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If you have sold or otherwise transferred all of your Ordinary Shares, please send this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or otherwise transferred part only of your holding of Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

Zeus Capital Limited, which is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange plc, is acting exclusively for Formation Group PLC and for no one else in relation to the matters described in this document and will not be responsible to anyone other than Formation Group PLC for providing the protections afforded to clients of Zeus Capital Limited or for providing advice in relation to the Buyback and the Disposal or on any other matter referred to herein.

FORMATION GROUP PLC

(Incorporated in England and Wales with registered number 4145632)



Proposed sale of the Disposal Subsidiaries, Proposed purchase of own shares and Notice of General Meeting

**Nominated adviser and broker
Zeus Capital Limited**

The Company and the Directors, whose names appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document should be read as a whole. Your attention is drawn to the letter from the chairman of the Company, which is set out in Part I of this document on pages 5 to 16 and which contains a recommendation from the Independent Directors that Independent Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

Notice of the General Meeting of Formation to be held at 10.00 a.m. on 24 August 2009 at the offices of DLA Piper UK LLP, 101 Barbirolli Square, Manchester M2 3DL, is set out at the end of this document. To be valid, the Form of Proxy for use at the General Meeting, which accompanies this document, must be completed, signed and returned so as to be received by the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL, by no later than 10.00 a.m. on 22 August 2009. The completion and return of the Form of Proxy will not prevent you from attending and voting at the General Meeting in person, if you so wish (and are so entitled). You should note that completion of the Disposal and the Buyback is conditional on the approval by Independent Shareholders of the Resolutions at the General Meeting. A summary of the action to be taken by Independent Shareholders is set out in paragraph 11 of Part I of this document and in the Notice of General Meeting.

This document does not constitute a prospectus, neither does it constitute an admission document drawn up in accordance with the AIM Rules. This document does not constitute an offer to sell or the solicitation of an offer to buy any security. The distribution of this document in, into or within jurisdictions other than the United Kingdom may be restricted by law or regulation and, therefore, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of the relevant jurisdiction.

Pursuant to the AIM Rules, a copy of this document is available to download from the Company's website at www.formationgroupplc.com.

CONTENTS

	Page
DEFINITIONS	3
PART I LETTER FROM THE CHAIRMAN OF FORMATION	5
PART II PRINCIPAL TERMS OF THE DISPOSAL	17
NOTICE OF GENERAL MEETING	18

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Form of Proxy for the General Meeting	10.00 a.m. on 22 August 2009
General Meeting	10.00 a.m. on 24 August 2009
Anticipated date of Completion of the Buyback and the Disposal	24 August 2009

All references to times in this document are to London time unless otherwise stated.

Forward-Looking Statements

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Group and the Continuing Group (and certain plans and objectives of the Directors with respect thereto). These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “consider”, “intent”, “plan”, “goal”, “believe”, “will”, “may”, “should”, “would”, “could” or other words of similar meaning. These statements are based on assumptions and assessments made by the Directors in the light of their experience and their perception of historical trends, current conditions, expected future development and other factors they believe appropriate.

By their nature, forward-looking statements involve risk and uncertainty, and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although the Directors believe that the expectations reflected in such forward-looking statements are reasonable, the Directors can give no assurance that such expectations will prove to have been correct. Shareholders are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this document. Neither the Company nor any member of the Group or any member of the Continuing Group undertakes any obligation publicly to revise or update any of the forward-looking statements, whether as a result of new information, future events or otherwise, save as required by applicable law or regulation.

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“AIM”	AIM, the market of that name operated by London Stock Exchange plc
“AIM Rules for companies”	the rules for AIM companies published by London Stock Exchange plc
“Board” or “Directors”	the board of directors of the Company, whose names appear on page 5 of this document
“Buyback”	the proposed purchase by the Company of the Buyback Shares
“Buyback Agreements”	the agreements between the Company and each of the Selling Shareholders (and/or their related parties) pursuant to which the Company will, before Completion but subject to the Resolutions being passed, purchase the Buyback Shares
“Buyback Shares”	the 15,985,658 Ordinary Shares to be purchased by the Company in accordance with the Buyback Agreements
“Company” or “Formation”	Formation Group PLC
“Completion”	the completion of the Disposal in accordance with the terms of the Disposal Agreement
“Continuing Group”	Formation and its subsidiary undertakings after Completion (excluding the Disposal Subsidiaries) and “member of the Continuing Group” shall be construed accordingly
“Disposal”	the proposed sale by the Company of the Disposal Subsidiaries pursuant to the Disposal Agreement
“Disposal Agreement”	the conditional sale agreement dated 30 July 2009 between the Company and the Purchaser relating to the Disposal
“Disposal Subsidiaries”	together, JGMG, PSM, OJK and FSC
“EMI Option”	options granted pursuant to the EMI Scheme
“EMI Scheme”	the Formation Group PLC Enterprise Management Incentive Scheme
“Euroclear”	Euroclear UK & Ireland Limited
“Exiting Directors”	together, Neil Rodford, Mark Page and Peter Powell
“FAD”	Formation Architectural Design Limited
“FAM”	Formation Asset Management Limited
“FD&B”	Formation Design & Build Limited
“Form of Proxy”	the form of proxy to be used at the General Meeting, which accompanies this document
“FSA”	the Financial Services Authority
“FSC”	Formation Sports Capital Limited

“FSMA”	the Financial Services and Markets Act 2000 (and all regulations promulgated thereunder) as amended
“FWS”	Formation Wealth Solutions Ltd
“General Meeting”	the general meeting of the Company to be convened for the purpose of considering the Resolutions to be held on 24 August 2009, notice of which is set out on pages 18 and 19 of this document
“Gresham”	Gresham LLP, a private equity partnership focused on investment in UK mid-market businesses of 1 South Place, London EC2M 2GT
“Group”	the Company and its subsidiary undertakings at the date of this document
“Independent Directors”	together, John Lawrence, Ian Battersby, Noel O’Carroll, Michael Kennedy and Patrick Kennedy
“Independent Shareholders”	Shareholders other than the Selling Shareholders
“JGMG”	James Grant Media Group Limited and its wholly owned subsidiary, James Grant Media Limited
“LTIP”	the Formation Group PLC Long Term Incentive Plan
“Notice of General Meeting”	the notice of the General Meeting on pages 18 and 19 of this document
“OJK”	O J Kilkenny & Co. Limited and OJK (Audit) Limited
“Option Waivers”	the waivers of options by Exiting Directors and certain other existing employees of the Disposal Subsidiaries where such options were granted pursuant to the EMI Scheme, the LTIP and the USOP, as described at paragraph 8.3 of Part I of this document
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company
“PSM”	Proactive Sports Management Limited and Proactive Sports Management USA Inc.
“Purchaser”	Cobco 902 Limited, a company ultimately controlled by Gresham
“Resolutions”	the resolutions to be proposed at the General Meeting to approve the Buyback and Disposal
“Selling Shareholders”	each of the Shareholders who have agreed to sell Ordinary Shares to the Company pursuant to the Buyback Agreements
“Shareholders”	the holders of Ordinary Shares from time to time
“USOP”	the Formation Group PLC Unapproved Share Option Plan
“Zeus Capital”	Zeus Capital Limited

PART I

LETTER FROM THE CHAIRMAN OF FORMATION

Formation Group PLC



(Incorporated in England and Wales with registered number 4145632)

Directors:

John Lawrence MBE, *Non-executive Chairman*
Neil Rodford, *Chief Executive*
Mark Page ACA, *Finance Director*
Ian Battersby, *Director of Wealth Management*
Noel O'Carroll, *Director of Property Management Services*
Peter Powell, *Director of Talent Management*
Michael Kennedy, *Non-executive Director*
Patrick Kennedy, *Non-executive Director*

Registered Office:

2 Hollins House
329 Hale Road
Hale Barns
Cheshire
WA15 8TS

30 July 2009

To Shareholders and, for information purposes only, to the holders of options over Ordinary Shares

Dear Shareholder,

PROPOSALS IN CONNECTION WITH THE SALE OF THE DISPOSAL SUBSIDIARIES AND THE PURCHASE BY THE COMPANY OF CERTAIN OF ITS OWN SHARES

1. INTRODUCTION

Earlier today, the Company announced that it had entered into an agreement for the sale of certain subsidiaries of the Group to the Purchaser (a company ultimately controlled by Gresham), for a total cash consideration of £16.435 million. The consideration may be adjusted to take account of certain indebtedness and cash of the Disposal Subsidiaries at Completion and could be increased if the Purchaser or the Disposal Subsidiaries are sold within 12 months of Completion. Further details on the terms of the Disposal Agreement are contained in Part II of this document. The Disposal, as a result of its size, is conditional upon Independent Shareholders' approval as required by the AIM Rules.

The Company also announced earlier today the proposed purchase of 15,985,658 Ordinary Shares by the Company from the Exiting Directors and certain other employees of the Disposal Subsidiaries. The Company is seeking the approval of Independent Shareholders before it effects the Buyback.

A General Meeting of the Company is being convened to seek the approval of Independent Shareholders for the Disposal and the Buyback. The General Meeting will be held at 10.00 a.m. on 24 August 2009. Notice of the General Meeting is set out at the end of this document.

The Disposal is conditional on passing the Resolutions and the Buyback becoming effective.

The purpose of this document is to:

- (i) provide Shareholders with the background to and reasons for the Disposal;
- (ii) explain why the Independent Directors consider the Disposal and the Buyback to be in the best interests of the Company and Independent Shareholders as a whole; and
- (iii) recommend that Independent Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

The Exiting Directors are all proposed shareholders in, and proposed directors of the Purchaser. As the Exiting Directors are also currently directors of and shareholders in the Company, the AIM Rules classify the Disposal as a related party transaction. In addition, as certain of the Selling Shareholders are directors of the Company and/or some of the Disposal Subsidiaries, the AIM Rules also classify the Buyback as a related party transaction. Accordingly, the Exiting Directors have not taken part in the Independent Directors' consideration of the Disposal and the Buyback.

The Independent Directors, having consulted with Zeus Capital, who have taken into account the Independent Directors' commercial assessment of the transactions and the irrevocable undertakings received from certain major Shareholders, consider the terms of the Disposal and the Buyback Agreements, in the context of the whole transaction, to be fair and reasonable insofar as the Independent Shareholders are concerned.

2. INFORMATION ON THE DISPOSAL SUBSIDIARIES

Subject to the approval of Independent Shareholders at the General Meeting, the Board has agreed to dispose of the Group's operations in the areas of talent management, sports representation, accountancy and taxation and sports corporate finance carried on by the Disposal Subsidiaries. A summary of each of these operations is set out below:

- JGMG's wholly-owned subsidiary, James Grant Media Limited, specialises in the provision of talent management services to its clients across a number of sectors of the entertainment industry in the UK. These services extend to broadcast network, commercial and IP rights contract negotiation;
- PSM is a sports representation business providing management services and career advice to professional football athletes and other high net worth individuals operating primarily in the UK, Europe and US. Primarily, PSM works on behalf of clients to negotiate playing contracts with their football clubs and other commercial contracts on their behalf;
- OJK specialises in providing tax advice, accounts preparation and royalty examinations for clients in the music, sport and entertainment industries; and
- FSC is a specialist broker, providing financial solutions to sporting organisations and football clubs. FSC assists clients to maximise their cash flow and future income from existing commercial contracts.

The table below summarises the consolidated financial performance of the Disposal Subsidiaries for the three financial years ended 31 August 2008 and the six months ended 28 February 2009, which information has been extracted, without material adjustment, from the consolidation schedules used in connection with the preparation of the audited consolidated financial statements for Formation as at, and for the three financial years ended 31 August 2006, 31 August 2007 and 31 August 2008 and the consolidation schedules used in connection with the preparation of the interim financial statement for Formation as at, and for the six month period ended, 28 February 2009:

	Year ended 31 August 2006 £'000	Year ended 31 August 2007 £'000	Year ended 31 August 2008 £'000	6 months ended 28 February 2009 £'000
Revenue	3,428	3,982	9,826	6,053
Operating Profit	1,164	1,252	3,446	2,674
Profit Before Tax	1,165	1,252	2,859	2,719
Net Assets	2,958	4,540	9,211	10,980

3. BACKGROUND TO AND REASONS FOR THE DISPOSAL

In February 2009, Gresham, and a management team led by Neil Rodford, Mark Page and Peter Powell, and other members of the management team of the Disposal Subsidiaries, made an indicative cash offer for the Disposal Subsidiaries. Whilst the initial offer was rejected, a subsequent revised offer led to the Independent Directors entering into heads of terms with Gresham relating to the Disposal and the Buyback on 29 April 2009. Following press speculation, the Company announced, on 26 May 2009, that it had received indications of interest relating to certain parts of the Group's business and that it had entered into a period of exclusivity with Gresham.

Under the terms of the Disposal Agreement, the Purchaser will pay a total cash consideration of £16.435 million to the Company for the Disposal Subsidiaries. The total consideration includes £15.75 million in cash, plus £500,000 as a refund of the consideration to be paid by the Company pursuant to the Buyback, plus the sum of £500,000 previously paid by the Company to the sellers of JGMG on 5 May 2009 and less £315,000 to take account of estimated indebtedness as at Completion. Further details of the Disposal Agreement are contained in Part II of this document.

In considering whether to recommend the Disposal to Shareholders, the Independent Directors have considered a number of factors including:

- the consideration of £16.435 million (to be satisfied in cash) will allow the Company to repay all of its *circa* £7 million outstanding bank debt and, after expenses and the Buyback, have cash resources of approximately £8 million;
- the cash value offered for the Disposal Subsidiaries is equivalent to approximately 7.47 pence per share compared to the middle market price per Ordinary Share of 5.5 pence as at the close of trading on 29 July 2009, being the latest practicable date prior to the posting of this document, representing a premium of approximately 35.83 per cent. to the Company's market capitalisation of £12.1 million as at 29 July 2009, the latest practicable date prior to the posting of this document;
- the Purchaser will assume the deferred liability in relation to the JGMG acquisition which was stated in the Company's interim financial statements for the period ended 28 February 2009 at £5.22 million (although a payment of £500,000 was made in relation to this matter on 5 May 2009, as mentioned above, this payment will be refunded to the Company as part of the consideration);
- the uncertainty of future revenues relating to a predominantly people business; and
- the opportunities available to the Continuing Group with a focused property business with no debt, cash resources and access to a high net worth client base.

Formation is currently classified as a real estate investment and services business by the London Stock Exchange and devolving the Company of its management components will allow the two parts of the Group, management services and professional services, to evolve within their chosen sectors.

In forming their view on the Disposal, the Independent Directors have also considered the deliverability and timing of the transaction, the receipt of irrevocable undertakings from certain major Shareholders as well as the future prospects of the Company. As such, the Independent Directors consider the Disposal to be in the best interests of Independent Shareholders as a whole and an opportunity for the Company to realise value.

4. THE CONTINUING GROUP

Details of the Continuing Group's businesses are set out below:

Construction Project Management

FD&B operates from offices in Hackney, London. The company was established in 1997 and manages residential or mixed use property development projects. FD&B oversees all stages of the development process with potential target sites being identified, evaluated, designed, built and managed through to completion. In addition, FAD, formed in July 2007, provides design services to complement FD&B's property management business.

Current projects

Aldgate, Commercial Street, London

Background

In August 2007, Formation acted as investment adviser to Aldgate East Property Company Limited ("AEPC") which raised £19.8 million through the issue of Junior Unsecured Loan Notes and Subordinated Junior Unsecured Loan Notes (the "Loan Notes") to retail investors, including clients of Formation's asset management company, Formation Asset Management Limited.

The proceeds from the issue of the Loan Notes, along with a proportion of a £93.0 million banking facility provided by Heritable Bank plc ("Heritable"), a subsidiary of Landsbanki, were used by Julius Properties Limited (the "Developer") to acquire the land and commence the Aldgate development.

In performing its duties as investment adviser and providing underwriting facilities, Formation was paid an initial fee of £1.8m with a further fee (to be calculated by reference to the total profit from the development), payable on completion of the development. As part of the profit sharing arrangement, Formation and Balchan Management Limited (as trustee for the Impala Discretionary Settlement, the Developer's ultimate shareholder), each conditionally undertook to pay 50 per cent. of the Junior Unsecured Loan Notes including interest accrued thereon, to the extent that the Developer did not have sufficient funds to do so.

In October 2008, Ernst & Young LLP was appointed as Heritable's administrators ("Administrator"). The administration of Heritable has resulted in the Developer being unable to continue funding the Aldgate development. The Developer continues to engage with the Administrator in order to agree on a mutually acceptable resolution. Given the current economic backdrop, the Developer is unable to provide any certainty regarding the refinancing and consequently the likelihood of completing the development within the original timeframe.

Under the terms of the agreements entered into in respect of the Loan Notes between the Developer and AEPC, in the event that the Aldgate development is not completed before 28 August 2011 when the Loan Notes become redeemable, or earlier if certain construction and sales conditions are not met including cessation of construction by the Developer, and then only upon the request of the issuer (AEPC), Formation may be liable to assist the Developer with any shortfall in repaying AEPC the initial funding and interest due by AEPC from its issue of the Loan Notes. Formation's maximum liability under this arrangement is £11.6 million, a sum previously disclosed as a contingent liability in its financial accounts.

As noted above, Formation's involvement in the Aldgate development is twofold:

1. Formation has underwritten £11.6 million of the Junior Unsecured Loan Notes and interest issued by AEPC to fund part of the development of the Aldgate property. This underwritten agreement is subject to Formation's ability to meet this liability; and
2. Formation Design & Build Limited, a subsidiary of Formation, is acting as project manager to the Developer in relation to the Aldgate development. Formation Design & Build Limited has contracts in place with various parties to build the Aldgate development the main one of which is committed for the duration of the scheme. Whilst the Developer is ultimately responsible for the costs incurred

in the Aldgate development, Formation Design & Build Limited is liable to pay the contractors on their behalf. In the unlikely scenario that the Developer was unable to pay these costs, Formation's results would be negatively affected.

Development update

The Aldgate development consists of 105,000 square feet of office and retail space and 212 residential units of which 74 have already been sold as affordable housing units. Prior to the appointment of the Administrator construction had reached the 15th out of 22 floors.

The Company is aware that discussions are ongoing between the Developer and the Administrator. The position in respect of these discussions remains largely unchanged from that reported by the Company in May although the Company remains hopeful that a satisfactory resolution will be found.

Whitechapel, Commercial Road, London

The development commenced in 2006 and contracts have been exchanged on all of the residential units, six live/work units and one retail unit having a combined value of £44 million.

Completion of all the private residential units valued at £37.2 million is due in August 2009. Completion of the affordable housing units has already taken place generating £3.06 million of revenue.

Clancy Barracks, Dublin

This development consisting of 430 apartments commenced in 2007 and Phase 1 is forecast by the Board to complete in September 2009. FD&B is managing the project on behalf of Columbia Formation Group Ireland Limited. The Company has agreed to purchase 11 apartments within the development at a price of €4.7 million.

Leman Street, London

The Leman Street development is in respect of the proposed construction of a 250 room hotel. The development is being managed by FD&B on behalf of Pinehill Capital. To date, FD&B in conjunction with FAD, has assisted with the clearing of the site, the preparation of designs and submission of planning applications. Final planning permission is expected within the next few months with construction expected to commence in early 2010 and practical completion of the development is scheduled for early 2012.

Other projects

In addition, FD&B is progressing a number of other construction opportunities including the possible development of a *circa* 250 room hotel in Dublin.

Wealth Management & IFA

Operating from offices in Wilmslow, Formation Asset Management Ltd operates as an independent financial adviser offering financial planning, insurance protection and investment advice to athletes, entertainers and other third party professional service providers as well as high net worth individuals. Predominantly serving sports professionals based in the UK, FAM provides advice in all areas of wealth management including tax planning, insurance protection, investment portfolio development and wealth accumulation.

Wealth Solutions

Formation Wealth Solutions Limited provides bespoke investment and wealth management solutions targeted at IFA's and other third party professional service providers and high net worth individuals. With access to unique and exclusive wealth strategies including property, tax planning, structured products and bespoke investment funds, FWS is able to reach a broader high net worth client base whilst serving other professional third parties.

5. CHANGES TO THE BOARD OF DIRECTORS OF THE COMPANY

Each Exiting Director has agreed to resign from his role as a director of the Company and each other member of the Continuing Group on Completion.

All other members of the Board will remain as directors of the Company. Following Completion, the directors of the Company will consist of John Lawrence as Non-Executive Chairman, Noel O'Carroll, who will become interim Chief Executive (as well as remaining as managing director of the property division), Ian Battersby as director of Wealth management and Michael Kennedy and Patrick Kennedy as non-executive directors.

In addition, Michael Wallwork, currently the head of communications and company secretary of the Company, will be retained on a full time basis for a period of seven months from Completion (not withstanding his proposed participation in the Purchaser's business, including, *inter alia*, his receipt of equity with effect from Completion). In addition, the Purchaser has agreed to make certain other employees of the Disposal Subsidiaries available to the Company including Mark Page (the Company's existing Finance Director) for agreed periods to assist with the ongoing requirements of the Company.

The Company recognises the need to appoint a full time Chief Executive Officer and Finance Director as soon as possible after Completion and will commence its search for appropriate candidates immediately after Completion.

6. USE OF FUNDS AND INVESTING STRATEGY

Use of Proceeds

Of the £16.435 million sale proceeds which are proposed to be received by the Company on Completion, the Company proposes to repay all of its *circa* £7 million bank facility with Bank of Scotland (Ireland) Limited. The balance of approximately £8 million, after expenses and the Buyback, will be retained by the Continuing Group and will be used to pursue development opportunities across the Continuing Group's construction business as well as to explore selective acquisition opportunities for the wealth management division to supplement organic growth.

On Completion the Company will have cash resources of approximately £8 million. The Directors believe, after due and careful enquiry, that if the Group's potential liabilities in respect of the development at Aldgate do not crystallise within the next 12 months, which is the assessment of the Directors, then the Group has sufficient working capital for its present requirements, that is for a period of 12 months from the date of this document.

The Directors have treated the Group's potential liabilities in respect of the development at Aldgate on the same basis as previously disclosed in the Company's financial statements, including specifically the audited financial statements for the financial year ended 31 August 2008 and the interim statement for the six months ended 28 February 2009.

It is the Board's belief that a debt free, cash positive Company will have greater flexibility to facilitate a successful outcome for the loan note holders in the Aldgate development and realise shareholder value following a successful project outcome. A cash positive Company will also have greater flexibility to tackle the challenges facing all real estate investment and services businesses.

Investing Strategy

The net proceeds of the Disposal should enable the Continuing Group to take advantage of the opportunities that exist to develop further the remaining businesses. In particular, the Continuing Group intends to focus on the development of the property management business, whilst at the same time, evaluating additional options and opportunities which augment the existing service offering to the Continuing Group's investment client base or to realise further value for Shareholders in this area.

Litigation

The Group has commenced litigation proceedings against several parties who have not fulfilled contractual obligations with certain members of the Group. Documents entered into pursuant to the Disposal Agreement, provide for the Company to receive 75 per cent. of aggregate net settlement and for the Purchaser to receive 25 per cent. of aggregate net settlement of all sums which are due to the Group in relation to such litigation. The Company will retain control of the legal proceedings.

The Company has recently received two complaints from clients of the Company's asset management business in relation to a property development in Spain. The Company is currently investigating these complaints and the circumstances surrounding this investment and is liaising with its appointed compliance specialists, professional indemnity insurers and lawyers.

7. PRO-FORMA STATEMENT OF NET ASSETS OF THE COMPANY

The following table sets out an unaudited pro-forma statement of the net assets of the Company as if the Disposal had taken place as at 28 February 2009. The table has been prepared for illustrative purposes only and, because of its nature, the unaudited pro-forma statement addresses a hypothetical situation, and does not therefore represent the Group's actual financial position or result. It is based on the unaudited consolidated balance sheet of the Group as set out in the interim results for the period ended 28 February 2009 approved by the Board on 27 May 2009 as adjusted in accordance with the notes to the pro-forma statement set out below:

	Group £'000 (note 1)	Disposal £'000 (note 2)	Proceeds £'000 (note 3)	Goodwill £'000 (note 4)	Pro-forma net assets £'000 (note 5)
Non-current assets					
Goodwill	47,268	(563)	–	(26,385)	20,320
Other intangible assets	15	(11)	–	–	4
Property, plant and equipment	307	(138)	–	–	169
Non-current financial assets	4,862	–	–	–	4,862
Deferred tax asset	135	89	–	–	224
	<u>52,587</u>	<u>(623)</u>	<u>–</u>	<u>(26,385)</u>	<u>25,579</u>
Current assets					
Inventories	1,021	(745)	–	–	276
Trade and other receivables	9,252	(4,663)	250	–	4,839
Cash and cash equivalents	2,764	(450)	7,654	–	9,968
	<u>13,037</u>	<u>(5,858)</u>	<u>7,904</u>	<u>–</u>	<u>15,083</u>
Total assets	<u>65,624</u>	<u>(6,481)</u>	<u>7,904</u>	<u>(26,385)</u>	<u>40,662</u>
Current liabilities					
Trade and other payables	(8,180)	2,040	780	–	(5,360)
Current income tax liabilities	(1,626)	1,276	–	–	(350)
Obligations under finance leases	(9)	9	–	–	–
Bank overdrafts and loan	(4,250)	–	4,250	–	–
	<u>(14,065)</u>	<u>3,325</u>	<u>5,030</u>	<u>–</u>	<u>(5,710)</u>
Non-current liabilities					
Trade and other payables	(4,033)	–	4,033	–	–
Obligations under finance leases	(5)	5	–	–	–
Bank loans	(3,281)	–	3,281	–	–
	<u>(7,319)</u>	<u>5</u>	<u>7,314</u>	<u>–</u>	<u>–</u>
Total liabilities	<u>(21,384)</u>	<u>3,330</u>	<u>12,344</u>	<u>–</u>	<u>(5,710)</u>
Net assets	<u>44,240</u>	<u>(3,151)</u>	<u>20,248</u>	<u>(26,385)</u>	<u>34,952</u>

Notes to the Pro-Forma:

- 1 The column "Group" represents the consolidated net assets of the Group as at 28 February 2009, extracted, without material adjustment, from the unaudited financial information for the Group's Interim Report for the six months ended 28 February 2009.
- 2 The column "Disposal" represents the net assets and liabilities disposed of shown as if the Disposal had occurred on 28 February 2009, as extracted from the consolidation schedule of the unaudited financial information for the Group's Interim Report for the six months ended 28 February 2009. These net assets and liabilities have been adjusted as if intra group indebtedness had been settled.

	£'000
Net assets per paragraph 2 on page 6	10,980
Elimination of goodwill amortisation	(247)
Transfer of assets/liabilities to Disposal Subsidiaries	(1,193)
Elimination of inter company balances	(6,389)
	<hr/> 3,151

- 3 The net cash derived from the transaction is calculated as follows:

	£'000
Consideration received	16,435
Buyback funding	(500)
Refund of JGML vendor payment	(500)
Deferred consideration	(250)
Repayment of bank loans*	(7,531)
	<hr/> 7,654

Net cash retained

**Bank loan stated as at 28 February 2009*

- 4 The column "Goodwill" represents the goodwill arising on consolidation of the Disposal Subsidiaries, extracted, without material adjustment, from the consolidation schedule of the unaudited financial information for the Group's Interim Report for the six months ended 28 February 2009.
- 5 The column "Pro-forma net assets" is the sum of the preceding columns and represents the pro-forma net assets of Formation Group PLC as at 28 February 2009 following the Disposal.
- 6 The Disposal and the consequent write off of goodwill arising on consolidation of the Disposal Subsidiaries will have the effect of decreasing the Group's net assets. Given that the Disposal Subsidiaries contributed positively to the Group's profitability for the six months ended 28 February 2009 (after allocation of central costs), had the Disposal occurred at the beginning of the financial year, being 1 September 2008, Formation would have reported a reduced profit before tax for the six months ended 28 February 2009.

8. RELATED PARTY TRANSACTIONS AND DISPOSAL RESULTING IN A FUNDAMENTAL CHANGE OF BUSINESS

8.1 Proposed Disposal

The Exiting Directors have formed a management team which will own and manage the Disposal Subsidiaries following Completion and the Exiting Directors will have a financial interest in the equity share capital of the Purchaser. As a result, the Disposal is treated as a related party transaction under the AIM Rules.

Neil Rodford, Mark Page and Peter Powell (being the Exiting Directors) currently have the following interests in the issued share capital of the Company:

Director	Number of Ordinary Shares currently held	Percentage of issued ordinary share capital
Neil Rodford	1,283,400	0.58
Mark Page	452,493	0.21
Peter Powell	2,893,750	1.32

By virtue of its size, completion of the Disposal will result in a fundamental change of business for the Company. As such, the Disposal requires the prior approval of Independent Shareholders to be given at a General Meeting, in accordance with the AIM Rules.

As mentioned earlier, given their involvement in the Purchaser, none of the Exiting Directors have taken part in the recommendation given by the Independent Directors of Formation in relation to the Disposal in paragraph 13 of this Part I. The Exiting Directors have all undertaken not to vote on the Resolutions and to take all reasonable steps to ensure that their associates will not vote on the Resolutions.

The Independent Directors, having consulted with Zeus Capital, who have taken into account the Independent Directors' commercial assessment of the Disposal and the irrevocable undertakings received from certain major Shareholders, consider the terms of the Disposal in the context of the whole transaction to be fair and reasonable insofar as the Independent Shareholders are concerned.

8.2 Proposed Buyback (Related Party Transaction)

The Company has agreed (conditionally on Completion and subject to the passing of the Resolution 2 in the Notice of General Meeting) to enter into the Buyback Agreements pursuant to which it will purchase (in aggregate) 15,985,658 Ordinary Shares from the Selling Shareholders. Such Ordinary Shares represent 7.27 per cent of the issued share capital of the Company as at 29 July 2009, being the latest practicable date prior to the date of this document.

The purchase price of 3.1278 pence per Ordinary Share represents a discount of 43.13 per cent. compared to the middle market price of 5.5 pence per Ordinary Share as at the close of business on 29 July 2009 being the latest practicable date prior to the date of this document. An aggregate sum of £500,000 is payable by the Company on the Buyback being effected but, as mentioned earlier, this sum will be refunded to the Company as part of the cash paid to it by the Purchaser on Completion.

The Independent Directors consider the Buyback to be earnings enhancing and propose to hold the Buyback Shares in treasury.

The number of Ordinary Shares to be sold by each of the Selling Shareholders and their related/connected parties are set out below:

Name of Selling Shareholder	Number of Ordinary Shares held and to be sold to the Company	Sale Proceeds
Peter Powell	2,893,750	£90,510.82
Darren Worsley	2,893,750	£90,510.82
Paul Worsley	2,893,750	£90,510.82
Russ Lindsay	2,893,750	£90,510.82
Neil Rodford	1,283,400	£40,142.23
David McKnight	1,002,381	£31,352.51
Pat Savage	747,384	£23,376.70
Mark Page	452,493	£14,153.09
Other selling shareholders	925,000	£28,932.19

As certain of the Selling Shareholders are directors of the Company, the Buyback is a related party transaction for the purposes of the AIM Rules.

A copy of the Buyback Agreements between the Company and each of the relevant Selling Shareholders is available for inspection at the registered office of the Company from the date of this document until the time of the General Meeting and will be available for inspection at the General Meeting.

The Independent Directors consider, having consulted with Zeus Capital, who have taken into account the Independent Directors' commercial assessment of the Buyback and the irrevocable undertakings received from certain major Shareholders, that the terms of the Buyback Agreements in the context of the whole transaction are fair and reasonable insofar as the Independent Shareholders are concerned.

8.3 Waiver of USOP, LTIP and EMI Options (Related Party Transaction)

In addition to their entry into the Buyback Agreements, each of Neil Rodford and Mark Page have both agreed (conditional on Completion) to waive options that they currently hold to acquire Ordinary Shares pursuant to the Formation Group PLC Unapproved Share Option Plan (“USOP”), the Formation Group PLC Long Term Incentive Plan 2007 (“LTIP”) and the Formation Group PLC Enterprise Management Incentive Scheme (“EMI”). No payment will be made to each of Neil Rodford and Mark Page in respect of such waivers. Details of the option waivers are set out in the table below:

Exiting Director	Name of relevant incentive plan and date of grant of award	No. of Ordinary Shares to be issued pursuant to relevant incentive plan which are to be waived
Neil Rodford	USOP (December 2003)	1,000,000
	LTIP (June 2007)	954,545
	LTIP (March 2008)	500,000
Mark Page	EMI (December 2003)	500,000
	LTIP (June 2007)	300,000
	LTIP (March 2008)	150,000

In addition, other employees of the Disposal Subsidiaries (including certain existing employees of the Company whose employment will transfer to the Purchaser or a Disposal Subsidiary on Completion) will waive the options that they hold over Ordinary Shares and rights awarded to them pursuant to the EMI Option Plan, the LTIP and the USOP, without compensation, save as referred to below. Lyle Yorks, a director of PSM has (subject to completion) agreed to waive both his rights to receive 700,000 Ordinary Shares and his right to receive a bonus of *circa* £330,000 which will be due to him pursuant to a bonus arrangement entered into in 2007. Mr Yorks will receive £175,000 compensation from the Company in respect of such waivers. In aggregate, options in respect of 6,496,545 Ordinary Shares will be waived (including the options being waived by Neil Rodford and Mark Page).

9. SUBSTANTIAL SHAREHOLDERS FOLLOWING COMPLETION

Immediately following the Buyback, the expected holdings of the Company’s substantial Shareholders will be as follows:

Substantial Shareholder	No. of Ordinary Shares held as at the date of this document	Percentage of issued shares as at the date of this document (%)	Percentage of issued shares immediately after the Buyback (%)
Streetwise Limited	74,747,354	33.98	36.64
Fitel Nominees Limited	30,822,813	14.01	15.11
Lynette Dawn Yates	11,596,667	5.27	5.68
Kevin Bernard Moran	11,518,916	5.24	5.65
Strand Nominees Limited	9,856,000	4.48	4.83
David Kennedy	8,823,529	4.01	4.32

As at the close of trading on 29 July 2009, the latest date prior to the date of this document, 220,515,112 Ordinary Shares were in issue, of which 515,000 were held in treasury. All 15,985,658 of the Ordinary Shares to be purchased pursuant to the Buyback are proposed to be held in treasury.

As such, the total number of voting rights in the Company immediately after the Buyback is expected to be 204,014,454 Ordinary Shares. As such, 204,014,454 is expected (after the Buyback) to be the number used in the denominator for calculation of percentage interests in Ordinary Shares.

9.1 Interests of David Anthony Kennedy and related parties

David Anthony Kennedy was born in Tipperary, Ireland on 17 February 1952. He emigrated to England in 1997 where he commenced a career in the construction industry and subsequently in property development. David Kennedy is associated with all of the current property developments set out in paragraph 4 of Part I of this document.

David Kennedy and certain related parties comprise a concert party for the purposes of the City Code on Takeovers and Mergers and are interested in the following Ordinary Shares in the Company:

Registered Shareholder	No. of Ordinary Shares held as at the date of this document	Percentage of issued shares as at the date of this document (%)	Percentage of issued shares immediately after the Buyback (%)
David Anthony Kennedy	8,823,529	4.01	4.32
Streetwise Limited*	74,747,354	33.98	36.64
Fitel Nominees**	30,822,813	14.01	15.11
Matthew Kennedy***	16,500	0.01	0.01
Philamena Kennedy****	219,900	0.10	0.11
Total	114,630,096	52.10	56.19

* Balchan Management Limited, as the parent company of Streetwise Limited, holds its Ordinary Shares for the beneficiaries of the Tulip Trust. The beneficiaries of the Tulip Trust are members of David Kennedy's immediate family.

** Fitel Nominees Limited holds its Ordinary Shares as nominee for David Anthony Kennedy who in turn, holds them on trust for Barolo Properties Limited. Barolo Properties Limited holds these shares on behalf of its ultimate parent company, Balchan Management Limited, which acts as trustee for the Impala Discretionary Settlement (of which David Kennedy and other members of his family are beneficiaries).

*** Matthew Kennedy is a nephew of David Kennedy.

**** Philamena Kennedy is a sister in law of David Kennedy.

9.2 Irrevocable Undertakings

Irrevocable undertakings to vote, or (where applicable) to procure that the registered holder votes, in favour of the Resolutions have been given to the Company by the Independent Directors in respect of their entire beneficial holdings of 1,105,858 Ordinary Shares representing, in aggregate, approximately 0.50 per cent. of the issued Ordinary Shares.

In addition to the Independent Directors, Shareholders who in aggregate have a beneficial interest in 125,912,612 Ordinary Shares representing 57.23 per cent. of the issued Ordinary Shares have irrevocably undertaken to vote in favour of the Resolutions.

In aggregate, irrevocable undertakings to vote in favour of the Resolutions have been received in respect of 127,018,470 Ordinary Shares, amounting to 57.73 per cent. of the number of issued Ordinary Shares.

10. GENERAL MEETING

At the General Meeting, the Resolutions will be proposed to approve the Disposal and the Buyback. Notice of the General Meeting, which is to take place at 10.00 a.m. on 24 August 2009, is set out at the end of this document.

The Resolution to approve the Disposal will be proposed as an ordinary resolution and will be passed if more than 50 per cent. of the votes are cast in favour. The Resolution to approve the Buyback will be

proposed as a special resolution and will be passed if 75 per cent. or more of the total voting rights of eligible Shareholders are cast in favour. If the resolution to approve the Buyback is not passed the Disposal is not capable of being effected.

11. ACTION TO BE TAKEN

As a result of its size, the Disposal is conditional on the approval of Independent Shareholders. For this reason, the Resolution numbered 1 included in the Notice of the General Meeting is being proposed.

In addition, the Disposal may only be effected if the Buyback is effected. Resolution numbered 2 included in the Notice of General Meeting is therefore being proposed.

Independent Shareholders will find enclosed a Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting, you are requested to complete and sign the enclosed Form of Proxy and return it, in accordance with the instructions printed on it or by hand, to the Company's registrars, Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL, so as to be received as soon as possible and, in any event, by no later than 10.00 a.m. on 22 August 2009. Completion and return of the Form of Proxy will not prevent you from attending the General Meeting and voting in person should you wish to do so (and are so entitled).

If you are in any doubt as to how to complete the Form of Proxy, please contact Equiniti on 0871 384 2617 (if calling from within the United Kingdom), calls to this number are charged at 8p per minute from a BT landline. Other telephony provider costs may vary or +44 121 415 7047 (if calling from outside the United Kingdom). This helpline is open from 9.00 a.m. to 5.00 p.m., Monday to Friday. Equiniti will not be able to provide any financial advice. For financial advice, including taxation advice, you will need to consult your own independent professional adviser.

12. ADDITIONAL INFORMATION

Your attention is drawn to Part II of this document which sets out the principal terms of the Disposal.

13. RECOMMENDATION

The Independent Directors, having consulted with Zeus Capital, who have taken into account the Independent Directors' commercial assessment of the transactions and the irrevocable undertakings received from certain major Shareholders, consider that the terms of the Disposal and the Buyback Agreements, in the context of the whole transaction, are fair and reasonable insofar as the Independent Shareholders are concerned. Accordingly, the Independent Directors unanimously recommend that Shareholders vote in favour of the Resolutions, as the Independent Directors have irrevocably undertaken to do in respect of their own beneficial holdings of 1,105,858 Ordinary Shares, representing approximately 0.50 per cent. of the existing ordinary share capital of the Company.

In addition to the Independent Directors, Shareholders who in aggregate have a beneficial interest in 125,912,612 Ordinary Shares representing 57.23 per cent. of the existing ordinary share capital of the Company have irrevocably undertaken to vote in favour of the Resolutions.

In aggregate, irrevocable undertakings to vote in favour of the Resolutions have been received in respect of 127,018,470 Ordinary Shares, amounting to 57.73 per cent. of the existing ordinary share capital of the Company as at the date of this Document.

Yours faithfully

John Lawrence
Non-executive Chairman

PART II

PRINCIPAL TERMS OF THE DISPOSAL AGREEMENT

The Disposal Agreement dated 30 July 2009 between the Company (1) and the Purchaser (2) provides for the conditional sale by the Company of:

- (a) the entire issued share capital of each of the James Grant Media Group Limited, O J Kilkenny & Co. Limited, Proactive Sports Management Limited, Proactive Sports Management USA Inc. and Formation Sports Capital Limited; and
- (b) its entire interest in OJK (Audit) Limited, amounting to 48 per cent. of the issued shares of such company.

Completion of the sale of the Disposal Subsidiaries is conditional on the Resolutions set out in the Notice of General Meeting being duly passed and the Buyback being effected. The Purchaser may elect not to effect Completion if, between exchange of contracts and the date on which such Completion is due to occur in accordance with the terms of the Disposal Agreement, revenue contracts with an aggregate value greater than 7 per cent. of the annualised turnover of the Disposal Subsidiaries, are terminated or clients indicate unequivocally that such contracts will not be renewed.

On Completion, the Purchaser will pay to the Company the sum of £15.75 million (of which £250,000 will be deferred for six months) plus £500,000 on account of the payment to the Selling Shareholders in connection with the Buyback, the sum of £500,000 previously paid by the Company to the sellers of James Grant Media Group Limited on 5 May 2009 and less £315,000 to take account of estimated indebtedness as at Completion. This payment will be adjusted within a short period after Completion by (i) a reduction or an increase equal to the amount of certain types of indebtedness (if any) that the Disposal Subsidiaries may have at Completion that exceeds or is less than £315,000, and (ii) an increase or decrease equal to the amount of cash held by the Disposal Subsidiaries in excess or below of £450,000.

The Company will also be entitled to receive additional payments from the Purchaser, should there be an onward sale of the Disposal Subsidiaries within 12 months of Completion. The payment due to the Company will be 50 per cent. of the excess (if any) between the purchase price paid by a subsequent purchaser of the Purchaser or the Disposal Subsidiaries and the amount paid to the Company pursuant to the Disposal.

In addition, the Purchaser has agreed to assume certain outstanding obligations to pay any further sums to the sellers of each of O J Kilkenny & Co. Limited and James Grant Media Group Limited pursuant to the agreements between the Company and the sellers of such companies, when the Company acquired such companies. The deferred liability in relation to James Grant Media Group Limited was stated in the Company's interim financial statements for the period ended 28 February 2009 at £5.22 million (although a payment of £500,000 was made in relation to this matter on 5 May 2009).

Agreements to be entered into pursuant to the Disposal Agreement provide for the Company to retain control of certain litigation which the Group is a party to, and to meet all costs arising and sums payable in connection with such litigation. It has been agreed that the Company will receive 75 per cent. of the net payments received in connection with such litigation and the Purchaser will retain the balance of such proceeds.

The Disposal Agreement includes warranties and indemnities given by the Company and limitations on the Company's liability arising under such warranties and indemnities that are usual for a transaction of its nature. In addition, the Company has given undertakings in the Disposal Agreement restricting it from competing with the business of the Disposal Subsidiaries for a three year period following Completion.

FORMATION GROUP PLC

(Incorporated in England and Wales with registered number 4145632)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Formation Group PLC (“**Company**”) will be held at 10.00 a.m. on 24 August 2009 at DLA Piper UK LLP, 101 Barbirolli Square, Manchester M2 3DL for the purposes of considering and, if thought fit, passing the following resolutions the first of which will be proposed as an ordinary resolution and the second as a special resolution:

ORDINARY RESOLUTION

- 1. THAT** the sale by the Company of the entire issued share capital of each of James Grant Media Group Limited, O J Kilkenny & Co. Limited, Proactive Sports Management Limited, Proactive Sports Management USA Inc. and Formation Sports Capital Limited and part of the share capital of OJK (Audit) Limited on the terms of the sale and purchase agreement dated 30 July 2009 between the Company and Cobco 902 Limited (“**Disposal Agreement**”), as described in the circular to shareholders of the Company dated 30 July 2009 (“**Circular**”) be and is hereby approved for all purposes for which such approval is required and the Independent Directors (as defined in the Circular) be and are hereby authorised to take all such steps as may be required to effect the sale of such companies in accordance with the Disposal Agreement, as amended by non material amendments thereto as any Independent Director (as defined in the Circular) may, in his absolute discretion, determine is necessary or appropriate.

SPECIAL RESOLUTION

- 2. THAT** the terms of the proposed contracts (“**Buyback Agreements**”) for the purchase by the Company of a total of 15,985,658 ordinary shares of 1 pence each in the capital of the Company for the aggregate sum of £500,000 (copies of which are produced to the meeting and initialled for the purposes of identification only by an Independent Director) be and are hereby approved, and that the Company be and is hereby authorised to enter into the Buyback Agreements and to do all things deliverable or necessary in connection with such Buyback Agreements. This authority shall expire on 24 August 2010.

Registered office:

2 Hollins House
329 Hale Road
Hale Barns
Cheshire
WA15 8TS

By order of the board

Mike Wallwork
Secretary

Notes:

1. Only those members registered in the register of members of the Company as at 6.00 p.m. on 22 August 2009 or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the date of the adjourned meeting shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 6.00 p.m. on 22 August 2009 or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the date of the adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A member is entitled to appoint one or more persons as proxies to exercise all or any of his rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. 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. To appoint more than one proxy, you will need to complete a separate Form of Proxy in relation to each appointment. Additional Forms of Proxy may be obtained by contacting the Company's registrar on 0871 384 2617 for UK callers, calls to this number are charged at 8p per minute from a BT landline, other telephony provider costs may vary and +44 121 415 7047 for overseas shareholders or you may photocopy the Form of Proxy. You will need to state clearly on each Form of Proxy the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by the member may result in the proxy appointment being invalid. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.

The appointment of a proxy will not preclude a member from attending and voting in person at the meeting if he or she so wishes.

3. A Form of Proxy is enclosed. To be valid, it must be completed, signed and sent to the offices of the Company's registrars, Equiniti of Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL so as to arrive no later than 10.00 a.m. on 22 August 2009 (or, in the event that the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting).

In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that:

- 3.1 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 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
- 3.2 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 (<http://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 3.1 above.

4. Except as provided above, members who wish to communicate with the Company in relation to the meeting should do so by calling our shareholder helpline on 0871 384 2617 for UK callers, calls to this number are charged at 8p per minute from a BT landline, other telephony provider costs may vary and +44 121 415 7047 for overseas shareholders. No other methods of communication will be accepted. Any electronic communication sent by a member to the Company or the Company's registrar which is found to contain a virus will not be accepted by the Company but every effort will be made by the Company to inform you of the rejected communication.

