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

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

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## **Shanks Group plc**

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

# **Notice of Annual General Meeting**

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Notice of the Shanks Group plc Annual General Meeting ("AGM") to be held at the offices of Royal Bank of Scotland, 250 Bishopsgate, London, EC2M 4AA on Thursday, 22 July 2010 at 11.00am is set out in Part IV of this document.

A proxy form for use at the AGM is enclosed. Whether or not you propose to attend the AGM, you are requested to complete and submit the proxy form in accordance with the instructions printed on it. In order to be valid the proxy form must be received by the Company's registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY by 11.00am on Tuesday, 20 July 2010. Alternatively, you may vote or appoint a proxy electronically by logging on to the registrar's website, [www.eproxyappointment.com](http://www.eproxyappointment.com), provided that they receive your voting or proxy instructions by 11.00am on Tuesday, 20 July 2010.

## Shanks Group plc

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

Registered Office:  
16 Charlotte Square  
Edinburgh  
EH2 4DF

14 June 2010

*To the holders of Ordinary Shares*

Dear Shareholder,

### **Notice of Annual General Meeting (“AGM”)**

I am pleased to be writing to you with details of our AGM which we are holding at the offices of Royal Bank of Scotland, 250 Bishopsgate, London, EC2M 4AA on Thursday, 22 July 2010 at 11.00am. The formal notice of AGM is set out in Part IV of this document.

If you would like to vote on the resolutions to be considered at the AGM but cannot attend the meeting then you can appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting by completing the proxy form sent to you with this circular and returning it to our registrar by post at the address stated on the form. They must receive it by 11.00am on Tuesday, 20 July 2010 in order for it to be valid. Alternatively, you may vote or appoint a proxy electronically by logging on to the registrar’s website, [www.eproxyappointment.com](http://www.eproxyappointment.com), provided that they receive your voting or proxy instructions by 11.00am on Tuesday, 20 July 2010. Shareholders holding shares in CREST may appoint a proxy through the CREST system in accordance with the instructions set out in Note 5 of the notice of AGM.

The Shanks Group plc Annual Report and Accounts for the year ended 31 March 2010 and a copy of this circular have been published on the Company’s website at [www.shankspc.co.uk/agm2010](http://www.shankspc.co.uk/agm2010). To access these documents you will need to have Adobe Acrobat Reader installed. If you elected to receive shareholder correspondence in hard copy form then you will have received a copy of the Annual Report and Accounts with this circular. Should you wish to change your election at any time, or if you wish to request a hard copy of the Annual Report and Accounts or notices of AGMs, you can do so by contacting our registrar, Computershare, on Tel 0870 707 1290 or by writing to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY.

The following notes provide an explanation of the resolutions to be considered at the AGM.

Resolutions 1 to 11 will be proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 12 to 15 will be proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### **Reports and Accounts (Resolution 1)**

Shareholders are being asked to receive the audited accounts of the Group for the year ended 31 March 2010 together with the associated reports of the Directors and auditors.

### **Directors’ Remuneration Report (Resolution 2)**

Shareholders are being asked to approve the Directors’ Remuneration Report for the year ended 31 March 2010, the full contents of which are set out in the Annual Report and Accounts 2010.

### **Final dividend (Resolution 3)**

Shareholders are being asked to approve a final dividend of 2.0 pence per ordinary share for the year ended 31 March 2010. If shareholders approve the final dividend, it will be paid on 6 August 2010 to all shareholders who were on the register of members on 9 July 2010.

### **Re-election of Directors (Resolutions 4 to 7)**

Each of the Non-executive Directors of the Company, being Mr Adrian Auer, Mr Eric van Amerongen, Mr Peter Johnson and Dr Stephen Riley, is required under the Company’s articles of association to retire at the forthcoming AGM and, being eligible, each offers himself for re-election.

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

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Following performance evaluation the Board recommends to shareholders the re-election of these Directors, all of whom are regarded by the Board as possessing the requisite skills and attributes to continue making significant contributions in their respective roles.

**Re-appointment of auditors (Resolution 8)**

The Company is required to appoint auditors at each general meeting at which accounts are presented to shareholders and PricewaterhouseCoopers LLP have indicated their willingness to continue in office. Accordingly, shareholders are being asked to re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

**Auditors' remuneration (Resolution 9)**

Shareholders are being asked to authorise the Directors to determine the remuneration of the Company's auditors.

**Political donations (Resolution 10)**

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

**Authority to allot shares (Resolution 11)**

The Directors may not allot new shares in the Company unless authorised by shareholders in general meeting. Paragraph (a) of Resolution 11 will authorise the Directors to allot up to 132,263,757 ordinary shares having an aggregate nominal value equal to £13,226,375, representing approximately 33.33% of the Company's issued ordinary share capital as at 11 June 2010 (being the latest practicable date prior to the publication of this circular).

In line with guidance issued by the Association of British Insurers, paragraph (b) of Resolution 11 will authorise the Directors to allot up to a further 132,263,757 ordinary shares in connection with a rights issue having an aggregate nominal value equal to £13,226,375, representing approximately 33.33% of the Company's issued ordinary share capital as at 11 June 2010 (being the latest practicable date prior to the publication of this circular).

The authorities sought under Resolution 11 will expire on the earlier of 30 September 2011 (being the latest date by which the Company must hold its AGM in 2011) or the conclusion of the AGM of the Company held in 2011.

The Directors do not have any plans at present to issue new shares other than in satisfaction of the exercise of options or awards under the Company's employee share schemes.

**Disapplication of statutory pre-emption rights (Resolution 12)**

If the Directors wish to allot new shares for cash, the Companies Act 2006 states that the new shares must be offered first to existing shareholders in proportion to their existing shareholdings. An offer of this type is called a 'rights issue' or a 'pre-emptive offer' and a shareholder's entitlement to be offered the new shares is known as a 'pre-emption right'. For legal, regulatory and practical reasons, however, it might not be possible or desirable for new shares allotted by means of a rights issue or other pre-emptive offer to be offered to certain shareholders, particularly those resident overseas. Furthermore, it might in some circumstances be in the Company's interests for the Directors to be able to allot some shares for cash without having to offer them first to existing shareholders. To enable this to be done, shareholders' statutory pre-emption rights must be disapplied. Accordingly Resolution 12 will empower the Directors to allot a limited number of new equity securities without shareholders' statutory pre-emption rights applying to such allotment.

Sub-paragraph (a) of Resolution 12 will confer authority on the Directors to make any arrangements which may be necessary to deal with any legal, regulatory or practical problems arising on a rights issue, an open offer or any other pre-emptive offer in favour of ordinary shareholders, for example, by excluding certain overseas shareholders from such issue or offer.

Sub-paragraph (b) of Resolution 12 will disapply shareholders' statutory pre-emption rights by empowering the Directors to allot shares for cash on a non-pre-emptive basis but only new shares having a maximum aggregate nominal value of £1,983,956, representing approximately 5% of the Company's issued ordinary share capital as at 11 June 2010 (being the latest practicable date prior to the publication of this circular). The authority under Resolution 12 would also cover the sale of treasury shares for cash.

Resolution 12 is in line with standard practice and the guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds. Resolution 12 also has regard to the Pre-Emption Group's 2008 Statement of Principles on Disapplying Pre-Emption Rights.

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The authorities sought under Resolution 12 will expire on the earlier of 30 September 2011 (being the latest date by which the Company must hold an AGM in 2011) or the conclusion of the AGM of the Company held in 2011.

#### **Purchase of own shares (Resolution 13)**

The Companies Act 2006 permits a company to purchase its own shares provided the purchase has been authorised by shareholders in general meeting. Resolution 13, if passed, would give the Company the authority to purchase any of its own issued ordinary shares at a price of not less than ten pence per share and not more than 5% above the average of the middle market quotations of the Company's ordinary shares as shown on the London Stock Exchange Daily Official List for the five dealing days before any purchase is made. The authority will enable the purchase of up to a maximum of approximately 10% of the Company's ordinary share capital in issue at the date of the AGM, and will expire at the conclusion of the next AGM or on 30 September 2011, whichever is the earlier. The Directors' present intentions are that in certain circumstances it may be advantageous for such purchases to be made if they believe that they are generally in the best interests of shareholders and (except in the case of purchases intended to satisfy obligations under share schemes) the expected effect of any purchase would be to increase earnings per share of the remaining ordinary shares.

The Directors would only exercise this buy back authority after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels, the expected effect on the return on embedded value and the overall financial position of the Group. Purchases would be financed out of distributable profits and shares purchased would either be cancelled and the number of shares in issue reduced accordingly or held as treasury shares. As at 11 June 2010 (being the latest practicable date prior to the publication of this circular), there were options and LTIP awards over 6,040,719 ordinary shares in the capital of the Company which represents approximately 1.52% of the Company's issued ordinary share capital at that date. If the authority to purchase the Company's ordinary shares were exercised in full, those options and awards would represent approximately 1.69% of the Company's issued ordinary share capital as at 11 June 2010. As at 11 June 2010, the Company did not hold any treasury shares and there were no warrants over ordinary shares in the capital of the Company.

#### **Notice of general meetings (Resolution 14)**

Under the Companies Act 2006 all general meetings of the Company must be held on 21 clear days' notice unless shareholders agree to a shorter notice period on an annual basis and certain other conditions are met. The Company is currently able to call general meetings (other than AGM's) on 14 clear days' notice. The Board is proposing Resolution 14 as a special resolution at the AGM so that the Company can continue to be able to convene general meetings on 14 clear days' notice. The Board intends that this shorter notice period would not be used as a matter of routine, but would only be used where the flexibility was justified by the business of the meeting and it would be to the advantage of shareholders as a whole. If Resolution 14 is passed, the authority to convene general meetings on 14 clear days' notice will remain effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The notice period for AGM's will remain 21 clear days.

#### **Adoption of new articles of association (Resolution 15)**

The Company's articles of association were last subject to significant review in 2008. There have been a number of legislative, regulatory and best practice developments affecting public companies since that review, including the final implementation of the Companies Act 2006 on 1 October 2009. The Board considers it prudent to replace the Company's current articles of association with new articles which take account of those developments (the "New Articles").

Your Board is proposing Resolution 15 as a special resolution at the AGM to adopt the New Articles. A summary of the material changes proposed to be brought about by the adoption of the New Articles is set out in Part III of this document. A copy of the New Articles will be available for inspection at the registered office of the Company and at the offices of Dickson Minto W.S. at Royal London House, 22/25 Finsbury Square, London EC2A 1DX during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the conclusion of the AGM, and at the venue of the AGM from 10.45am until the conclusion of the meeting. The New Articles will also be available for inspection at any time on the Company's website [www.shanksplc.co.uk/agm2010](http://www.shanksplc.co.uk/agm2010).

#### **Recommendation**

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

Yours faithfully,



**Adrian Auer**

Chairman

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## PART II

### **BIOGRAPHIES OF DIRECTORS SEEKING RE-ELECTION**

#### **Adrian Auer, BA, MBA, ACT**

Chairman

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

#### **Eric van Amerongen**

Senior Independent Director

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

#### **Peter Johnson, BA, ACA**

Non-executive Director

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

#### **Stephen Riley, B Eng, PhD**

Non-executive Director

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

## PART III

### **SUMMARY OF THE PROPOSED MATERIAL AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

The material amendments to the Company's existing articles of association arising from the proposed adoption of the New Articles are summarised below. This Part III does not summarise non-material changes and in particular it does not summarise changes of a minor, technical or clarifying nature. A copy of the New Articles will be available for inspection at the registered office of the Company and at the offices of Dickson Minto W.S. at Royal London House, 22/25 Finsbury Square, London EC2A 1DX during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the conclusion of the AGM, and at the venue of the AGM from 15 minutes prior to commencement of the meeting until the conclusion of the meeting. The New Articles will also be available for inspection at any time until the conclusion of the AGM on the Company's website [www.shanksplc.co.uk/agm2010](http://www.shanksplc.co.uk/agm2010).

#### **Repeal of the Companies Act 1985**

On 1 October 2009 the outstanding provisions of the Companies Act 2006 (which affect the articles of association of the Company) came into force with the effect that the Companies Act 1985 is no longer relevant to the Company's articles of association. The New Articles will therefore not contain references to the Companies Act 1985 and any consequential drafting changes have been made.

#### **Provisions of the Company's memorandum of association (the "Memorandum")**

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 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 Companies Act 2006, the objects clause and all other provisions contained in a company's memorandum were, from 1 October 2009, deemed to be contained in a company's articles of association but the company can remove these provisions by special resolution.

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In addition, the Companies Act 2006 states that unless a company's articles of association provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have an objects clause. 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 Companies Act 2006, were treated as forming part of the Company's articles of association from 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 regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders. The New Articles also contain an express statement that the Company's objects are unrestricted to allow it to have the widest possible scope of activities.

#### **Change of name**

Under the Companies Act 1985 a company can only change its name by special resolution. Under the Companies Act 2006, a company is able to change its name by other means provided for by its articles of association. To take advantage of this provision, the New Articles enable the Directors to pass a resolution to change the Company's name.

#### **Authorised share capital and unissued shares**

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital. The Company is proposing changes to its articles of association to reflect this matter. 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 Companies Act 2006 from shareholders, save in respect of employee share schemes.

#### **Redeemable shares**

Under the Companies Act 1985 if a company wished to issue redeemable shares it was required to include in its articles of association the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead 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.

#### **Suspension of registration of share transfers**

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

#### **Share warrants to bearer**

The New Articles provide the Company with the ability to issue warrants to bearer (a "Share Warrant") stating that the bearer of the Share Warrant is entitled to the shares specified in it. The Board may determine and vary the conditions upon which Share Warrants shall be issued.

#### **Vacation of office by directors**

The current articles of association of the Company 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 the Department for Business, Innovation and Skills.

#### **Chairman's casting vote**

Provisions in articles of association giving the chairman a casting vote at shareholders' meetings became ineffective from 1 October 2007, but companies with a casting vote provision in their articles of association on that date were, broadly, allowed to keep it. However, the EU Shareholder Rights Directive requires that all shareholders be treated equally and therefore this saving provision for UK traded companies has been removed, such that the casting vote provision in the Company's articles of association became redundant in August 2009.

#### **Provisions no longer required**

Under the Companies Act 1985 a company wishing to transact certain business, such as making alterations to its share capital, was required to have an authority in its articles of association in order to do so. The Companies Act 2006 does not require such an authority in the articles of association and so the provisions in the existing articles of association dealing with the increase, consolidation, sub-division and cancellation of shares have been deleted.

## Shanks Group plc

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shanks Group plc (the "Company") will be held at the offices of Royal Bank of Scotland, 250 Bishopsgate, London, EC2M 4AA on Thursday, 22 July 2010 at 11.00am to consider and, if thought fit, pass the resolutions set out below. Resolutions 1 to 11 (inclusive) will be proposed as ordinary resolutions and resolutions 12 to 15 (inclusive) will be proposed as special resolutions.

#### ORDINARY RESOLUTIONS

##### Resolution 1

To receive the audited accounts for the year ended 31 March 2010 together with the Directors' and Auditors' Reports thereon.

##### Resolution 2

To approve the Directors' Remuneration Report for the year ended 31 March 2010.

##### Resolution 3

To declare a final dividend of 2.0 pence per ordinary share for the year ended 31 March 2010.

##### Resolution 4

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

##### Resolution 5

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

##### Resolution 6

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

##### Resolution 7

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

##### Resolution 8

To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which accounts are laid.

##### Resolution 9

To authorise the Directors to determine the remuneration of the Company's auditors.

##### Resolution 10

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

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

during the period beginning on the date of the passing of this resolution and ending on the earlier of eighteen months from the date of this resolution and the conclusion of the Company's annual general meeting to be held in 2011. For the purpose of this resolution the terms "political donation", "political parties", "independent election candidates", "political organisation" and "political expenditure" have the meanings given by sections 363 to 365 of the Companies Act 2006.

##### Resolution 11

THAT:

- (a) the Board of Directors of the Company (the "Board") be and it is hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £13,226,375, provided that this authority shall expire on the earlier of 30 September 2011 or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or enter into an agreement which



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would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares to be granted, after such expiry and the Board may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and further

- (b) the Board be and it is hereby generally and unconditionally authorised to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the Act) in connection with a rights issue in favour of ordinary shareholders on the register of members on such record dates as the Board may determine where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record dates (subject to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever), up to an aggregate nominal amount of £13,226,375 provided that this authority shall expire on the earlier of 30 September 2011 or at the conclusion of the next annual general meeting of the Company after the passing of this resolution save that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

## **SPECIAL RESOLUTIONS**

### **Resolution 12**

THAT, subject to the passing of resolution 11 set out in the notice of the annual general meeting of the Company convened for 22 July 2010, the Board of Directors of the Company (the "Board") be and is hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the "Act"), to allot equity securities (within the meaning of section 560 of the Act) (including the grant of rights to subscribe for, or to convert any securities into, ordinary shares of 10p each in the capital of the Company ("Ordinary Shares")) wholly for cash pursuant to the authority conferred on the Board by such resolution 11 or by way of a sale of treasury shares (within the meaning of section 560(3) of the Act), as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of treasury shares:

- (a) in connection with a rights issue, open offer or other pre-emptive offer in favour of holders of Ordinary Shares (excluding any holder holding shares as treasury shares) on the register of members of the Company on a date fixed by the Board where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as practicable) to the respective numbers of Ordinary Shares held by them on that date subject to such exclusions or other arrangements in connection with the rights issue, open offer or other offer as the Board deem necessary or expedient:
- (i) to deal with equity securities representing fractional entitlements; or
  - (ii) to deal with treasury shares; or
  - (iii) to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock exchange or any other matter whatsoever; and
- (b) otherwise than pursuant to sub-paragraph (a) above, up to an aggregate nominal amount of £1,983,956;

but so that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of 30 September 2011 or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after the expiry of this authority and the Board may allot equity securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

### **Resolution 13**

THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 10 pence each in the capital of the Company ("Ordinary Shares") on such terms as the Directors of the Company may determine provided that:

- (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased shall be 10% of the issued ordinary share capital of the Company as at the date of this resolution;
- (b) the maximum price which may be paid for an Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased, and the minimum price which may be paid for an Ordinary Share is an amount equal to the nominal value of the share (in each case exclusive of associated expenses); and



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- (c) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 30 September 2011, whichever is the earlier, but a contract of purchase may be made before such expiry which will or may be completed wholly or partly thereafter, and a purchase of Ordinary Shares may be made in pursuance of any such contract.

**Resolution 14**

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

**Resolution 15**

THAT:

- (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 Companies Act 2006, are treated as part of the Company's articles of association;
- (b) the articles of association of the Company be amended by deleting all of the provisions referred to in paragraph 42 of schedule 2 of The Companies Act 2006 (Commencement No. 8, Transitional Provisions and Savings) Order 2008 (Statutory Instrument 2008 No. 2860); and
- (c) the draft regulations produced at the meeting and initialled by the Chairman of the meeting for the purposes of identification be adopted as the articles of association of the Company in substitution for, and to the entire exclusion of, the articles of association of the Company existing at the date of the meeting.

By order of the Board

**Philip Griffin-Smith**

Company Secretary  
14 June 2010

Registered Office:  
16 Charlotte Square  
Edinburgh  
EH2 4DF

Registered in Scotland No. SC077438

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## Notes

### 1. Attending the AGM in person

If you wish to attend the AGM in person, you should arrive at the venue for the AGM in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity to the Company's registrar, Computershare Investor Services PLC (the "Registrar") prior to being admitted to the AGM.

### 2. Appointment of proxies

Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent a member. To be validly appointed a proxy must be appointed using the procedures set out in these notes and in the notes to the accompanying proxy form. If members wish their proxy to speak on their behalf at the meeting, members will need to appoint their own choice of proxy (not the Chairman of the AGM) and give their instructions directly to them.

Members can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different shares. Members cannot appoint more than one proxy to exercise the rights attached to the same share(s). If a member wishes to appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the Registrar's helpline on Tel: 0870 707 1290 or members may photocopy their proxy form. A member may instruct their proxy to abstain from voting on any of the resolutions to be considered at the meeting by marking the "vote withheld" option when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" the resolution. The appointment of a proxy will not prevent a member from attending the AGM and voting in person if he or she wishes.

A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read Note 9 below.

### 3. Appointment of a proxy online

As an alternative to appointing a proxy using the proxy form or CREST, members can appoint a proxy online at: [www.eproxyappointment.com](http://www.eproxyappointment.com). In order to appoint a proxy using this website, members will need their Control Number, Shareholder Reference Number (SRN) and PIN. This information is printed on the proxy form. If for any reason a member does not have this information, they should contact the Registrar on Tel: 0870 707 1290. Members must appoint a proxy using the website no later than 48 hours (excluding non-working days) before the time of the AGM or any adjournment of that meeting.

### 4. Appointment of a proxy using a proxy form

A proxy form for use in connection with the AGM is enclosed. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Registrar at The Pavilions, Bridgewater Road, Bristol, BS99 6ZY by no later than 48 hours (excluding non-working days) before the time of the AGM or any adjournment of that meeting. If you do not have a proxy form and believe that you should have one, or you require additional proxy forms, please contact the Registrar on Tel: 0870 707 1290.

### 5. Appointment of a proxy through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website: [www.euroclear.com/CREST](http://www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by the Registrar (ID number 3RA50) no later than 48 hours (excluding non-working days) before the time of the AGM or any adjournment of that meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility

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of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. 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. Appointment of proxy by joint holders**

In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

**7. Corporate representatives**

Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

**8. Entitlement to attend and vote**

To be entitled to attend and vote at the AGM (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6.00 p.m. on Tuesday, 20 July 2010 (or, if the AGM is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the AGM.

**9. Nominated persons**

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "2006 Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

**10. Website giving information regarding the AGM**

Information regarding the AGM, including information required by section 311A of the 2006 Act, and a copy of this notice of AGM is available from [www.shanksplc.co.uk/agm2010](http://www.shanksplc.co.uk/agm2010).

**11. Audit concerns**

Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

**12. Voting rights**

As at 11 June 2010 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 396,791,273 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 11 June 2010 were 396,791,273 votes.

**13. Notification of shareholdings**

Any person holding 3 per cent or more of the total voting rights of the Company who appoints a person other than the Chairman of the AGM as his proxy will need to ensure that both he, and his proxy, comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

**14. Further questions and communication**

Under section 319A of the 2006 Act, the Company must cause to be answered any question relating to the business being dealt with at the AGM put by a member attending the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, or the answer has already been given on a website in the form of an answer to a question, or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

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Members who have any queries about the AGM should contact the Company Secretarial Department by email on [info@shanksplc.co.uk](mailto:info@shanksplc.co.uk) or by writing to The Company Secretary at Shanks Group plc, Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU.

Any other electronic address provided in this notice or in any related documents (including the accompanying circular and proxy form) should only be used for the purposes expressly stated.

**15. Documents available for inspection**

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

- (a) copies of the service contracts of the Company's Executive Directors;
- (b) copies of the letters of appointment of the Company's Non-executive Directors; and
- (c) the proposed new articles of association of the Company.

A copy of the proposed new articles of association of the Company will also be available for inspection at the offices of Dickson Minto W.S. at Royal London House, 22/25 Finsbury Square, London EC2A 1DX during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the conclusion of the AGM.