shares in the capital of the Company which represents approximately 0.68% of the Company's issued ordinary share capital at that date (including the 158,679,867 new ordinary shares which have been provisionally allotted in connection with the Company's Rights Issue). As at 12 June 2009 if the authority to purchase the Company's ordinary shares were exercised in full, those options and awards would represent approximately 0.76% of the Company's issued ordinary share capital (including the 158,679,867 new ordinary shares which have been provisionally allotted in connection with the Company's Rights Issue).

Notice of general meetings (Resolution 13)

It is intended that the EU Shareholder Rights Directive will be implemented in the UK in August this year. One of the requirements of the Directive is that all general meetings of the Company must be held on 21 clear days' notice unless shareholders agree to a shorter notice period. The Company is currently able to call general meetings (other than annual general meetings) on 14 clear days' notice. The Board is proposing Resolution 13 as a special resolution at the Annual General Meeting so that the Company can continue to be able to convene general meetings on 14 clear days' notice after the Directive is implemented. If Resolution 13 is passed, the authority to convene general meetings on 14 clear days' notice will remain effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The notice period for annual general meetings will remain 21 clear days.

Amendment to the articles of association in relation to the re-election of non-executive directors (Resolution 14)

Article 87 of the Company's articles of association requires all Directors to submit themselves for re-election at least every three years in accordance with the Combined Code on Corporate Governance. Your Board believes that investors need increased assurance that directors are suitably qualified and able to manage their businesses and to protect shareholders' investments. Accordingly, your Board has decided to strengthen its accountability to shareholders by resolving that all Non-executive Directors will be required to submit themselves for annual re-election with effect from the forthcoming Annual General Meeting. The Board has resolved that this requirement should be recorded in the Company's articles of association rather than merely being a matter of Board practice and therefore Resolution 14 is being proposed as a special resolution to amend Article 87 to reflect this matter. The Executive Directors of the Company, who are also employees of the Group, will continue to submit themselves for re-election at least every three years in accordance with current recommended corporate governance standards in the UK.

Recommendation

The Board considers that all the resolutions to be considered at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

Yours faithfully,



Adrian Auer
Chairman

part II

BIOGRAPHIES OF DIRECTORS SEEKING ELECTION OR RE-ELECTION

Chris Surch, B.Com (ACC), ACA

Group Finance Director

Chris joined the Board in May 2009 as Group Finance Director. Following an early career with PricewaterhouseCoopers he joined TI Group plc in 1995 where he held a number of audit and finance roles. Following the merger of TI Group with Smiths Group plc in December 2000 he went on to hold further senior finance roles, most recently as Finance Director of their Specialty Engineering division. Chris will be standing for election at the Annual General Meeting.

Adrian Auer, BA, MBA, ACT

Chairman

Adrian joined the Board in 2005 and was appointed Chairman in July 2006. He chairs the Nomination Committee and is also a member of the Remuneration Committee. Adrian is also Chairman of Readymix plc and a Non-executive Director of Filtrona plc. Previously he has held the position of Finance Director in a number of major companies, notably in the building materials and construction sectors, as well as senior finance positions with BP and ICI. He is also Chairman of Addaction, Britain's largest specialist drug and alcohol treatment charity. Adrian will be standing for re-election at the Annual General Meeting and is considered by the Board to be independent.

Eric van Amerongen

Senior Independent Director

Eric was appointed to the Board in February 2007 and sits on the Audit, Remuneration and Nomination Committees. In July 2007 he was appointed Chairman of the Remuneration Committee and Senior Independent Director. He was until January 2008 a Non-executive Director of Corus Group plc, a position he held for seven years. Eric has wide ranging European business experience and holds a number of Non-executive and advisory positions. Eric will be standing for re-election at the Annual General Meeting and is considered by the Board to be independent.

Peter Johnson, BA, ACA

Non-executive Director

Peter joined the Board in May 2005 and is the Chairman of the Audit Committee and also sits on the Remuneration and Nomination Committees. Peter is a chartered accountant and a Non-executive Director of Oriel Securities Limited. He was Finance Director of Taylor Wimpey plc from 2002 until October 2008. Previously he has held a number of senior positions in the financial services sector including those of Group Finance Director of Henderson plc, Chief Financial Officer for Pearl Assurance and Finance Director of Norwich Union Life. Peter will be standing for re-election at the Annual General Meeting and is considered by the Board to be independent.

Stephen Riley, B Eng, PhD

Non-executive Director

Stephen was appointed to the Board in March 2007 and is a member of the Audit, Remuneration and Nomination Committees. He is currently an Executive Director with International Power plc having joined that business in 1985. Stephen has extensive operational experience in the power industry having held senior positions in the UK and Australia. Stephen will be standing for re-election at the Annual General Meeting and is considered by the Board to be independent.

part III

Shanks Group plc

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shanks Group plc (the "Company") will be held at the offices of Royal Bank of Scotland, 250 Bishopsgate, London, EC2M 4AA on Thursday 23 July 2009 at 11.00am to consider and, if thought fit, pass the resolutions set out below. Resolutions 1 to 10 (inclusive) will be proposed as ordinary resolutions and resolutions 11 to 14 (inclusive) will be proposed as special resolutions.

ORDINARY RESOLUTIONS

Resolution 1

To receive the audited accounts for the year ended 31 March 2009 together with the Directors' and Auditors' Reports thereon.

Resolution 2

To approve the Directors' Remuneration Report for the year ended 31 March 2009.

Resolution 3

To elect Mr Chris Surch as a Director of the Company.

Resolution 4

To re-elect Mr Adrian Auer as a Director of the Company.

Resolution 5

To re-elect Mr Eric van Amerongen as a Director of the Company.

Resolution 6

To re-elect Mr Peter Johnson as a Director of the Company.

Resolution 7

To re-elect Dr Stephen Riley as a Director of the Company.

Resolution 8

To re-appoint PricewaterhouseCoopers LLP as auditors of the Company until the conclusion of the next general meeting at which accounts are laid and to authorise the Directors to determine the remuneration of the auditors.

Resolution 9

THAT in accordance with section 366 of the Companies Act 2006 the Company and its subsidiaries be and are hereby authorised:

- (a) to make political donations to political parties, political organisations and/or independent election candidates, not exceeding £25,000 in total; and
- (b) to incur political expenditure, not exceeding £25,000 in total,

during the period beginning on the date of the passing of this resolution and ending on the earlier of eighteen months from the date of this resolution and the conclusion of the Company's Annual General Meeting to be held in 2010. For the purpose of this resolution the terms "political donation", "political parties", "independent election candidates", "political organisation" and "political expenditure" have the meanings given by sections 363 to 365 of the Companies Act 2006.

part III

continued

Resolution 10

THAT:

- (a) the Board of Directors of the Company (the 'Directors') be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) up to an aggregate nominal amount of £13,223,322.20 provided that this authority shall expire on the earlier of 30 September 2010 or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, 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; and further
- (b) the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of section 94 of the Companies Act 1985) in connection with a rights issue in favour of ordinary shareholders on the register of members on such record dates as the Directors may determine where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record dates (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever), up to an aggregate nominal amount of £13,223,322.20 provided that this authority shall expire on the earlier of 30 September 2010 or at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution 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.

SPECIAL RESOLUTIONS

Resolution 11

THAT, subject to the passing of resolution 10 set out in the notice of the Annual General Meeting of the Company convened for 23 July 2009, the Directors be empowered, pursuant to section 95 of the Companies Act 1985 (the "Act"), to allot equity securities (within the meaning of section 94 of the Act) wholly for cash pursuant to the authority conferred on them by such resolution 10 and/or where such allotment constitutes an allotment of equity securities by virtue of section 94(3A) of the Act, as if section 89(1) of the Act did not apply to any such allotment, provided that this power is limited to:

- (a) the allotment of equity securities in connection with a rights issue, open offer or other pre-emptive offer in favour of holders of ordinary shares in the capital of the Company (excluding any holder holding shares as treasury shares) on the register on a date fixed by the Directors where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as practicable) to the respective numbers of ordinary shares held by them on that date subject to such exclusions or other arrangements in connection with the rights issue, open offer or other offer as the Directors deem necessary or expedient:
 - (i) to deal with equity securities representing fractional entitlements; or
 - (ii) to deal with treasury shares; or
 - (iii) to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock exchange or any other matter whatsoever; and
- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities for cash up to an aggregate nominal amount of £1,983,498.30;

but so that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of 30 September 2010 or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after the expiry of this authority and the Directors may allot equity securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

Resolution 12

THAT the Company be and is generally and unconditionally authorised for the purposes of section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of section 163(3) of the Act) of ordinary shares in the capital of the Company provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased shall be 39,669,966;
- (b) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased, and the minimum price which may be paid for an ordinary share is an amount equal to the nominal value of the share (in each case exclusive of associated expenses); and
- (c) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or on 23 January 2011, whichever is the earlier, but a contract of purchase may be made before such expiry which will or may be completed wholly or partly thereafter, and a purchase of ordinary shares may be made in pursuance of any such contract.

Resolution 13

THAT a general meeting of the Company (other than an Annual General Meeting) may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company.

Resolution 14

THAT Article 87 of the Company's articles of association be deleted and be replaced with the following new Article 87:

"87. Periodic retirement

Each executive director shall retire from office no later than at the third Annual General Meeting held after the Annual General Meeting at which he or she was last elected or re-elected and each non-executive director shall retire from office at each Annual General Meeting."

By order of the Board
Philip Griffin-Smith
Company Secretary

15 June 2009

Registered Office:
16 Charlotte Square
Edinburgh
EH2 4DF
Registered in Scotland No. SC077438

notes

1. Shareholders 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 Annual General 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. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman of the meeting) and give your instructions directly to them. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms or would like to appoint more than one proxy, please contact our shareholder helpline on Tel 0870 707 1290. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior). A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every ordinary share of which he is the holder.
2. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY no later than 48 hours before the time of the meeting or any adjourned meeting.
3. As an alternative to completing the hard copy proxy form, members can vote or appoint a proxy electronically by logging on to the registrar's website www.eproxyappointment.com where full details of the procedure are given. The proxy appointment and voting instructions must be received by the registrar not less than 48 hours before the time of the meeting or any adjourned meeting.
4. The return of a completed proxy form, other such instrument or any electronic appointment (as described in Note 3 above) or any CREST Proxy Instruction (as described in Note 12 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
5. The "vote withheld" option on the proxy form is provided to enable a member to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" a particular resolution.
6. 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.
7. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 to 3 above does not apply to Nominated Persons. The rights described in those Notes can only be exercised by shareholders of the Company.
8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00pm on 21 July 2009 (or, in the event of any adjournment, at 6.00pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. As at 12 June 2009 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 238,019,801 ordinary shares, carrying one vote each (which does not include those new ordinary shares in the Company which have been provisionally allotted in connection with the Company's Rights Issue). Therefore, the total voting rights in the Company as at 12 June 2009 were 238,019,801 votes.

10. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the chairman of the meeting as his proxy will need to ensure that both he and his proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
12. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) by the latest time for receipt of proxy appointments specified in Note 2 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 Application Host) from which the Company's registrar 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.
13. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. 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.
15. 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 present at the meeting, then on a poll 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.
16. Shareholders who have general queries about the Annual General Meeting should contact the Company Secretary in writing. Shareholders are advised that any telephone number, website or email address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

notes

continued

17. The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this circular until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at the offices of Royal Bank of Scotland, 250 Bishopsgate, London, EC2M 4AA from 10.45am until the conclusion of the meeting:

- (i) Copies of the executive directors' service contracts; and
- (ii) Copies of the letters of appointment of the non-executive directors.