

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. When considering what action you should take, you are recommended to seek your own advice from your appropriate independent professional adviser who, in the UK, is authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your Ordinary Shares, please send this document, but not the accompanying personalised Form of Proxy, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have purchased Ordinary Shares after the date of this document, you should contact Capita Registrars (in the case of UK Registered Shareholders) or Computershare (in the case of NZ Registered Shareholders), using the details set out in section 4 of the Chairman's Letter, to request a new Form of Proxy.

J.P. Morgan Cazenove, which is authorised and regulated by the Financial Services Authority in the UK, is acting for Caledonia and no one else in relation to the Authority to Make Market Purchases and the Waiver Resolution and will not be responsible to anyone other than Caledonia for providing the protections afforded to clients of J.P. Morgan Cazenove nor for providing advice in relation to the waiver resolution.

CALEDONIA INVESTMENTS PLC

(Registered in England and Wales under No. 235481)

Letter from the Chairman and Notice of 2009 Annual General Meeting

Notice of the Annual General Meeting of Caledonia to be held at Cayzer House, 30 Buckingham Gate, London SW1E 6NN at 11.30 a.m. on 23 July 2009 is set out at the end of this document.

In the case of UK Registered Shareholders, the enclosed Form of Proxy for use at the Annual General Meeting should be completed and returned as soon as possible and, to be valid, must be deposited so as to be received no later than 11.30 a.m. on 21 July 2009 with the Company's UK registrar, Capita Registrars, by one of the following methods: (i) by post to the address provided for such purpose in the Form of Proxy; or (ii) by hand during normal business hours to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or (iii) electronically at www.capitashareportal.com using the investor code printed on the Form of Proxy; or (iv) in the case only where Ordinary Shares are held in CREST (as an alternative to methods (i), (ii) and (iii)), via the CREST Proxy Voting Service.

In the case of NZ Registered Shareholders, the enclosed Form of Proxy for use at the Annual General Meeting should be completed and returned as soon as possible and, to be valid, must be deposited so as to be received no later than 10.30 p.m. on 21 July 2009 (NZ time) with the Company's NZ registrar, Computershare, by one of the following methods: (i) by post to the address provided for such purpose in the Form of Proxy; or (ii) by personal delivery to Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, North Shore City; or (iii) by fax to +64 9 488 8787; or (iv) by email to enquiry@computershare.co.nz.

Participants in the ISA and Savings Scheme should complete and return the Letter of Direction sent to them by Capita IRG Trustees for use at the Annual General Meeting as soon as possible and, to be valid, a Letter of Direction must be received no later than 11.30 a.m. on 20 July 2009 by post at the address provided for such purpose in the Letter of Direction.

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Definitions

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

2006 Act	means the Companies Act 2006
2008 AGM	means the annual general meeting of the Company held on 29 July 2008
ABI	means the Association of British Insurers
Annual General Meeting or AGM	means the annual general meeting of Caledonia to be held at Cayzer House, 30 Buckingham Gate, London SW1E 6NN at 11.30 a.m. on 23 July 2009 and any adjournment(s) thereof
Annual Report	means Caledonia's annual report and accounts for the year ended 31 March 2009
Authority to Make Market Purchases	means the authority to make market purchases of Ordinary Shares to be proposed to Ordinary Shareholders in the terms of resolution 11 set out in the notice of AGM at the end of this document
BIS	means the UK Government's Department for Business, Innovation & Skills
Board	means the Directors
Branch Register	means the New Zealand branch register of members maintained by Computershare
Business Day	means any day (other than a Saturday or Sunday or public holiday) on which banks are generally open for business in London
Caledonia or the Company	means Caledonia Investments plc of Cayzer House, 30 Buckingham Gate, London SW1E 6NN
Caledonia Group Services	means Caledonia Group Services Limited, a wholly owned subsidiary of the Company
Capita IRG Trustees	means Capita IRG Trustees Limited, the administrator of the ISA and Savings Scheme
Capita Registrars	means Capita Registrars Limited of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Cayzer Trust	means The Cayzer Trust Company Limited of Cayzer House, 30 Buckingham Gate, London SW1E 6NN
Chairman	means Mr J R H Loudon, the chairman of Caledonia
Chairman's Letter	means the letter from the Chairman set out in Part I to this document
Combined Code	means the Combined Code on Corporate Governance published by the Financial Reporting Council
Computershare	means Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, North Shore City, New Zealand
Concert Party	means that group of Ordinary Shareholders which the Panel has confirmed is deemed to act in concert, details of certain members of the Concert Party being set out in paragraph 3.6 of Part II to this document
Concert Party Directors	means those Directors who are members of the Concert Party, namely The Hon C W Cayzer, Mr J M B Cayzer-Colvin, Mr J R H Loudon and Mr W P Wyatt
CREST	means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
CREST Manual	means the document entitled the "CREST Manual" issued by Euroclear
CREST member	means a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
CREST participant	means a person who has been admitted by Euroclear as a system-participant (as defined in the CREST Regulations)
CREST Proxy Voting Service	means Euroclear's electronic proxy voting service
CREST Regulations	means the Uncertificated Securities Regulations 2001 (SI 2001 No 3755)
CREST sponsor	means a CREST participant admitted to CREST as a sponsor
CREST sponsored member	means a CREST member admitted to CREST as a sponsored member
Current Articles	means the articles of association of the Company in force as of the date of this document

Deferred Bonus Plan	means the Caledonia Investments Deferred Bonus Plan
Directors	means the directors of Caledonia
Disclosure and Transparency Rules	means the disclosure rules and transparency rules, as published by the Financial Services Authority in its handbook of rules and guidance
Employee Share Trust	means the Caledonia Investments plc Employee Share Trust
Euroclear	means Euroclear UK and Ireland Limited
EU Shareholders' Rights Directive	means Directive 2007/36/EC
Executive Directors	means Mr J H Cartwright, The Hon C W Cayzer, Mr J M B Cayzer-Colvin, Mr T C W Ingram, Mr J M May and Mr W P Wyatt
Form of Proxy	means the personalised form of proxy accompanying this document
Group	means Caledonia and its subsidiaries
Independent Shareholders	means those Ordinary Shareholders who are not members of the Concert Party
Investment Protection Committees	means the investment committees of the ABI and National Association of Pension Funds Limited
ISA	means the Caledonia Investments Individual Savings Account
J.P. Morgan Cazenove	means J.P. Morgan Cazenove Limited
Letter of Direction	means the letter from a participant in the ISA and Savings Scheme to Capita IRG Trustees directing Capita IRG Trustees or its custodian, Capita IRG Trustees (Nominees) Limited, as the case may be, how to exercise the votes attaching to the Ordinary Shares which it holds through the ISA or Savings Scheme at the AGM, being a green letter of direction for participants in the ISA and a yellow letter of direction for participants in the Savings Scheme
New Articles	means the new articles of association of the Company proposed to be adopted in the terms of resolution 15 set out in the notice of AGM at the end of this document
Non-Concert Party Directors	means Mr C M Allen-Jones, Mr J H Cartwright, Mr M E T Davies, Mr R Goblet d'Alviella, Mr T C W Ingram, Mr J M May and Mr D G F Thompson
Non-Executive Directors	means Mr C M Allen-Jones, Mr M E T Davies, Mr R Goblet d'Alviella and Mr D G F Thompson
NZ	means New Zealand
NZ Registered Shareholders	means Ordinary Shareholders on the Branch Register
Official List	means the official list of the UK Listing Authority
Ordinary Shares	means ordinary shares of 5p each in Caledonia
Ordinary Shareholders	means the holders of Ordinary Shares
Panel	means the Panel on Takeovers and Mergers
Principal Register	means the principal register of members of the Company maintained by Capita Registrars
Registers	means the Principal Register and the Branch Register
Savings Scheme	means the Caledonia Investments Share Savings Scheme
Share Option Schemes	means the Caledonia Investments plc 1998 Executive Share Option Scheme, the Caledonia Investments 2005 Executive Share Option Scheme and a special option granted to Mr J M May outside these schemes
Takeover Code	means the City Code on Takeovers and Mergers
UK	means the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority	means the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
UK Registered Shareholders	means Ordinary Shareholders on the Principal Register
Waiver Resolution	means the ordinary resolution 12 in the form set out in the notice of AGM at the end of this document approving a waiver of the mandatory offer provisions set out in Rules 9 and 37 of the Takeover Code

Part I – Letter from the Chairman



**CALEDONIA
INVESTMENTS**

Caledonia Investments plc

Registered and head office

Cayzer House
30 Buckingham Gate
London SW1E 6NN

16 June 2009

Directors:

James R H Loudon*	<i>(Chairman)</i>
Timothy C W Ingram	<i>(Chief Executive)</i>
Jonathan H Cartwright	<i>(Finance Director)</i>
The Hon Charles W Cayzer*	<i>(Executive Director)</i>
James M B Cayzer-Colvin*	<i>(Executive Director)</i>
John M May	<i>(Executive Director)</i>
William P Wyatt*	<i>(Executive Director)</i>
Charles M Allen-Jones	<i>(Senior Independent Non-Executive Director)</i>
Mark E T Davies	<i>(Non-Executive Director)</i>
Richard Goblet d'Alviella	<i>(Non-Executive Director)</i>
David G F Thompson	<i>(Non-Executive Director)</i>

* Concert Party Director

To Ordinary Shareholders, participants in the ISA and Savings Scheme and, for information only, to the holders of options under the Share Option Schemes and awards under the Deferred Bonus Plan.

Dear Shareholder

1. Introduction

The purpose of this letter is to provide you with an explanation of the resolutions to be proposed at the eightieth annual general meeting of the Company, which will be held at Cayzer House, 30 Buckingham Gate, London SW1E 6NN, at 11.30 a.m. on Thursday 23 July 2009 and to seek your approval of them. The notice of AGM is set out on pages 24 to 27 of this document.

The first part of the AGM (resolutions 1 to 10 inclusive) will address the ordinary business of the AGM. The second part of the AGM (resolutions 11 to 17 inclusive) will seek the necessary shareholder approvals for:

- the Authority to Make Market Purchases;
- a waiver which the Panel has agreed to grant (subject to Independent Shareholders' approval) of any obligation on the Concert Party under Rule 9 of the Takeover Code which might arise if the Company makes purchases of Ordinary Shares pursuant to the Authority to Make Market Purchases;
- the renewal of the Company's authority to allot unissued Ordinary Shares;
- the renewal of the Directors' authority to allot Ordinary Shares, or transfer Ordinary Shares from treasury, on a non pre-emptive basis;
- the adoption of the New Articles;
- an authority to continue to convene general meetings of the Company, other than annual general meetings, on 14 clear days' notice; and
- an authority for the Company to make political donations of up to £75,000 in aggregate to the Conservative Party.

All of the resolutions to be proposed at the AGM (including the proposals outlined above) are explained in further detail below.

2. Ordinary business

The ordinary business of the AGM comprises resolutions 1 to 10 inclusive.

Resolution 1: Annual Report

The Directors approved Caledonia's Annual Report on 28 May 2009. Although not a statutory requirement, resolution 1 seeks the approval of the Annual Report by Ordinary Shareholders, who will be given the opportunity to ask questions about the Annual Report at the AGM.

A copy of the Annual Report accompanies this document.

Resolution 2: Directors' remuneration report

Resolution 2 seeks Ordinary Shareholders' approval of the Directors' remuneration report in compliance with the Directors' Remuneration Report Regulations 2002. The Directors' remuneration report, which is set out on pages 52 to 59 of the Annual Report, explains the Company's overall policy on Directors' remuneration and provides details of the remuneration paid to Directors for the year ended 31 March 2009. As required by the Directors' Remuneration Report Regulations 2002, the Company's auditors, Deloitte LLP, have audited those parts of the Directors' remuneration report required by the legislation to be audited and their report is set out on page 28 of the Annual Report.

Resolution 3: Final dividend

The Directors have proposed a final dividend of 23.5p per Ordinary Share for the year ended 31 March 2009, payable on 13 August 2009 to Ordinary Shareholders on the Registers as at the close of business on 10 July 2009. Resolution 3 seeks Ordinary Shareholders' approval of this dividend.

Resolutions 4 to 8: Re-election of directors

Mr J M May, Mr T C W Ingram, The Hon C W Cayzer and Mr C M Allen-Jones retire by rotation at the AGM and, being eligible, offer themselves for re-election as set out in resolutions 4 to 7. In resolution 8, Mr J R H Loudon also offers himself for re-election. Since 2004, Mr Loudon has been retiring annually in accordance with the recommendation of the Combined Code that non-executive directors who have served for more than nine years should be subject to annual re-election. Given the expectation at the 2008 AGM that he would stand for re-election again this year, he will retire and offer himself for re-election at the AGM. However, as Chairman, he is no longer subject to the annual re-election requirement and accordingly he is proposed for re-election on the basis that he will subsequently revert to retirement by rotation at least every three years in accordance with the Current Articles.

None of Messrs May, Ingram or The Hon C W Cayzer has a contract of service which cannot be terminated within one year. Messrs Loudon and Allen-Jones are appointed under letters of appointment which do not provide any entitlement to compensation in the event of their ceasing to be Directors.

Following formal individual performance evaluation and a review of the structure, size and composition of the Board as a whole, Caledonia's Nomination Committee confirms that Mr Allen-Jones, the Non-Executive Director proposed for re-election, continues to demonstrate strong commitment to his role and that, through his knowledge, skills and experience he continues to provide an effective contribution to the functioning of the Board and its committees. Accordingly, the Nomination Committee believes that Mr Allen-Jones should be re-elected.

Biographical details of all Directors appear on pages 22 and 23 of the Annual Report.

Resolutions 9 and 10: Re-appointment and remuneration of the auditors

Resolution 9 seeks the approval of the re-appointment of Deloitte LLP as auditors to the Company until the conclusion of the next general meeting of the Company at which accounts are laid. Resolution 10 will give authority to the Directors to agree the auditors' remuneration.

3. Special business

The special business to be considered at the AGM comprises resolutions 11 to 17 inclusive.

Resolution 11: Authority to make market purchases by the Company of its Ordinary Shares

Authority was granted by Ordinary Shareholders to the Company at the 2008 AGM to purchase up to a maximum of 5,837,750 Ordinary Shares, representing approximately 10 per cent. of the then issued Ordinary Shares, excluding Ordinary Shares then held in treasury. Ordinary Shareholders are being asked by resolution 11, which will be proposed as a special resolution, to grant a new authority (which will replace the existing authority) to Caledonia to purchase up to a maximum of 5,828,255 Ordinary Shares, again representing approximately 10 per cent. of the current issued Ordinary Shares, excluding Ordinary Shares held in treasury.

If the resolution is passed, it will empower the Company to make market purchases on the London Stock Exchange of up to 5,828,255 Ordinary Shares at a price per Ordinary Share not more than the higher of:

- a. 5 per cent. above the average of the middle market quotations for Ordinary Shares during the five Business Days preceding any such purchase; and

- b. the higher of:
- i. the price of the last independent trade in Ordinary Shares; and
 - ii. the highest current independent bid relating thereto on the trading venue where the purchase is carried out
- nor less than 5p, being the nominal value of an Ordinary Share.

The Authority to Make Market Purchases will only be utilised if the Board believes that purchases of Ordinary Shares will be in the best interests of Caledonia and Ordinary Shareholders as a whole and will result in an increase in net asset value per Ordinary Share. In considering whether to exercise the Authority to Make Market Purchases, the Board will take into account both the longer term investment opportunities available to Caledonia and any discount at which the Ordinary Shares are trading in the market relative to the net asset value per Ordinary Share.

A purchase of Ordinary Shares by the Company pursuant to the Authority to Make Market Purchases could increase the percentage of voting rights held by the Concert Party. In certain circumstances (described below), such an increase could trigger an obligation on the Concert Party to make a mandatory offer for the whole of the issued share capital of the Company pursuant to the Takeover Code. Accordingly, Independent Shareholders will be asked to renew the waiver of the mandatory offer provisions granted at the 2008 AGM such that purchases of Ordinary Shares by the Company pursuant to the Authority to Make Market Purchases will not trigger a requirement for the Concert Party to make a mandatory offer for the entire issued share capital of the Company. Further details relating to this waiver are set out below.

There are currently outstanding options to subscribe for 1,367,836 Ordinary Shares under the Share Option Schemes and awards over 226,659 Ordinary Shares under the Deferred Bonus Plan, in aggregate representing approximately 2.74 per cent. of the issued Ordinary Shares, excluding Ordinary Shares held in treasury, as at 16 June 2009, being the latest practicable date prior to the publication of this document. If the Authority to Make Market Purchases was exercised in full, the Ordinary Shares under option or award would represent approximately 3.04 per cent. of the issued Ordinary Shares, excluding Ordinary Shares held in treasury. It is, however, the Board's policy, where possible, to source options being exercised under the Share Option Schemes or called under the Deferred Bonus Plan using Ordinary Shares held by the Employee Share Trust, thereby avoiding dilution of Ordinary Shareholders' holdings.

The Authority to Make Market Purchases, if granted, will expire on 1 January 2011 or, if earlier, at the conclusion of the next annual general meeting of the Company.

Ordinary Shares purchased by the Company pursuant to the Authority to Make Market Purchases may be cancelled or held in treasury and subsequently cancelled or sold for cash or used to satisfy share-based awards issued to employees pursuant to the Share Option Schemes and Deferred Bonus Plan. Since the 2008 AGM, the Company has purchased 95,000 Ordinary Shares into treasury and in total holds 512,229 Ordinary Shares in treasury.

Resolution 12: Waiver of mandatory offer provisions set out in Rule 9 of the Takeover Code

The Waiver Resolution, which will be proposed as an ordinary resolution, seeks Independent Shareholders' approval of a waiver of the obligation that could arise on the Concert Party to make a general offer for the entire issued share capital of the Company as a result of purchases by the Company of Ordinary Shares pursuant to the Authority to Make Market Purchases.

The Panel has ruled that a group of Ordinary Shareholders is deemed to form a concert party for the purposes of the Takeover Code. As at 16 June 2009, being the latest practicable date prior to the publication of this document, these shareholders, being Cayzer Trust, the Concert Party Directors, the Employee Share Trust and other members of the wider Cayzer family, between them were interested in 27,007,122 Ordinary Shares, representing approximately 46.34 per cent. of the shares carrying voting rights of the Company, excluding Ordinary Shares held in treasury. The Concert Party's highest percentage of shares carrying voting rights held in the 12 months prior to 16 June 2009, being the latest practicable date prior to the publication of this document, was approximately 46.36 per cent.

Under Rule 9 of the Takeover Code, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent., but does not hold shares carrying more than 50 per cent., of the voting rights of a company and such person, or any persons acting in concert with him, acquires an interest in any other shares in the company which increases the percentage of shares carrying voting rights in which he is interested, such person would normally have to extend a general offer to all shareholders to acquire their shares at not less than the highest price paid by him, or parties acting in concert with him, during the 12 months prior to the announcement of the offer. However, if a shareholder or group of shareholders acting in concert reduces his or their interest in shares, but without reducing his or their interest in shares to less than 30 per cent. of the shares carrying voting rights of the company, such shareholder or shareholders may subsequently acquire an interest in shares without incurring an obligation to make a general offer, provided that (i) the total number of shares in which interests are acquired in the preceding 12 months does not exceed one per cent. of the voting share capital for the time being and (ii) the percentage of shares in which the relevant shareholder or concert party is interested resulting from any such acquisition does not exceed the highest percentage of shares in which such shareholder or concert party was interested in the previous 12 months.

The percentage of shares carrying voting rights in which the Concert Party is interested could be increased by the purchase of Ordinary Shares through the exercise by the Company of the Authority to Make Market Purchases. Any increase in the percentage of shares carrying voting rights of the Concert Party resulting from such an exercise would normally be treated as an acquisition of interests in shares by the Concert Party for the purposes of Rule 9 of the Takeover Code. Accordingly, if the effect of such exercise was either to increase the percentage of shares in which the Concert Party is interested to above its highest level in the previous 12 months or result in the total acquisitions by the Concert Party in the previous 12 months being greater than one per cent. of the voting share capital for the time being, this could result in members of the Concert Party being obliged to make a general offer for the entire issued Ordinary Share capital of the Company.

In accordance with Rule 37 of the Takeover Code, the Panel has agreed to waive any requirement on the Concert Party to make a general offer to all shareholders of the Company which could arise as a result of an exercise of the Authority to Make Market Purchases, provided that the Independent Shareholders have passed, on a poll, the Waiver Resolution. In no circumstances will the Company make market purchases of Ordinary Shares which would result in the percentage of voting rights in which the Concert Party is interested exceeding 49.9 per cent. Accordingly, Independent Shareholders are being asked to approve the Waiver Resolution which, if so approved, will expire on 1 January 2011 or, if earlier, at the conclusion of the next annual general meeting of the Company.

The waiver by the Panel will (subject to the discretion of the Panel) be invalidated if any further purchases of Ordinary Shares are made by any member of the Concert Party in the period between the date of this document and the date of the AGM.

The Concert Party has no present intention of materially increasing or decreasing its interest in Caledonia, although this interest may subsequently increase to not more than 49.9 per cent. as a result of the exercise by the Company of the Authority to Make Market Purchases. The Concert Party remains fully supportive of the management and strategic direction of the Company, which is not expected to be altered by the Waiver Resolution.

In considering whether to seek a waiver of the mandatory offer provisions set out in Rule 9 of the Takeover Code, the Non-Concert Party Directors have taken into account (i) their belief that market purchases of Ordinary Shares as envisaged by resolution 11, details of which are set out above, will be in the best interests of Caledonia and Ordinary Shareholders as a whole and (ii) the potential increase in the aggregate Concert Party holding, subject to the limit of this increase to a maximum of 49.9 per cent. from its current 46.34 per cent. interest in shares carrying voting rights in the Company.

Further details in relation to the Waiver Resolution are set out in Part II to this document.

Resolution 13: Authority to allot unissued Ordinary Shares

Resolution 13, which will be proposed as an ordinary resolution, seeks to renew the authority granted at the 2008 AGM to allot unissued Ordinary Shares. In previous years, this authority has been limited to Ordinary Shares with a nominal amount representing approximately one-third of the issued Ordinary Shares, excluding Ordinary Shares held in treasury, in accordance with guidance previously issued by the ABI. In December 2008, the ABI issued new guidance in which it confirmed that, in addition to the one-third of issued share capital referred to above, it will regard as routine a request to shareholders for authority to allot a further one-third of the issued share capital provided that such additional one-third is restricted to fully pre-emptive rights issues and the additional authority is valid for one year only. The ABI has stated that, if the additional authority is taken and (i) the aggregate actual usage of the authority exceeds one-third as regards the nominal amount and (ii) in the case of the issue being in whole or in part by way of a fully pre-emptive rights issue, monetary proceeds exceed one-third (or such lesser relevant proportion) of the pre-issue market capitalisation, it will expect all directors wishing to remain in office to stand for re-election at that company's next annual general meeting after the decision to make the issue.

Whilst the Directors do not have any present intention of exercising any such authority, they believe that it would be in the Company's interests to retain the maximum flexibility permitted by the ABI's latest guidance and, accordingly, are seeking authority to allot Ordinary Shares up to a nominal amount of £1,942,751 representing approximately two-thirds of the issued Ordinary Shares, excluding Ordinary Shares held in treasury, as at 16 June 2009, being the latest practicable date prior to the publication of this document. The authority, if granted, will last until the next annual general meeting of the Company or, if earlier, the close of business on 23 October 2010.

Resolution 14: Authority to allot Ordinary Shares on a non pre-emptive basis

Resolution 14, which will be proposed as a special resolution, seeks to renew the Directors' authority to allot Ordinary Shares for cash in connection with a rights issue or other than pro rata to existing Ordinary Shareholders. In the case of an issue of Ordinary Shares other than pro rata to existing Ordinary Shareholders, the authority will be limited to a nominal amount of £145,706, which represents approximately 5 per cent. of the issued Ordinary Shares, excluding Ordinary Shares held in treasury, as at 16 June 2009, being the latest practicable date prior to the publication of this document. If granted, the authority will last until the next annual general meeting of the Company or, if earlier, the close of business on 23 October 2010. This authority to allot shares on a non pre-emptive basis will also apply to the transfer of Ordinary Shares held in treasury.

The Directors will comply with the guidelines of the Investment Protection Committees that no more than 7.5 per cent. of the issued Ordinary Share capital should be allotted for cash, or transferred from treasury, on a non pre-emptive basis during any rolling three-year period.

Resolution 15: Adoption of new articles of association

Resolution 15, which will be proposed as a special resolution, seeks shareholder approval of amendments to the Current Articles primarily to reflect the remaining provisions of the 2006 Act which are due to be implemented on 1 October 2009. The adoption of the New Articles will therefore take effect on that date.

An explanation of the main changes between the Current Articles and the New Articles is set out in Part III to this document. The New Articles, marked up to show all the changes from the Current Articles, are available for inspection, as noted in Part IV to this document.

Resolution 16: Notice of general meetings

Resolution 16, which will be proposed as a special resolution, seeks shareholder approval to enable the Company to continue to convene general meetings, other than annual general meetings, on 14 clear days' notice.

Under the 2006 Act, listed companies are currently permitted to convene general meetings, other than annual general meetings, on 14 clear days' notice, unless there is a requirement for a longer period contained in their articles of association. With effect from 3 August 2009, the 2006 Act is due to be amended to implement the EU Shareholders' Rights Directive. The regulations implementing the EU Shareholders' Rights Directive, currently still in draft form, will increase the minimum notice period required for general meetings to 21 days even if only ordinary resolutions are being proposed. As currently set out in the draft regulations, listed companies will, however, continue to be able to call general meetings on 14 clear days' notice, provided that (i) the company offers the facility for members to vote by electronic means accessible to all members who hold shares that carry rights to vote at general meetings and (ii) members have passed a special resolution approving shorter notice at the immediately preceding annual general meeting or at a general meeting held since the annual general meeting.

BIS is currently consulting on the regulations implementing the EU Shareholders' Rights Directive and, accordingly, the final form regulations have not yet been published. The Institute of Chartered Secretaries and Administrators has however recommended that companies whose 2009 annual general meetings are convened before the final form regulations are published should pass a resolution to enable them to continue to call general meetings on 14 clear days' notice. The Board believes that it will be beneficial to preserve the current ability to convene general meetings, other than annual general meetings, on 14 clear days' notice and, accordingly, is seeking the requisite shareholder approval at the AGM. If granted, the approval will last until the next annual general meeting of the Company, and it is the Board's intention to renew the authority at each subsequent annual general meeting.

From 3 August 2009, the Company will need to ensure that it offers the facility for shareholders to vote by electronic means accessible to all shareholders who hold shares that carry rights to vote at general meetings, if it is to convene meetings on 14 clear days' notice. UK Registered Shareholders are already offered the facility to appoint a proxy online at www.capitashareportal.com and NZ Registered Shareholders can lodge Forms of Proxy electronically at enquiry@computershare.co.nz. However if, pursuant to the final form regulations implementing the EU Shareholders' Rights Directive, anything further is needed to fulfil this requirement, Ordinary Shareholders will be duly informed at the appropriate time.

Resolution 17: Approval to make political donations

Resolution 17, which will be proposed as an ordinary resolution, seeks to renew the Company's ability to make political donations to the Conservative Party.

Part 14 of the 2006 Act prohibits a company and its subsidiaries from making donations of more than £5,000 in any 12 month period to political parties, unless prior shareholder approval has been obtained to make such donations.

The Board strongly believes that the hard decisions that need to be made to sustain economic recovery require the return of a Conservative Government at the forthcoming general election. It will be especially vital to curb the soaring level of public borrowing to achieve such a sustained recovery and the Board considers that only a Conservative Government will credibly address this critical issue. Otherwise, the long term prosperity of the UK as a whole, and the Company and its shareholders in particular, will be under severe threat. The Board also notes recent statistical evidence which shows that UK stock market returns have been significantly greater in periods of Conservative government than Labour government.

The Board is therefore of the firm view that it is in the interests of all Ordinary Shareholders again to seek approval for the Company to make donations of up to £75,000 in aggregate to the Conservative Party. As before, donations will be targeted towards building resources in marginal seats in the run up to the general election. This approval, if granted, will last until 1 January 2011 or, if earlier, the conclusion of the next annual general meeting of the Company.

4. Action to be taken

You will find set out at the end of this document the notice convening the AGM, at which the resolutions referred to above will be proposed. Further information relating to the Waiver Resolution and the New Articles is set out in Parts II and III to this document respectively.

UK Registered Shareholders are requested to complete the Form of Proxy accompanying this document and return it to Caledonia's UK registrar, Capita Registrars, as soon as possible. To be valid, the Form of Proxy must be deposited with Capita Registrars, so as to be received no later than 11.30 a.m. on 21 July 2009, by one of the following methods: (i) by post to the address provided for such purpose in the Form of Proxy; or (ii) by hand during normal business hours to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or (iii) electronically at www.capitashareportal.com using the investor code printed on the Form of Proxy; or (iv) in the case only where Ordinary Shares are held in CREST (as an alternative to methods (i), (ii) and (iii)), via the CREST Proxy Voting Service. The return of the Form of Proxy will not preclude you from attending the AGM and voting in person should you wish to do so.

If you are a CREST member and wish to appoint a proxy or proxies through the CREST Proxy Voting Service for the AGM and any adjournment(s) thereof, you may do so by using the procedures described in the CREST Manual. Appointing a proxy or proxies through the CREST Proxy Voting Service is more fully explained in the notice convening the AGM set out at the end of this document.

NZ Registered Shareholders are requested to complete the Form of Proxy accompanying this document and return it to Caledonia's NZ registrar, Computershare, as soon as possible. To be valid, the Form of Proxy must be deposited with Computershare, so as to be received no later than 10.30 p.m. on 21 July 2009 (NZ time), by one of the following methods: (i) by post to the address provided for such purpose in the Form of Proxy; or (ii) by personal delivery to Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, North Shore City; or (iii) by fax to +64 9 488 8787; or (iv) by email to enquiry@computershare.co.nz. The return of the Form of Proxy will not preclude you from attending the AGM and voting in person should you wish to do so.

Participants in the ISA and Savings Scheme are requested to complete the Letter of Direction sent by Capita IRG Trustees and accompanying this document and return it, so as to be received by no later than 11.30 a.m. on 20 July 2009, to the address set out in the Letter of Direction.

Please note that only Independent Shareholders are entitled to vote on the Waiver Resolution and that the vote on the Waiver Resolution will be by way of a poll. Accordingly, it is very important that the Form of Proxy is duly completed by Ordinary Shareholders and returned or submitted by one of the methods described above or, in the case of participants in the ISA and Savings Scheme, that the Letter of Direction is duly completed and returned in accordance with the instructions contained therein.

Further information

Your attention is drawn to the further information set out in Parts II, III and IV to this document and to the Annual Report. A copy of the Annual Report accompanies this document.

5. Recommendations

Resolutions other than the Waiver Resolution

The Board believes that the proposals described above regarding the resolutions to be proposed at the AGM (other than the Waiver Resolution which was considered by the Non-Concert Party Directors whose recommendation is set out below) to be in the best interests of the Company and Ordinary Shareholders as a whole. Accordingly, the Board recommends Ordinary Shareholders to vote in favour of such resolutions at the AGM, as the Directors and certain of their close family members intend to do in respect of their own beneficial holdings of Ordinary Shares, which amount to approximately 1.2 per cent. of the issued Ordinary Shares, excluding Ordinary Shares held in treasury.

The Waiver Resolution

The Non-Concert Party Directors, who have been so advised by J.P. Morgan Cazenove, consider that the waiver of the obligations that could arise on the Concert Party to make an offer under Rule 9 of the Takeover Code in respect of the Authority to Make Market Purchases to be in the best interests of the Company and Independent Shareholders as a whole. In providing its advice to the Non-Concert Party Directors, J.P. Morgan Cazenove has taken into account the Non-Concert Party Directors' commercial assessments. Accordingly, the Non-Concert Party Directors unanimously recommend that Independent Shareholders vote in favour of the Waiver Resolution to be proposed at the AGM, as the Non-Concert Party Directors and certain of their close family members intend to do in respect of their own beneficial holdings of Ordinary Shares, which amount to approximately 0.3 per cent. of the issued Ordinary Shares, excluding Ordinary Shares held in treasury.

In accordance with the provisions of the Takeover Code, the Concert Party is considered to be interested in the outcome of the Waiver Resolution and, accordingly, none of its members will vote on this resolution.

Yours sincerely



James Loudon
Chairman

Part II – Additional information relating to the Waiver Resolution

1. Responsibility

1.1. The Directors take responsibility for the information contained in this document other than:

- 1.1.1. the recommendation and associated opinion attributed to the Non-Concert Party Directors set out in section 5 of the Chairman's Letter;
- 1.1.2. the statement in section 3 of the Chairman's Letter that the Concert Party has no present intention of materially increasing or decreasing its interest in the Company; and
- 1.1.3. the information relating to Cayzer Trust and the Concert Party contained in this Part II to this document.

To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2. The Concert Party Directors take responsibility for:

- 1.2.1. the statement in section 3 of the Chairman's Letter that the Concert Party has no present intention of materially increasing or decreasing its interest in the Company; and
- 1.2.2. the information relating to Cayzer Trust and the Concert Party contained in this Part II to this document.

To the best of the knowledge and belief of the Concert Party Directors (who have taken all reasonable care to ensure that such is the case), the information for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.3. The Non-Concert Party Directors take responsibility for the recommendation and associated opinion attributed to them in section 5 of the Chairman's Letter. To the best of the knowledge and belief of the Non-Concert Party Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Board

The names of the Directors and the positions they hold are as follows:

J R H Loudon*	Chairman
T C W Ingram	Chief Executive
J H Cartwright	Finance Director
The Hon C W Cayzer*	Executive Director
J M B Cayzer-Colvin*	Executive Director
J M May	Executive Director
W P Wyatt*	Executive Director
C M Allen-Jones	Senior Independent Non-Executive Director
M E T Davies	Non-Executive Director
R Goblet d'Alviella	Non-Executive Director
D G F Thompson	Non-Executive Director

* Concert Party Director

3. Interests in Ordinary Shares

Significant interests in the Company

3.1. As at the close of business on 16 June 2009, being the latest practicable date prior to the publication of this document, and so far as is known to the Company, the following persons are either directly or indirectly interested in 3 per cent. or more of the issued Ordinary Shares in the Company, excluding Ordinary Shares held in treasury:

	Number of Ordinary Shares	Percentage of issued Ordinary Shares
Cayzer Trust	19,651,095	33.72
Sofina sa	2,746,777	4.71

The interest of Cayzer Trust comprised a direct holding of 19,593,072 Ordinary Shares (representing approximately 33.62 per cent. of the issued Ordinary Shares excluding Ordinary Shares held in treasury) and an interest in a further 58,023 Ordinary Shares (representing approximately 0.10 per cent. of the issued Ordinary Shares excluding Ordinary Shares held in treasury) arising by virtue of voting and pre-emption arrangements entered into between Cayzer Trust and a group of its former shareholders.

Directors

- 3.2. As at the close of business on 16 June 2009, being the latest practicable date prior to the publication of this document, the interests of the Directors in the issued share capital of the Company and (so far as the relevant Director is aware, having made due and careful enquiry) persons whose interests in Ordinary Shares each Director is taken to be interested in pursuant to Part 22 of the 2006 Act (as have been notified or are required to be notified to the Company pursuant to Rule 3 of the Disclosure and Transparency Rules) were as follows:

Name	Number of Ordinary Shares	
	Beneficial	Non-beneficial
J R H Loudon*	13,564	9,930
T C W Ingram	119,377	–
J H Cartwright	12,810	–
The Hon C W Cayzer*	52,555 [†]	28,505 [§]
J M B Cayzer-Colvin*	385,771	7,053
J M May	16,793	–
W P Wyatt*	106,524 [§]	19,093 [†]
C M Allen-Jones	7,500	–
M E T Davies	2,500	–
R Goblet d'Alviella	–	–
D G F Thompson	3,000	3,000

* Concert Party Director

† The Hon C W Cayzer's beneficial interests included 19,093 Ordinary Shares in which W P Wyatt had a non-beneficial interest.

§ W P Wyatt's beneficial interests included 28,505 Ordinary Shares in which The Hon C W Cayzer had a non-beneficial interest.

Each Executive Director, as a potential beneficiary, is deemed to have an interest in any Ordinary Shares held by the Employee Share Trust, which acquires and holds Ordinary Shares for subsequent transfer to employees exercising options under the Share Option Schemes and calling for awards vested under the Deferred Bonus Plan. As at the close of business on 16 June 2009, being the latest practicable date prior to the publication of this document, the Employee Share Trust held 537,490 Ordinary Shares.

Save as described in this paragraph 3.2 and paragraphs 3.3 and 3.4 below, the Directors have no interests, rights to subscribe for, or short positions in, Ordinary Shares.

- 3.3. As at the close of business on 16 June 2009, being the latest practicable date prior to the publication of this document, the interests of the Directors, members of their immediate families and related trusts and, so far as the Directors are aware, the interests of persons connected with them (within the meaning of sections 252 and 253 of the 2006 Act) in options over Ordinary Shares were as follows:

Name	Grant date	Number of options	Exercise price (p)	Exercisable from date	Expiry date
T C W Ingram	20.11.03	23,600	945	20.11.06	20.11.13
	26.05.04	21,800	1055	26.05.07	26.05.14
	19.08.05	36,075	1580	19.08.08	19.08.15
	01.06.06	16,773	1878	01.06.09	01.06.16
	31.05.07	33,364	2158	31.05.10	31.05.17
	03.06.08	40,151	1980	03.06.11	03.06.18
	29.05.09	54,979	1446	29.05.12	29.05.19
			226,742		
J H Cartwright	24.07.01	16,000	810	24.07.04	24.07.11
	05.07.02	2,335	782.5	05.07.05	05.07.12
	20.11.03	24,800	945	20.11.06	20.11.13
	26.05.04	22,800	1055	26.05.07	26.05.14
	19.08.05	23,685	1580	19.08.08	19.08.15
	01.06.06	10,323	1878	01.06.09	01.06.16
	31.05.07	19,114	2158	31.05.10	31.05.17
	03.06.08	21,818	1980	03.06.11	03.06.18
29.05.09	29,875	1446	29.05.12	29.05.19	
		170,750			

Name	Grant date	Number of options	Exercise price (p)	Exercisable from date	Expiry date
The Hon C W Cayzer*	24.07.01	8,500	810	24.07.04	24.07.11
	05.07.02	2,500	782.5	05.07.05	05.07.12
	20.11.03	17,100	945	20.11.06	20.11.13
	26.05.04	16,500	1055	26.05.07	26.05.14
	19.08.05	18,035	1580	19.08.08	19.08.15
	01.06.06	8,387	1878	01.06.09	01.06.16
	31.05.07	15,987	2158	31.05.10	31.05.17
	03.06.08	18,560	1980	03.06.11	03.06.18
	29.05.09	25,414	1446	29.05.12	29.05.19
		130,983			
J M B Cayzer-Colvin*	19.07.00	17,500	722.5	19.07.03	19.07.10
	24.07.01	18,000	810	24.07.04	24.07.11
	05.07.02	6,000	782.5	05.07.05	05.07.12
	20.11.03	9,000	945	20.11.06	20.11.13
	26.05.04	9,500	1055	26.05.07	26.05.14
	19.08.05	13,290	1580	19.08.08	19.08.15
	01.06.06	6,789	1878	01.06.09	01.06.16
	31.05.07	15,291	2158	31.05.10	31.05.17
	03.06.08	18,560	1980	03.06.11	03.06.18
29.05.09	25,414	1446	29.05.12	29.05.19	
		139,344			
J M May	20.11.03	37,334	945	20.11.06	20.11.13
	26.05.04	17,267	1055	26.05.07	26.05.14
	19.08.05	26,815	1580	19.08.08	19.08.15
	01.06.06	11,681	1878	01.06.09	01.06.16
	31.05.07	22,242	2158	31.05.10	31.05.17
	03.06.08	25,757	1980	03.06.11	03.06.18
	29.05.09	35,269	1446	29.05.12	29.05.19
		176,365			
W P Wyatt*	24.07.01	18,000	810	24.07.04	24.07.11
	05.07.02	6,000	782.5	05.07.05	05.07.12
	20.11.03	9,000	945	20.11.06	20.11.13
	26.05.04	9,500	1055	26.05.07	26.05.14
	19.08.05	13,290	1580	19.08.08	19.08.15
	01.06.06	6,789	1878	01.06.09	01.06.16
	31.05.07	15,291	2158	31.05.10	31.05.17
	03.06.08	18,560	1980	03.06.11	03.06.18
	29.05.09	25,414	1446	29.05.12	29.05.19
		121,844			

* Concert Party Director

- 3.4. As at the close of business on 16 June 2009, being the latest practicable date prior to the publication of this document, the interests of the Directors, members of their immediate families and related trusts and, so far as the Directors are aware, the interests of persons connected with them (within the meaning of sections 252 and 253 of the 2006 Act) in awards over Ordinary Shares under the Deferred Bonus Plan were as follows:

Name	Type	Award date	Number of shares awarded	Market price at award (p)	Vesting date
T C W Ingram	Compulsory	31.05.07	4,865	2158	01.04.10
	Compulsory	03.06.08	10,303	1980	01.04.11
	Voluntary	31.05.07	4,865	2158	01.04.10
	Voluntary	03.06.08	6,060	1980	01.04.11
	Matching	31.05.07	4,865	2158	01.04.10
	Matching	03.06.08	6,060	1980	01.04.11
	Matching	29.07.08	10,303	1980	01.04.11
			47,321		

Name	Type	Award date	Number of shares awarded	Market price at award (p)	Vesting date
J H Cartwright	Compulsory	01.06.06	5,314	1878	01.04.09
	Compulsory	31.05.07	2,395	2158	01.04.10
	Compulsory	03.06.08	3,472	1980	01.04.11
	Voluntary	01.06.06	3,321	1878	01.04.09
	Voluntary	31.05.07	2,994	2158	01.04.10
	Voluntary	03.06.08	3,472	1980	01.04.11
	Matching	01.06.06	1,661	1878	01.04.09
	Matching	31.05.07	2,994	2158	01.04.10
	Matching	03.06.08	3,472	1980	01.04.11
	Matching	29.07.08	3,472	1980	01.04.11
			32,567		
The Hon C W Cayzer*	Compulsory	01.06.06	4,552	1878	01.04.09
	Compulsory	31.05.07	2,919	2158	01.04.10
	Compulsory	03.06.08	2,323	1980	01.04.11
	Matching	29.07.08	2,323	1980	01.04.11
			12,117		
J M B Cayzer-Colvin*	Compulsory	01.06.06	3,354	1878	01.04.09
	Compulsory	31.05.07	2,363	2158	01.04.10
	Compulsory	03.06.08	2,500	1980	01.04.11
	Matching	29.07.08	2,500	1980	01.04.11
			10,717		
J M May	Compulsory	01.06.06	7,521	1878	01.04.09
	Compulsory	31.05.07	4,066	2158	01.04.10
	Compulsory	03.06.08	6,464	1980	01.04.11
	Voluntary	01.06.06	3,760	1878	01.04.09
	Voluntary	31.05.07	3,388	2158	01.04.10
	Voluntary	03.06.08	4,040	1980	01.04.11
	Matching	01.06.06	1,880	1878	01.04.09
	Matching	31.05.07	3,388	2158	01.04.10
	Matching	03.06.08	4,040	1980	01.04.11
	Matching	29.07.08	6,464	1980	01.04.11
			45,011		
W P Wyatt*	Compulsory	01.06.06	3,727	1878	01.04.09
	Compulsory	31.05.07	2,757	2158	01.04.10
	Compulsory	03.06.08	4,722	1980	01.04.11
	Voluntary	01.06.06	1,863	1878	01.04.09
	Voluntary	03.06.08	833	1980	01.04.11
	Matching	01.06.06	932	1878	01.04.09
	Matching	03.06.08	833	1980	01.04.11
	Matching	29.07.08	4,722	1980	01.04.11
			20,389		

* Concert Party Director

3.5. No Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Group during the current or immediately preceding financial year or were effected by any member of the Group during an earlier year and remain in any respect outstanding or unperformed.

The Concert Party

3.6. The members of the Concert Party and their respective beneficial and non-beneficial interests in Ordinary Shares as at the close of business on 16 June 2009, being the latest practicable date prior to the publication of this document, were as follows:

Name	Number of Ordinary Shares (beneficial and non-beneficial)	Percentage of issued Ordinary Shares
J R H Loudon	23,494 [†]	0.04 [†]
The Hon C W Cayzer	52,555 [*]	0.09 [*]
J M B Cayzer-Colvin	392,824	0.67
W P Wyatt	106,524 [*]	0.18 [*]
Cayzer Trust [§]	19,593,072	33.62
Employee Share Trust	537,490	0.92
<i>Concert Party individual beneficial holdings of 100,000 Ordinary Shares or more (other than shown above)</i>		
The Dunchurch Lodge Stud Company	900,000	1.54
The Hon Mrs E Gilmour	647,530	1.11
Trustees of B G S Cayzer's 1963 Settlement – Family Fund	558,450	0.96
Mrs A Hunter	497,010	0.85
Mrs A Ponsonby	441,590	0.76
Executors of the estate of P N Buckley dec'd	382,627	0.66
Mrs R Leslie	302,009	0.52
M G Wyatt	220,000	0.38
Mrs A Gaggero	190,073	0.33
Ortac Investment Company Limited	173,810	0.30
The Hon Mrs R Debarge	116,000	0.20
Mrs M Tetley	106,416	0.18
Mrs A Giffard-Taylor	104,254	0.18
<i>Other Concert Party holdings below 100,000 Ordinary Shares</i>		
116 beneficial holdings	1,661,394	2.85
	27,007,122	46.34

[†] The beneficial interests of J R H Loudon include 322 Ordinary Shares held by the Cayzer Family Archive, a private company limited by guarantee, of which Mr Loudon is one of its three members. D V Gibbs and The Hon Mrs E Gilmour, both directors of Cayzer Trust, are the other members of this company and are therefore also interested in the Ordinary Shares held by it.

^{*} 28,505 Ordinary Shares in which W P Wyatt had a beneficial interest and The Hon C W Cayzer had a non-beneficial interest have been included in the above table under the interests of W P Wyatt only. 19,093 Ordinary Shares in which The Hon C W Cayzer had a beneficial interest and W P Wyatt had a non-beneficial interest have been included in the above table under the interests of The Hon C W Cayzer only.

[§] The directors of Cayzer Trust are set out in paragraph 3.10 below.

Mr J R H Loudon, The Hon C W Cayzer, Mr J M B Cayzer-Colvin and Mr W P Wyatt are all Directors of Caledonia. Mr Loudon has served as a non-executive director of the Company since 1995, prior to being appointed Deputy Chairman in 2001 and Chairman in 2008. Messrs Cayzer, Cayzer-Colvin and Wyatt have been Executive Directors of Caledonia since 1985 and 2005 respectively (Messrs Cayzer-Colvin and Wyatt having been appointed on the same date). Biographies of each can be found on pages 22 and 23 of the Annual Report, which accompanies this document.

Messrs Loudon, Cayzer, Cayzer-Colvin and Wyatt are also all members of the Cayzer family, descendants of Sir Charles William Cayzer 1st Bt., who in 1878 founded the Clan Line shipping company which, following its merger with the Union-Castle Line to form the British & Commonwealth Shipping Company, became one of the largest merchant fleets in the world. The Cayzer Concert Party comprises the current members of the Cayzer family and their related trusts and companies, together with the Employee Share Trust.

For the purposes of paragraph 3.14.2 below, the Executors of the estate of P N Buckley dec'd, the former Chairman of Caledonia who died on 2 December 2008, are entitled to exercise options over Ordinary Shares and call for Deferred Bonus Plan awards held by Mr Buckley at the date of his death as follows:

Options over Ordinary Shares held by Mr Buckley

Grant date	Number of options	Exercise price (p)	Exercisable from date	Expiry date
26.07.99	9,000	757.5	26.07.02	02.12.09
19.07.00	8,500	722.5	19.07.03	02.12.09
24.07.01	12,500	810.0	24.07.04	02.12.09
	30,000			

The Executors of the estate of P N Buckley dec'd are entitled to exercise all of the above options during the period ending 12 months after the date of his death.

Deferred Bonus Plan awards held by Mr Buckley

Type	Award date	Number of shares awarded	Market price at award (p)	Vesting date
Compulsory	01.06.06	7,987	1878	02.12.08
Compulsory	31.05.07	3,259	2158	02.12.08
Compulsory	03.06.08	5,050	1980	02.12.08
Voluntary	01.06.06	3,993	1878	02.12.08
Voluntary	31.05.07	3,259	2158	02.12.08
Voluntary	03.06.08	3,156	1980	02.12.08
Matching	01.06.06	1,996	1878	02.12.08
Matching	31.05.07	1,630	2158	02.12.08
Matching	03.06.08	1,578	1980	02.12.08
Matching	29.07.08	2,525	1980	02.12.08
		34,433		

The Executors of the estate of P N Buckley dec'd may call for the above Deferred Bonus Plan awards within 12 months following the vesting date (or such longer period as Caledonia's Remuneration Committee may determine).

For the purposes of paragraph 3.14.4 below, one Concert Party member, Crewkerne Investments Limited, of which the Group owns 50.5 per cent. of its issued share capital, owns 3,000 Ordinary Shares.

- 3.7. Concert Party members have dealt for value in Ordinary Shares during the disclosure period (excluding intra-Concert Party dealings) as follows:

Name	Date	Transaction	Number of Ordinary Shares	Price (p)
The Trustees of Iris McKellar Will Trust	20.06.08	Sale	1,897	1882
N O'Neill	07.07.08	Purchase	1,000	1809
Employee Share Trust	12.08.08	Sale	110,668	782.5
Employee Share Trust	12.08.08	Purchase	70,789	1975
Employee Share Trust	14.08.08	Sale	18,666	945
Employee Share Trust	14.08.08	Sale	8,633	1055
Employee Share Trust	14.08.08	Purchase	19,564	1974
Employee Share Trust	22.09.08	Sale	3,796	1580
Employee Share Trust	22.09.08	Purchase	3,796	1972
C G P Wyatt	22.12.08	Purchase	7,113	1468
Ms C M Pettifer	22.12.08	Purchase	5,810	1468
E M Pettifer	22.12.08	Purchase	1,394	1464.74
H D Pettifer	22.12.08	Purchase	1,394	1464.74
The Trustees of M G Wyatt's 1998 Discretionary Settlement	23.12.08	Purchase	624	1469
J R H Loudon	20.01.09	Purchase	3,800	1334.3
The Trustees of Iris McKellar Will Trust	27.03.09	Sale	930	1309
Ms P A Jellicoe	03.04.09	Sale	800	1293
Ms T Hawkins	07.05.09	Sale	379	1339
Employee Share Trust	02.06.09	Sale	20,400	nil
Employee Share Trust	02.06.09	Purchase	9,980	1565.5
Employee Share Trust	09.06.09	Sale	4,000	757.5
Employee Share Trust	09.06.09	Sale	1,601	nil
Employee Share Trust	09.06.09	Purchase	5,601	1559.5

- 3.8. Cayzer Trust is an investment holding company controlled by the Cayzer family. As at 31 March 2008, being the date to which Cayzer Trust's latest audited accounts have been prepared, Cayzer Trust had net assets of £269.5m, which comprised fixed assets (inclusive of long term investments recorded at historic cost) of £250.5m and net current assets of £19.0m. The market value of the long term investments was approximately £423.4m, of which approximately £401.0m was attributable to Cayzer Trust's holding of Ordinary Shares. A copy of the audited accounts of Cayzer Trust as at 31 March 2008 are available for inspection as noted in Part IV to this document.
- 3.9. As at 16 June 2009, being the latest practicable date prior to the publication of this document, Cayzer Trust's issued share capital comprised 126,301,085 ordinary 1p shares. Each ordinary share carries one vote.
- 3.10. As at the close of business on 16 June 2009, being the latest practicable date prior to the publication of this document, the interests in the issued share capital of Cayzer Trust of the directors of Cayzer Trust and (so far as the relevant Cayzer Trust director is aware, having made due and careful enquiry) persons whose interests in Cayzer Trust shares each such director is taken to be interested in pursuant to Part 22 of the 2006 Act were as follows:

Directors of Cayzer Trust	Cayzer Trust shares		Percentage of voting share capital held beneficially
	Beneficial	Non-beneficial	
The Hon C W Cayzer	5,680,601	1,001,858*	4.50
J M B Cayzer-Colvin	16,595,212	24,667*	13.14
P R Davies	–	37,788,119*	–
D V Gibbs	–	37,048,076*	–
The Hon Mrs E Gilmour	6,880,593	11,591,795*	5.45
I A Leeson	1,302,800	–	1.03
M G Wyatt	1,843,664	4,662,462*	1.46
W P Wyatt	4,550,678	1,885,535*	3.60

* Includes interests held by other directors arising through co-trusteeships.

- 3.11. The Company has no interests, rights to subscribe for, or short positions in, the issued share capital of Cayzer Trust. Save as disclosed in the tables above and below, no Director is interested in the issued share capital of Cayzer Trust.

Director	Cayzer Trust shares		Percentage of voting share capital held beneficially
	Beneficial	Non-beneficial	
J R H Loudon	239,500	250,000	0.19

Save as set out or referred to in paragraphs 3.10 and 3.11, the Directors have no interests, rights to subscribe for, or short positions in, the shares of Cayzer Trust.

- 3.12. Excluding intra-Concert Party dealings, during the disclosure period there were no dealings for value in the issued share capital of Cayzer Trust by the Directors.
- 3.13. As at 16 June 2009, being the latest practicable date prior to the publication of this document, J.P. Morgan Cazenove and J.P. Morgan Securities Limited had no disclosable holdings in the Company.

General

- 3.14. Save as disclosed in this paragraph 3 of Part II to this document and except for intra-Concert Party dealings:
- 3.14.1. no Director nor members of his immediate family nor related trusts nor, so far as each Director is aware, persons connected with him (within the meaning of sections 252 and 253 of the 2006 Act) are interested in, have rights to subscribe for, or short positions in, any relevant securities;
- 3.14.2. no member of the Concert Party nor any person acting in concert with the members of the Concert Party was interested in, had rights to subscribe for, or short positions in, any relevant securities;
- 3.14.3. no member of the Concert Party nor any person acting in concert with the members of the Concert Party has dealt for value in any relevant securities during the disclosure period;
- 3.14.4. none of the persons described in paragraph 3.14.5 below: (i) was interested, directly or indirectly, in any relevant securities; (ii) had any rights to subscribe for, or any short positions in, any relevant securities; or (iii)

had entered into any agreements to sell any relevant securities or any delivery obligations or rights to require another person to purchase or take delivery of any relevant securities;

3.14.5. the following persons are those persons referred to in paragraph 3.14.4 above: (i) any company which is an associate of the Company; (ii) connected advisers (as defined in the Takeover Code) to the Company or to any company which is an associate of the Company or to any concert party of the Company; (iii) any person controlling, controlled by, or under the same control as, such connected adviser (except for an exempt principal trader or exempt fund manager); (iv) any pension fund of the Company or any associate of the Company; and (v) any employee benefit trust of the Company or any associate of the Company; and

3.14.6. neither the Company nor its Directors nor any person acting in concert with the Directors or the Company has borrowed or lent any relevant securities nor has any member of the Concert Party nor any person acting in concert with any of them borrowed or lent any relevant securities.

3.15. In paragraph 3.14 above and this paragraph 3.15:

3.15.1. references to an “associate” of any company are to its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which any such companies are associated companies (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);

3.15.2. “control” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of the company, irrespective of whether such interest or interests gives de facto control;

3.15.3. “derivative” includes any financial product whose value, in whole or in part, is determined directly or indirectly by references to the price of an underlying security;

3.15.4. “disclosure period” means the 12 month period ending on 16 June 2009, being the latest practicable date prior to the publication of this document; and

3.15.5. “relevant securities” means the Ordinary Shares, options (including traded option contracts) in respect of, and derivatives referenced to, the Ordinary Shares, and any other securities of the Company carrying conversion or subscription rights into Ordinary Shares.

4. Middle market quotations

Set out below are the closing middle market quotations for Ordinary Shares, as derived from the Official List, for the first dealing day of each of the six months immediately preceding the date of this document and for 16 June 2009, being the latest practicable date prior to the publication of this document:

Date	Price per Ordinary Share (p)
2 January 2009	1445xd
2 February 2009	1282
2 March 2009	1087
1 April 2009	1295
1 May 2009	1335
1 June 2009	1547
16 June 2009	1548

5. Directors

Executive Directors

5.1. Executive Directors have service contracts with Caledonia Group Services as follows:

Name	Date of contract	Job title	Salary to 31.03.08 (£)	Current salary (£)	Notice period	Unexpired term
T C W Ingram	11.06.02	Chief Executive	530,000	530,000	12 months	Rolling 12 months
J H Cartwright	11.06.02	Finance Director	288,000	288,000	12 months	Rolling 12 months
The Hon C W Cayzer	11.06.02	Executive Director	245,000	245,000	12 months	Rolling 12 months
J M B Cayzer-Colvin	19.04.05	Executive Director	245,000	245,000	12 months	Rolling 12 months
J M May	01.09.03	Executive Director	340,000	340,000	12 months	Rolling 12 months
W P Wyatt	02.06.05	Executive Director	245,000	245,000	12 months	Rolling 12 months

- 5.2. Mr Ingram's service contract was amended on 25 March 2009 to the effect that his service contract will terminate at the conclusion of the Company's annual general meeting in 2010, rather than on his 62nd birthday as previously anticipated.
- 5.3. Pursuant to each Executive Director's service contract:
- 5.3.1. Caledonia Group Services may, at its discretion, terminate the relevant service contract without notice and make a payment in lieu of notice; and
- 5.3.2. Caledonia Group Services is required to pay a liquidated sum to the Executive Director if the relevant service contract is terminated within one year of a change of control of the Company.
- Any such payment in lieu of notice or liquidated sum may not exceed one year's total emoluments for the relevant Executive Director.
- 5.4. Pursuant to each of the service contracts for Mr Cartwright and The Hon C W Cayzer, if the Company is required to make a payment in lieu of notice (as described in paragraph 5.3.1 above) or a payment of a liquidated sum (as described in paragraph 5.3.2 above), the relevant Executive Director, as the case may be, is also entitled to an increase in his pensionable service under the Company's defined benefit pension scheme equivalent to the unexpired period of notice under his service contract.
- 5.5. Caledonia Group Services operates a discretionary annual bonus scheme for each Executive Director. The amount of bonus payable, which is limited to 100 per cent. of basic salary, depends on the level of the outperformance of Caledonia's undiluted net asset value per share (the "NAV per share") over the FTSE All-Share index measured over the financial year, and on the individual Executive Director's performance. The Company's Remuneration Committee may, in its discretion, reduce the amount of bonus payable if the NAV per share declines over the financial year and/or if the NAV per share outperformance over the relevant financial year is greater than that of the previous three financial years and, therefore, represents recovery from previous underperformance. The payment of any such bonus is subject to the overriding discretion of the Remuneration Committee.
- 5.6. Any bonus that amounts to more than 50 per cent. of the basic salary of an Executive Director for the financial year to which the bonus relates is compulsorily deferred into Ordinary Shares under the Deferred Bonus Plan. The Ordinary Share awards resulting from compulsory deferral will be eligible for matching, on a one for one basis. Each Executive Director is entitled to convert voluntarily up to half of any remaining cash bonus to a conditional entitlement to Ordinary Shares under the Deferred Bonus Plan. The Ordinary Shares so converted voluntarily will also be eligible for matching, on a one for one basis. The vesting of matching Ordinary Share awards in respect of both compulsory and voluntary bonus deferral will be subject to the satisfaction of certain performance conditions over a three-year period.
- 5.7. Each of Mr Cartwright and The Hon C W Cayzer participates in the Caledonia Pension Scheme, which is a defined benefit scheme. The Caledonia Pension Scheme provides a pension of up to two-thirds of final pensionable salary on retirement, dependent on length of service and age. The Caledonia Pension Scheme also provides for dependants' pensions. None of Messrs Ingram, May or Wyatt participates in a Company pension scheme, but instead a fixed percentage of basic salary is paid into personal pension arrangements or, in the case of Messrs Ingram and May, may alternatively be paid as a cash supplement, which is reduced by such amount as is necessary to cover the Company's National Insurance contributions. The percentage of basic salary is 25 per cent for Mr Ingram and 12.5 per cent. for Messrs May and Wyatt. Mr Cayzer-Colvin participates in the Caledonia Group Personal Pension Plan, a defined contribution scheme into which employer contributions of 12.5 per cent. of basic salary are made on his behalf.
- 5.8. Each Executive Director receives additional benefits, principally a cash allowance in lieu of a company car, private health care and life insurance. Certain Executive Directors may also hold external non-executive directorships unrelated to the Company's business, in relation to which it may be agreed that those Executive Directors may retain the fees arising from those external non-executive directorships. Mr Ingram is a non-executive director of Sage Group plc, a position he held prior to joining Caledonia, in respect of which he retains the annual fees arising.
- 5.9. Save as disclosed above, there are no entitlements to commissions, profit sharing arrangements or any other specific compensation payments under any Executive Director's service contract.

Chairman and Non-Executive Directors

5.10. The Chairman and the Non-Executive Directors do not have service contracts, but are appointed under letters of appointment that provide for termination without notice or compensation. Each appointment is for a fixed period of three years, unless the Chairman or the relevant Non-Executive Director is not re-elected by Ordinary Shareholders at the next annual general meeting at which he is required to stand for re-election. The Chairman and the Non-Executive Directors receive fees, which include fees payable in relation to membership of Board committees, where relevant, as follows:

Name	Chairman's or Non-Executive Director's fee (£)
J R H Loudon	150,000
C M Allen-Jones	41,750
M E T Davies	36,500
R Goblet d'Alviella	34,300
D G F Thompson	35,550

General

- 5.11. Neither the Chairman nor any Non-Executive Director is eligible to participate in any incentive or pension arrangements.
- 5.12. Save as disclosed above, there are no service contracts in force between any Director or proposed director of the Company and any member of the Group, and no such contract has been entered into or amended in the last six months preceding the date of this document.
- 5.13. Each of the Directors has the benefit, under article 223 of the Current Articles, of an indemnity, to the extent permitted by the 2006 Act, against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

6. Material contracts

- 6.1. The Group has no material contracts dated within a two-year period prior to the date of this document.
- 6.2. Cayzer Trust has no material contracts dated within a two-year period prior to the date of this document.

7. General

- 7.1. J.P. Morgan Cazenove has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.
- 7.2. There has been no material or significant change in the financial or trading position of the Company since 31 March 2009, being the date to which the latest audited results and accounts have been prepared.
- 7.3. No agreement, arrangement or understanding exists whereby beneficial ownership of any Ordinary Shares acquired by the Company pursuant to the Authority to Make Market Purchases will be transferred to any other person.
- 7.4. No agreement, arrangement or understanding (including any compensation arrangement) exists between the Concert Party or any person acting in concert with it and any of the Directors or recent directors, shareholders or recent shareholders of the Company having any connection with or dependence on, or which is conditional on, the implementation of the Authority to Make Market Purchases.

Part III – Principal amendments to the Current Articles

It is proposed in resolution 15 as set out in the notice of AGM to adopt the New Articles in order to update the Current Articles primarily to take account of further changes in English company law brought about by the final phase of the implementation of the 2006 Act, due to take effect on 1 October 2009. Accordingly, the resolution adopting the New Articles will only become effective on 1 October 2009 when the remaining provisions of the 2006 Act proposed to be implemented by that date come into force.

The principal changes introduced in the New Articles are summarised below. Provisions in the Current Articles which replicate provisions contained in the 2006 Act have in the main been amended to bring them into line with the 2006 Act. Other changes which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the 2006 Act, have not been noted. The New Articles showing all of the changes to the Current Articles are available for inspection, as noted in Part IV to this document.

The Company's objects

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

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act, the objects clause and all other provisions which are currently contained in a company's memorandum, for existing companies at 1 October 2009, will be deemed to be contained in a company's articles of association, but the company can remove these provisions by special resolution.

Further, the 2006 Act states that, unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason, the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are to be treated as forming part of the Company's articles of association, as of 1 October 2009. Resolution 15 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the shareholders.

Authorised share capital and unissued shares

The 2006 Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. The Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

Redeemable shares

At present, if a company wishes to issue redeemable shares, it must include in its articles the terms and manner of redemption. Instead, the 2006 Act enables directors to determine such matters, provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so, the directors would need shareholders' authority to issue new shares in the usual way.

Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the law currently in force, a company requires specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves, as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the 2006 Act, a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly, the relevant enabling provisions have been removed in the New Articles.

Provision for employees on cessation of business

The 2006 Act provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the Directors may exercise this power.

Use of seals

A company currently requires authority in its articles to have an official seal for use abroad. After 1 October 2009, such authority will no longer be required. Accordingly, the relevant authorisation has been removed in the New Articles.

Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the 2006 Act, share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

Vacation of office by directors

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

Non-executive directors' fees

The Current Articles specify that the aggregate amount of fees that may ordinarily be paid to non-executive directors must not exceed £250,000 per annum. This amount was last increased in 2003 and, whilst it is sufficient to meet the fees currently being paid to the Non-Executive Directors, which are set out in paragraph 5.10 of Part II to this document, the Directors believe that it is appropriate to increase this figure to ensure that the Company can continue to pay appropriate levels of fees to its non-executive directors and be in a position to attract new high calibre non-executive directors in the future. Accordingly, the maximum aggregate amount specified in the New Articles is £350,000 per annum. This amount does not apply to Executive Directors.

Part IV – Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS and at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to and including 23 July 2009 and at the AGM to be held on that day:

1. the audited accounts of the Company for the financial years ended 31 March 2009 and 31 March 2008;
2. the audited accounts of Cayzer Trust for the financial years ended 31 March 2008 and 31 March 2007;
3. details of the other Concert Party holdings of Ordinary Shares referred to above in paragraph 3.6 of Part II to this document;
4. the consent letter referred to above in paragraph 7.1 of Part II to this document;
5. the New Articles, and the existing memorandum of association of the Company and the Current Articles marked to show the changes being proposed;
6. the service contract of each Executive Director and the letter of appointment of the Chairman and of each Non-Executive Director, referred to above in paragraph 5 of Part II to this document;
7. the memorandum and articles of association of Cayzer Trust.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the eightieth annual general meeting of Caledonia Investments plc will be held at Cayzer House, 30 Buckingham Gate, London SW1E 6NN at 11.30 a.m. on 23 July 2009 for the purposes of considering and, if thought fit, passing the following resolutions, which, in the case of resolutions 11, 14, 15 and 16 will be proposed as special resolutions and, in the case of all of the other resolutions, will be proposed as ordinary resolutions:

1. THAT the directors' report and the accounts for the year ended 31 March 2009, together with the auditors' report to the members, be received and adopted.
2. THAT the directors' remuneration report for the year ended 31 March 2009 be approved.
3. THAT a final dividend of 23.5p per ordinary share for the year ended 31 March 2009 be approved and declared.
4. THAT Mr J M May be re-elected as a director of the company.
5. THAT Mr T C W Ingram be re-elected as a director of the company.
6. THAT The Hon C W Cayzer be re-elected as a director of the company.
7. THAT Mr C M Allen-Jones be re-elected as a director of the company.
8. THAT Mr J R H Loudon be re-elected as a director of the company.
9. THAT Deloitte LLP be re-appointed as the company's auditors until the conclusion of the next general meeting of the company at which the accounts of the company are laid.
10. THAT the directors be authorised to agree the auditors' remuneration.
11. THAT, in place of all existing authorities to make market purchases of its ordinary shares, the company be and is hereby unconditionally and generally authorised for the purpose of section 701 of the Companies Act 2006 (the "2006 Act") at any time or times to make a market purchase or market purchases (within the meaning of section 693 of the 2006 Act) of any of its own ordinary shares of 5p each provided that:
 - a. the maximum number of ordinary shares hereby authorised to be so acquired is 5,828,255;
 - b. the minimum price, exclusive of expenses, which may be paid for such shares is 5p each;
 - c. the maximum price, exclusive of expenses, which may be paid for a share contracted to be purchased on any day, is an amount not more than the higher of:
 - i. 5 per cent. above the average of the middle market quotations for the ordinary shares of the company as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and
 - ii. the higher of:
 - aa. the price of the last independent trade in ordinary shares of the company; and
 - bb. the highest current independent bid relating thereto on the trading venue where the purchase is carried out;
 - d. the authority hereby conferred shall expire on 1 January 2011 or, if earlier, at the conclusion of the next annual general meeting of the company; and
 - e. the company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of its own shares in pursuance of any such contract.
12. THAT the waiver granted by the Panel on Takeovers and Mergers of the obligation that would otherwise arise on the members of the Concert Party (as defined in the circular to shareholders dated 16 June 2009 accompanying this notice (the "Circular")) to make a general offer to the shareholders of the company pursuant to Rule 9 of the City Code on Takeovers and Mergers (the "Takeover Code") as a result of the exercise by the company of the authority to purchase its own ordinary shares as described in the Circular, be and is hereby approved, subject to the maximum percentage of voting rights in which the Concert Party is interested arising on the exercise by the company of the authority to purchase its own ordinary shares not exceeding 49.9 per cent of the issued ordinary share capital in the company carrying voting rights.

In order to comply with the Takeover Code, resolution 12 will be taken on a poll and each of the members of the Concert Party has undertaken not to vote on the resolution.
13. THAT the directors be authorised to allot relevant securities (as defined in the Companies Act 1985):
 - a. up to a nominal amount of £971,375; and
 - b. comprising equity securities (as defined in the Companies Act 1985) up to a nominal amount of £1,942,751 (including within such limit any shares issued under (a) above) in connection with an offer by way of a rights issue:
 - i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

- ii. to people who are holders of other equity securities if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the conclusion of next year's annual general meeting or, if earlier, until the close of business on 23 October 2010, but, in each case, so that the company may make offers and enter into agreements during the relevant period which would, or might, require relevant securities to be allotted after the authority ends and the directors may allot relevant securities under any such offer or agreement as if the authority had not ended.

14. THAT, if resolution 13 is passed, the directors be given power to allot equity securities (as defined in the Companies Act 1985) for cash under the authority given by that resolution and/or where the allotment constitutes an allotment of equity securities by virtue of section 94(3A) of the Companies Act 1985, free of the restriction in section 89(1) of the Companies Act 1985, such power to be limited:

- a. to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under resolution 13(b), by way of a rights issue only):

- i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- ii. to people who are holders of other equity securities, if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- b. in the case of the authority granted under resolution 13(a), to the allotment (otherwise than under (a) above) of equity securities up to a nominal amount of £145,706,

such power to apply until the conclusion of next year's annual general meeting or, if earlier, until the close of business on 23 October 2010, but during this period the company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after the power ends and the directors may allot equity securities under any such offer or agreement as if the power had not ended.

15. THAT with effect from 00.01 a.m. on 1 October 2009:

- a. the articles of association of the company be amended by deleting all of the provisions of the company's memorandum of association which, by virtue of section 28 of the 2006 Act, are to be treated as provisions of the company's articles of association; and
- b. the articles of association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the articles of association of the company in substitution for, and to the exclusion of, the existing articles of association.

16 THAT the directors be authorised to convene general meetings, other than annual general meetings, on not less than 14 clear days' notice, such authority to expire on the date of the next annual general meeting of the company.

17. THAT, in accordance with section 366 of the 2006 Act, the company and any company which is or becomes a subsidiary of the company during the period to which this resolution relates is authorised to make donations to political parties, as defined in section 363 of the 2006 Act, not exceeding £75,000 in total during the period beginning with the date of the passing of this resolution and ending on 1 January 2011 or, if earlier, at the conclusion of the next annual general meeting of the company.

By order of the board

Graeme Denison
Company Secretary
16 June 2009
Registered in England and Wales No. 235481

Registered and head office:
Cayzer House
30 Buckingham Gate
London SW1E 6NN

Notes

1. A member is entitled to appoint a proxy to exercise all or any of his or her rights to attend, speak and vote on his or her behalf at the annual general meeting. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the company.
2. In the case of UK Registered Shareholders (as defined in the Circular), to be valid, a form of proxy must be deposited so as to be received no later than 11.30 a.m. on 21 July 2009, with the company's UK registrar, Capita Registrars, by one of the following methods: (i) by post to the address provided for such purpose in the form of proxy; or (ii) by hand during normal business hours to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or (iii) electronically at www.capitashareportal.com using the investor code printed on the form of proxy; or (iv) in the case only where Ordinary Shares (as defined in the Circular) are held in CREST (as an alternative to methods (i), (ii) and (iii)), via the CREST Proxy Voting Service. A form of proxy accompanies this document. The return of a completed form of proxy does not preclude a member from attending and voting at the meeting.
3. In the case of NZ Registered Shareholders (as defined in the Circular), to be valid, a form of proxy must be deposited so as to be received no later than 10.30 p.m. on 21 July 2009 (New Zealand time), with the company's New Zealand registrar, Computershare Investor Services Limited, by one of the following methods: (i) by post to the address provided for such purpose in the form of proxy; or (ii) by personal delivery to Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, North Shore City; or (iii) by fax to +64 9 488 8787; or (iv) by email to enquiry@computershare.co.nz. A form of proxy accompanies this document. The return of a completed form of proxy does not preclude a member from attending and voting at the meeting.
4. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the company specifies that only those members holding ordinary shares who are entered on the Principal Register (as defined in the Circular) as at 6.00 p.m. on 21 July 2009 or, in the event that the meeting is adjourned, on the Principal Register 48 hours before the time of any adjourned meeting(s), shall be entitled to attend and/or vote in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the Principal Register after 6.00 p.m. on 21 July 2009 or, in the event that the meeting is adjourned, on the Principal Register 48 hours before the time of any adjourned meeting(s), shall be disregarded in determining the rights of any person to attend or vote at the meeting(s), notwithstanding any provisions in any enactment, the articles of association of the company or other instrument to the contrary.
5. CREST members who wish to appoint a proxy or proxies through the CREST Proxy Voting Service may do so for the annual general meeting and any adjournment(s) of the meeting 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.

In order for a proxy appointment or instruction made using the CREST Proxy Voting Service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time(s) of receipt will be taken to be the time(s) (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After such time(s), any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. Any person to whom this notice is sent who is a person nominated under section 146 of the 2006 Act to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or 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 or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 1 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the company.
8. 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 member has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that member 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 member attends the meeting but the corporate member 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 members are referred to guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives, available at www.icsa.org.uk, for further details of this procedure. The guidance includes a sample form of representation letter to appoint the chairman of the meeting as a corporate representative as described in (i) above.
9. As at 16 June 2009, being the latest practicable date prior to the publication of this document, the company's issued share capital included 58,794,781 ordinary shares with voting rights. Of these, 512,229 ordinary shares were held in treasury and therefore, as at 16 June 2009, there was a total of 58,282,552 ordinary shares with voting rights in issue.
10. Members may not use any electronic address (within the meaning of section 333(4) of the 2006 Act) provided in this notice of meeting (or the Circular or any related document) to communicate with the company for any purposes other than those expressly stated.

