

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000. All shareholders are strongly advised to consult their professional advisers regarding their own tax position.**

If you have sold or transferred all your shares in Private Equity Investor plc ('the Company'), please send this document and other relevant documents, but not any accompanying personalised Tender Form, immediately 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. This document, the Tender Form and other relevant accompanying documents should not, however, be forwarded or transmitted in or into the United States, Canada, Australia, Japan, South Africa or the Republic of Ireland.

Applications under the Tender Offer from Shareholders who hold Shares in certificated form must be made on the accompanying Tender Form which is personal to the Shareholder(s) named thereon. Shareholders who hold their Shares through CREST must apply electronically by sending a TTE instruction.

The Tender Offer is not being made, directly or indirectly, in or into the United States, Canada, Australia, Japan, South Africa or the Republic of Ireland (each a 'Restricted Territory'). In particular, Shareholders who are resident in a Restricted Territory should note that this document is being sent for information purposes only. The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of these restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities law of any such jurisdiction. The Tender Form is not being and must not be forwarded to or transmitted in or into a Restricted Territory. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation to forward this document and/or the accompanying Tender Form should read the paragraph entitled 'Overseas Shareholders' in Part III of this document before taking any action.

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## **PRIVATE EQUITY INVESTOR PLC**

*(Registered in England and Wales with registered number 03912487)*

### **Tender Offer**

by

**J.P. Morgan Cazenove**

**to purchase Shares having an aggregate value at the Tender Price of up to £12 million**

and

### **Notice of General Meeting**

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In the preparation of this document and in relation to the proposals described herein, J.P. Morgan Cazenove, which is regulated in the UK by the Financial Services Authority, is acting for the Company and no-one else in connection with the Tender Offer, and will not be responsible to any other person (subject to the responsibilities and liabilities imposed by Financial Services and Markets Act 2000) for providing the protections afforded to customers of J.P. Morgan Cazenove or for providing advice in connection with the matters set out in this document or any transaction or arrangement referred to herein.

Martineau, which is regulated in the United Kingdom by the Solicitors Regulation Authority, is acting as legal adviser to the Company and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to herein.

The Tender Offer will close at 1.00 p.m. on 7 February 2011 and will only be available to Shareholders on the register at the Record Date. If you hold Shares in certificated form and wish to tender such Shares, the Tender Form must be completed, signed and witnessed, and returned in accordance with the instructions printed thereon together with the relevant share certificate(s) and/or other document(s) of title as soon as possible and, in any event, so as to be received by post or by hand (during normal business hours only) by the receiving agent, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 1.00 p.m. on 7 February 2011. A prepaid envelope is enclosed for use in the UK only. The procedure for participating in the Tender Offer is set out in Part III of this document. If you hold Shares in uncertificated form (ie in CREST) and wish to tender such Shares, you must make your tender electronically through CREST so that the relevant TTE Instruction(s) settle(s) by no later than 1.00 p.m. on 7 February 2011.

The Tender Offer is conditional on approval from Shareholders, which is being sought at the General Meeting of the Company to be held at the offices of J.P. Morgan Cazenove, 20 Moorgate, London EC2R 6DA on 9 February 2011 at 3.00 p.m., notice of which is set out at the end of this document. To be valid, the Proxy Form enclosed with Shareholders' copies of this document for use by Shareholders at this meeting, should be completed, signed, and returned in accordance with the instructions printed thereon so as to be received by the Company's registrars at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event by not later than 3.00 p.m. on 7 February 2011. A prepaid envelope is enclosed for use in the UK only.

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## EXPECTED TIMETABLE

*2011*

Closing Date – latest time and date for receipt of Tender Forms and settlement of TTE Instruction(s)	1.00 p.m. on 7 February
Latest time and date for receipt of Forms of Proxy for the General Meeting	3.00 p.m. on 7 February
Record Date for Tender Offer	close of business on 7 February
General Meeting	3.00 p.m. on 9 February
Calculation Date for Tender Price	close of business on 9 February
Result of Tender Offer and Tender Price announced	by close of business on 10 February
Completion of purchase of Shares under the Tender Offer	11 February
Despatch of cheques for Tender Offer consideration in respect of certificated Shares sold under the Tender Offer and any balance certificates in respect of any unsold certificated Shares	14 February
CREST accounts credited with Tender Offer consideration and any unsold uncertificated Shares	14 February

**If you have any enquiries in relation to the Tender Offer please contact, Capita Registrars on 0871 664 0321 or, if, calling from outside the UK, on +44 208 639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 208 639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Tender Offer or give any financial, legal or tax advice.**

## PART I – LETTER FROM THE CHAIRMAN

# PRIVATE EQUITY INVESTOR PLC

(Registered in England and Wales with registered number 03912487)

### Directors

Peter Dicks (Chairman)  
Lady Barbara Judge CBE  
Colin Kingsnorth  
Rory Macnamara  
David Quysner CBE

### Registered office:

Beaufort House  
51 New North Road  
Exeter  
Devon  
EX4 4EP

10 January 2011

Dear Shareholder

### **Tender Offer by J.P. Morgan Cazenove to purchase Shares having an aggregate value at the Tender Price of up to £12 million**

#### **Introduction**

This letter sets out the background to and reasons for the Tender Offer to purchase Shares and why your Board believes the Tender Offer to be in the best interests of Shareholders as a whole.

The Tender Offer is being made available to all Shareholders who are on the Register at the close of business on 7 February 2011, with the exception of holders in certain overseas jurisdictions. Shareholders can decide whether they want to tender any of their Shares at the Tender Price, which will be the NAV per Share as at the Calculation Date (as calculated by the Company on a consolidated group basis) adjusted downwards to reflect the costs of the Tender Offer.

The Company requires the authority from Shareholders to purchase Shares under the Tender Offer which is being sought at a General Meeting to be held at the offices of J.P. Morgan Cazenove, 20 Moorgate, London EC2R 6DA at 3.00 p.m. on 9 February 2011. The Board is making no recommendation to Shareholders in relation to participation in the Tender Offer, however, Shareholders should note that the Directors who hold Shares intend to tender all their Shares. The Board is unanimously recommending Shareholders to vote in favour of the Resolution to be proposed at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings of Shares.

#### **Background to the Tender Offer**

In December 2007 and December 2008, tender offers were made by J.P. Morgan Cazenove to purchase Shares to return £12.5 million and £17.5 million respectively. This was as a result of a number of material Shareholders indicating to the Board that they wanted to see a principal part of the returns made on existing funds distributed to Shareholders. I am pleased to advise that almost all Shareholders took up these opportunities to realise part of their holdings.

The Company's portfolio has, despite difficult economic times, continued to deliver a flow of distributions arising from a mix of sales of underlying investments to third parties and initial public offerings. It is the Company's stated policy that it continues to meet existing commitments but is not making commitments to new investments. Instead the Company proposes to make periodic returns of excess funds to Shareholders.

Between 31 December 2009 and 30 November 2010, the NAV per Share (calculated on a Company basis rather than a group basis) increased by 22.2 per cent. from 194.95p per Share to 238.29p per Share. During that period, the exchange rate moved from US\$1.62:£1 to US\$1.56:£1. The Company realised approximately US\$16.7 million from distributions from its investments (which amount has already been converted from US Dollars to Sterling). In view of the Company's policy of making periodic returns of capital to Shareholders and given the available level of liquid funds, the Board feels that it is now appropriate to make a further return to Shareholders.

As at 30 November 2010, the Company had approximately £20.3 million in cash and readily realisable assets. The Company intends to distribute to Shareholders £12 million of such amount. The remainder of the cash and readily realisable assets held by the Company will be retained, comprising £7.1 million set aside to meet existing commitments to portfolio funds and a further £1.2 million to meet the Company's costs and contingencies.

The Company had net assets of £77.2 million as at 30 November 2010 (238.29p per Share). If the Tender Offer is taken up in full, it will amount to a distribution of approximately 15.5 per cent. of the Company's net assets as at that date. Following the Tender Offer (and assuming full take up) the Company will have returned to Shareholders approximately £42 million, which represents approximately 42 per cent. of the original funds raised.

The NAV as at 30 November 2010 is calculated on a company basis, though annual and interim accounts are now required to be calculated on a group basis which takes into account Campton Group Inc. The NAV of the Company calculated on a company basis is not materially different to the NAV calculated on a group basis and it is the latter which will be used for the purposes of the Tender Offer.

The Board believes that it is equitable to give all Shareholders (other than certain Overseas Shareholders) the opportunity to tender Shares for purchase at a price close to the NAV on a pro rata basis by way of the Tender Offer. In addition to the Tender Offer, the Company will retain the right to utilise the remainder of the authority provided by Shareholders at the last Annual General Meeting to make individual market purchases of Shares.

It is envisaged that, after the Tender Offer, the Company will continue periodically to return excess funds to Shareholders.

### **The Tender Offer**

The Tender Offer is, as with previous tender offers, being made by J.P. Morgan Cazenove to all Shareholders (other than certain Overseas Shareholders). Full details of the Tender Offer, including the terms and conditions on which it is being made, are set out in Part III of this document and on the Tender Form which has been sent to Shareholders who hold their Shares in certificated form.

The Tender Offer is conditional on the passing of the Resolution set out in the notice of General Meeting at the end of this document and the satisfaction of the other conditions specified in Part III of this Document.

The Tender Offer involves the following:

- The Tender Offer is being made to Shareholders (other than certain Overseas Shareholders) by J.P. Morgan Cazenove for up to a number of Shares (rounded down to the nearest whole number of Shares) equal in value, in aggregate, to £12 million at the Tender Price.
- The Tender Price in pence per Share (which will be calculated to four decimal places) will be the NAV per Share as at close of business on 9 February 2011 (the “Calculation Date”) as calculated by the Company on a consolidated group basis, less an amount equal to the Company’s estimated costs and expenses of the Tender Offer divided by the total number of Shares in issue on the Record Date (the “Tender Costs per Share”). The total costs of the Tender Offer (assuming that the Tender Offer is fully taken up) are estimated to be £257,000, comprising fixed costs of £173,000 and variable costs of 0.2 per cent. commission payable to J.P. Morgan Cazenove and stamp duty at the rate of 0.5 per cent of the amount paid by the Company for the Exit Shares under the terms of the Repurchase Agreement. As an example, if the Calculation Date had been 30 November 2010, the NAV per Share (using the published NAV per Share as at 30 November 2010, which is calculated on a Company basis rather than on a consolidated group basis) would have been 238.29p (compared to a Share price of 142.25p as at close of business on the same date), resulting in a Tender Price of 237.49p after deducting the Tender Costs per Share.
- The number of Shares to which the Tender Offer will apply will be determined by dividing £12 million (being the total amount being made available to purchase Shares under the Tender Offer) by the Tender Price and rounding the result down to the nearest whole number of Shares, subject to a maximum of 8,092,989 Shares (representing 24.99 per cent. of the Company’s issued share capital on 7 January 2011).
- Each Shareholder will be entitled to have purchased at the Tender Price under the Tender Offer such percentage (the “Basic Entitlement Percentage”) of their holding of Shares on the Record Date as is equal to the percentage which the total number of Shares to which the Tender Offer will apply bears to the total number of Shares in issue on the Record Date, rounded down to the nearest whole number of Shares (such entitlement being a Shareholder’s “Basic Entitlement”). Shareholders may tender a higher or lower percentage of their holdings but tenders in excess of the Basic Entitlement will only be satisfied to the extent that other Shareholders tender less than their Basic Entitlement.
- Shareholders (other than certain Overseas Shareholders) will be able to decide whether to continue their existing investment in the Company without tendering any Shares or to tender some or all of their Shares within the overall limit of the Tender Offer.
- All Shares tendered by any Shareholder up to their Basic Entitlement (which represents such Shareholder’s pro-rata share of the total number of Shares to be acquired under the Tender Offer) will be accepted in full.
- The Tender Form to be completed by Shareholders who hold their Shares in certificated form contains a box to enable those Shareholders who wish to tender their Basic Entitlement to do so. If you hold your Shares in certificated form and you tick this box, the Receiving Agent will calculate the Basic Entitlement for you on the Record Date.
- Shareholders who hold their Shares in uncertificated form (ie in CREST) and who wish to tender their Basic Entitlement should send a TTE instruction through CREST to the basic entitlement member account as set out in paragraph 3.1 of Part III of this document. The Receiving Agent will calculate the Basic Entitlement for you on the Record Date and return any excess Shares.
- If the aggregate value, at the Tender Price, of the number of Shares validly tendered equates to a value of £12 million or less, all such Shares will be accepted and purchased.
- If the aggregate value, at the Tender Price, of the number of Shares validly tendered equates to more than £12 million, tenders will be accepted in the order set out below:
  - all Shares tendered by any Shareholder up to their Basic Entitlement will be accepted in full; and
  - all Shares tendered by Shareholders in excess of their Basic Entitlements will be satisfied in proportion to the number of Shares tendered by each Shareholder in excess of their Basic Entitlement so as to ensure that the aggregate price paid in respect of all Shares purchased under the Tender Offer does not exceed £12 million.
- All successfully tendered Shares will be repurchased from J.P. Morgan Cazenove by the Company and will be cancelled and will not rank for any future dividends.
- Any rights of Shareholders who choose not to tender their Shares will be unaffected.

Laxey Partners, a company of which Colin Kingsnorth (a Director of the Company) is a director, acts as investment adviser and/or discretionary investment manager to the Laxey Funds which, as at 7 January 2011 (this being the latest practicable date prior to the publication of this document), beneficially owned an aggregate of 9,467,046 Shares, representing 29.23 per cent. of the total number of Shares in issue.

Laxey Partners has, pursuant to the terms of an irrevocable undertaking dated 7 January 2011, irrevocably undertaken to procure that the Laxey Funds (or any nominee which holds legal title to such shares on their behalf) will tender not less than their Basic Entitlement under the Tender Offer.

Laxey Partners will also vote in favour of the Resolution to be proposed at the General Meeting referred to below, subject to the terms of an irrevocable undertaking provided by Laxey Partners that Laxey Partners shall not, and will procure that the Laxey Funds shall not, exercise, in aggregate, more than 29.99 per cent. of the voting rights of the Company on any resolution.

#### **Calculation of the Tender Price**

The NAV per Share as at the Calculation Date will be the Company's published NAV per Share (as calculated by the Company on a consolidated group basis) as at 31 December 2010, amended to include current period revenue from 1 January 2011 and adjusted to reflect movements in cash, debtors, creditors and quoted investment valuations held by the Company (and its group companies) between 1 January 2011 and the Calculation Date. The values attributed to the Company's interests in limited partnerships and other unquoted investment vehicles in which the Company invests for the purposes of calculating the Company's NAV per Share as at the Calculation Date will be the latest such revaluations notified to the Company as at 30 September 2010, adjusted to reflect calls of commitments made on the Company, and cash distributions made to the Company, by such limited partnerships and investment vehicles. Shareholders should note that the revaluations of the Company's investments in limited partnerships and other investment vehicles as at 30 September 2010 will not reflect matters which may be known about which have affected such investments since that date. Recent volatility may result in material movements in the NAV.

Had the Calculation Date occurred on 30 November 2010, based on the Company's published NAV per Share (which is calculated on a Company basis rather than on a consolidated group basis) as at that date of 238.29p, it would have resulted in a Tender Price of 237.49p (after deducting an amount equal to the Tender Costs per Share). The values attributed to the Company's interests in limited partnerships and other unquoted investment vehicles in which the Company invests for the purposes of calculating the Company's NAV per Share as at 30 November 2010 were the latest revaluations of such investments notified to the Company as at that date, (adjusted to reflect calls of commitments made on the Company, and cash distributions made to the Company, by such limited partnerships and investment vehicles).

#### **Taxation**

Shareholders who sell Shares pursuant to the Tender Offer should, subject to the potential application of Chapter 1 of Part 13 ITA 2007 (in respect of individual Shareholders) and Part 15 of CTA 2010 (in respect of corporate Shareholders), be treated as having sold their Shares in the normal way. Shareholders may, depending on their individual circumstances, incur a liability to taxation on capital gains. UK individual and corporate Shareholders should be aware that HMRC may seek to treat part or the whole of the disposal proceeds of their Shares as income under Chapter 1 of Part 13 ITA 2007 and Part 15 of CTA 2010 respectively. Further information on the UK taxation consequences of the Tender Offer is set out in Part IV of this document.

**Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser.**

#### **Overseas Shareholders**

Shareholders with registered or mailing addresses outside the UK, or who are citizens or nationals of, or resident in, a jurisdiction other than the UK, should read paragraph 9 of Part III of this document and the relevant provisions of the Tender Form. It is the responsibility of all Overseas Shareholders to satisfy themselves as to the observance of any legal requirements in their jurisdiction, including, without limitation, any relevant requirements in relation to the ability of such holders to complete and return a Tender Form.

#### **Repurchase Agreement**

Under the terms of the Repurchase Agreement, the Company will acquire, through an on-market purchase, all of the Exit Shares at an aggregate price equal to the amount paid by J.P. Morgan Cazenove for the Exit Shares. Further details of the Repurchase Agreement are set out in paragraph 2 of Part V of this document.

In addition, the Company will be liable to pay stamp duty (or stamp duty reserve tax) at the rate of 0.5 per cent. (rounded up to the nearest £5 in the case of stamp duty) of the aggregate amount payable by the Company in respect of Shares purchased from J.P. Morgan Cazenove. The Company will also be liable to pay J.P. Morgan Cazenove's fee, costs and expenses under the terms of J.P. Morgan Cazenove's engagement by the Company in connection with the Tender Offer.

#### **General Meeting**

The Company will require, under CA 2006 and the Listing Rules, the authority from Shareholders to purchase Shares under the Tender Offer. A notice convening a General Meeting of the Company, which is to be held at the offices of J.P. Morgan Cazenove, 20 Moorgate, London EC2R 6DA on 9 February 2011 at 3.00 p.m., is set out at the end of this document. At this meeting, the Resolution will be proposed to authorise the Company to make the repurchase of Shares which is necessary to enable the Tender Offer to be implemented. The Resolution will be proposed as a special resolution requiring the approval of 75 per cent. of the votes cast at the General Meeting.

## Action to be taken

### 1. Proxy Form

Whether or not you wish to tender your Shares under the Tender Offer and regardless of whether you intend to attend the General Meeting, you are requested to complete, sign and return the accompanying Proxy Form, in accordance with the instructions printed thereon, so as to be received by the Company's registrars at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, and in any event by not later than 3 p.m. on 7 February 2011. The completion and return of the Proxy Form will not preclude you from attending the General Meeting and voting in person should you so wish.

### 2. Tender Offer

The procedure for tendering your Shares depends on whether your Shares are held in certificated form or uncertificated form and is summarised below.

#### (a) Shares held in certificated form

Shareholders who hold Shares in certificated form and who wish to tender any or all of their existing holding of Shares should complete the Tender Form in accordance with the instructions printed thereon and in Part III of this document and return it by post or by hand (during normal business hours only) to the Receiving Agent, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. A prepaid envelope is enclosed for this purpose for holders in the UK only. Shareholders who hold their Shares in certificated form should also return their Share certificate(s) and/or other documents of title in respect of the Shares tendered. Tender Forms and share certificates must be received as soon as possible but in any event by no later than 1.00 p.m. on 7 February 2011.

#### (b) Shares held in uncertificated form

Shareholders who hold their Shares in uncertificated form (ie in CREST) and who wish to tender any or all of their Shares should tender electronically through CREST so that the TTE instruction settles by no later than 1.00 p.m. on 7 February 2011. Further details of the procedures for tendering and settlement are set out in Part III of this document.

**Shareholders who do not wish to sell any Shares under the Tender Offer should take no action, either in relation to the Tender Form or the sending of a TTE Instruction.**

**Shareholders are reminded that the Tender Offer is not being made to certain Overseas Shareholders.**

### Further Information

**If you have any questions about the procedure for tendering shares or if you want help in completing and returning the Tender Form, please call Capita Registrars' Shareholder Helpline on 0871 664 0321 or, if, calling from outside the UK, on +44 208 639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the Capita Registrars +44 208 639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Tender Offer or give any financial, legal or tax advice.**

**Your attention is also drawn to the further information set out in Parts II to V of this document.**

### Recommendation

The Directors, who have received financial advice from J.P. Morgan Cazenove, consider the Tender Offer and the Resolution to be proposed at the General Meeting to be in the best interests of the Company and Shareholders as a whole. In providing this advice, J.P. Morgan Cazenove has relied on the Directors' commercial assessment of the Tender Offer.

Accordingly, the Board unanimously recommends Shareholders to vote in favour of the Resolution to be proposed at the General Meeting, as they intend to do in respect of their own aggregate beneficial holdings of 55,577 Shares, representing 0.17 per cent. of the issued share capital of the Company as at 7 January 2011 (this being the latest practicable date prior to the publication of this document).

The Directors can make no recommendations to Shareholders in relation to participation in the Tender Offer, however Shareholders should note that the Directors who hold Shares intend to tender all their Shares. Whether or not Shareholders decide to tender all or any of their Shares will depend on, among other things, their view of the Company's prospects and their own individual circumstances, including their tax position.

**If you need advice in relation to the Tender Offer, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000, without delay.**

Yours faithfully

**Peter Dicks**

*Chairman*

## PART II – LETTER FROM J.P. MORGAN CAZENOVE

125 London Wall  
London  
EC2Y 5AJ

10 January 2011

Dear Shareholder

### **Tender Offer to Shareholders of Private Equity Investor plc**

#### **Introduction**

As explained in the letter from your Chairman in Part I of this document, Shareholders of Private Equity Investor plc (other than certain Overseas Shareholders) are being given the opportunity to tender their Shares for purchase in the Tender Offer on the basis set out below and in Part III of this document. The purpose of this letter is to set out the principal terms and conditions of the Tender Offer.

J.P. Morgan Cazenove hereby invites Shareholders (other than certain Overseas Shareholders) on the Register on the Record Date to tender Shares for purchase by J.P. Morgan Cazenove for cash at the Tender Price. This letter is not, however, a recommendation to Shareholders to sell their Shares. The Tender Offer is made on the terms and subject to the conditions set out in Part III of this document and, for Shareholders who hold their Shares in certificated form, the Tender Form, such terms and conditions being deemed to be incorporated herein and forming part of the Tender Offer.

Each Shareholder (other than certain Overseas Shareholders) will be entitled to have accepted in the Tender Offer valid tenders to J.P. Morgan Cazenove in respect of up to their Basic Entitlement. In addition, Shareholders (other than certain Overseas Shareholders) may tender Shares in excess of their Basic Entitlement but such excess tenders will only be satisfied to the extent that other Shareholders have not tendered all or any part of their Basic Entitlements, as the case may be. Tenderees in excess of Shareholders' Basic Entitlements will be satisfied pro rata in proportion to the excess over such Basic Entitlement, rounded down to the nearest whole number of Shares.

The amount of the Basic Entitlement will be dependent on the Tender Price to be determined as at the Calculation Date. Once the Tender Price has been determined as set out in Part III of this document, the Board will calculate the Basic Entitlement Percentage, being that proportion that the total number of Shares which may be acquired under the Tender Offer (determined by dividing £12 million by the Tender Price and rounding the result down to the nearest whole number of Shares) bears to the total issued share capital of the Company as at the Record Date, expressed as a percentage. Each Shareholder's Basic Entitlement will be such number of Shares (rounded down to the nearest whole number) as represents the Basic Entitlement Percentage of such Shareholder's registered holding as at the Record Date.

The number of Shares to be purchased in the Tender Offer will not, in any event, exceed 8,092,989 representing 24.99 per cent. of the Company's issued ordinary share capital on 7 January 2011.

**Shareholders are not obliged to tender any Shares. Shareholders who wish to continue their investment in the Company without tendering any Shares should not return their Tender Form or send a TTE instruction.**

#### **Procedure for tendering Shares**

Shareholders who wish to tender certificated Shares should complete the Tender Form in accordance with the instructions set out thereon and return the completed Tender Form by post or by hand (during normal business hours only) to the Receiving Agent, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received by not later than 1.00 p.m. on 7 February 2011.

Shareholders who hold their Shares in certificated form should also return the Share certificate(s) and/or other documents of title in respect of the Shares tendered with their completed Tender Form.

Shareholders who hold their Shares in uncertificated form (ie in CREST) should arrange for their Shares to be transferred to escrow as described in paragraph 3 of Part III of this document.

Shareholders should note that once tendered, Shares, may not be sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.

**Full details of the procedure for tendering Shares are set out in Part III of this document and in the Tender Form.**

#### **Validity of Tender Forms**

Tender Forms and TTE Instructions which are received after the Closing Date or which at that time are incorrectly completed or not accompanied by all relevant documents or instructions may be rejected and returned to Shareholders or their appointed agents, together with any accompanying Share certificate(s) and/or other document(s) of title.

#### **Overseas Shareholders**

Shareholders with registered or mailing addresses outside the UK, or who are citizens or nationals of, or resident in, a jurisdiction other than the UK, should read paragraph 9 of Part III of this document and the relevant provisions of the Tender Form.

#### **Conditions**

The Tender Offer is conditional on the satisfaction of the conditions specified in paragraph 2 of Part III of this document.

**Termination of Tender Offer**

The Tender Offer may be terminated in the circumstances described in paragraph 7 Part III of this document.

**Settlement**

Subject to the Tender Offer becoming unconditional, payment of the Tender Price due to Shareholders under the Tender Offer whose tenders have been accepted (rounded down to the nearest whole penny) is expected to be effected by the despatch of cheque(s) or the crediting of CREST accounts (as appropriate) on 14 February 2011.

**Further Information**

**Your attention is drawn to the information contained in the rest of this document, including, in particular, the terms and conditions of the Tender Offer in Part III of this document.**

Yours faithfully

**William Simmonds**

*Director  
Corporate Finance*

# PART III – TERMS AND CONDITIONS OF THE TENDER OFFER

## 1. Tenders

- 1.1 All Shareholders on the Register on the Record Date (other than certain Overseas Shareholders) may tender Shares (up to the number of Shares registered in their name on the Record Date) for purchase by J.P. Morgan Cazenove, as principal, on the terms and subject to the conditions set out in this document and (for holders of certificated Shares) the Tender Form (which, together with this document, constitute the “Tender Offer”). Shareholders are not obliged to tender any Shares.
- 1.2 The Tender Offer is made at the Tender Price.
- 1.3 The consideration for each tendered Share acquired by J.P. Morgan Cazenove pursuant to the Tender Offer will be paid in accordance with the settlement procedures set out in paragraph 4 of this Part III.
- 1.4 Upon the Tender Offer becoming unconditional and unless the Tender Offer cannot be completed or has been terminated in accordance with the provisions of sub-paragraph 2.2 or paragraph 7 of this Part III, J.P. Morgan Cazenove will accept the tenders of Shareholders validly made in accordance with this Part III, subject as mentioned below, on the following basis:
  - 1.4.1 Each Shareholder (other than certain Overseas Shareholders) will be entitled to sell to J.P. Morgan Cazenove a number of Shares up to their Basic Entitlement.
  - 1.4.2 Each Shareholder will also be entitled to tender Shares in excess of their Basic Entitlement and, to the extent that other Shareholders do not tender Shares at all or tender Shares in respect of less than the whole of their Basic Entitlement, excess tenders will be satisfied pro rata in proportion to the number of Shares tendered in excess of the Basic Entitlement, rounded down to the nearest whole number of Shares.
  - 1.4.3 The Basic Entitlement will apply to each registered Shareholder (other than Overseas Shareholders). Shareholders who hold Shares for multiple beneficial owners may decide the allocation between such beneficiaries in their own discretion.
- 1.5 The Tender Offer will close on the Closing Date unless J.P. Morgan Cazenove extends the period for tendering under the Tender Offer (with the prior written consent of the Company), in which case a new closing date will be given. J.P. Morgan Cazenove reserves the right, subject to applicable legal and regulatory requirements, and with the prior written consent of the Company, to amend the expected timetable shown on page 2 of this document, which includes extending the period for tendering under the Tender Offer, at any time prior to 1.00 p.m. (UK time) on 7 February 2011. Any material change to the expected timetable will be notified to Shareholders by way of an announcement through a regulatory information service provider of the London Stock Exchange. Any such changes will comply with all applicable legal and regulatory requirements, including, but not limited to, the duration of any extensions.

## 2. Conditions

- 2.1 The Tender Offer is conditional on the following conditions (together the “Conditions”) being satisfied:
  - 2.1.1 the passing of the Resolution contained in the notice of General Meeting set out at the end of this document by not later than 1.00 p.m. on 7 February 2011 or such later date as the Company and J.P. Morgan Cazenove may agree;
  - 2.1.2 J.P. Morgan Cazenove being satisfied that the Company has available to it sufficient profits available for distribution (as defined in section 830(2) of CA 2006) to effect the purchase of all Exit Shares in accordance with the terms of the Repurchase Agreement;
  - 2.1.3 J.P. Morgan Cazenove being satisfied that the Company has paid an amount of not less than the aggregate amount payable by the Company for the Exit Shares to J.P. Morgan Cazenove in accordance with the terms of the Repurchase Agreement; and
  - 2.1.4 the Tender Offer not having been terminated in accordance with paragraph 7 of this Part III prior to the fulfilment of the conditions referred to in sub-paragraphs 2.1.1 to 2.1.4 of this Part III.

The condition set out in paragraph 2.1.3 above may be waived by J.P. Morgan Cazenove in its sole discretion. The other conditions set out above may not be waived by J.P. Morgan Cazenove.

- 2.2 J.P. Morgan Cazenove will not purchase (or enter into any commitment or contract to purchase) Shares pursuant to the Tender Offer unless the Conditions have been satisfied (or, where applicable, waived).
- 2.3 The number of Shares to be purchased under the Tender Offer will be determined by dividing £12 million (being the total amount being made available to purchase Shares under the Tender Offer) by the Tender Price and rounding the result down to the nearest whole number of Shares, subject to a maximum of 8,092,989 Shares (representing 24.99 per cent. of the Company’s issued share capital on 7 January 2011).

## 3. Procedure for tendering Shares

*There are different procedures for tendering Shares depending on whether your Shares are held in certificated or uncertificated form.*

If you hold Shares in certificated form, you may only tender such Shares by completing and returning the Tender Form in accordance with the procedure set out in paragraph 3.1 of this Part III. Additional Tender Forms are available from Capita Registrars by telephone on the number stated below.

If you hold Shares in uncertificated form (ie in CREST), you must tender such Shares by TTE Instruction in accordance with the procedure set out in paragraph 3.3 of this Part III and, if those Shares are held under different member account IDs, you should send a separate TTE Instruction for each member account ID.

**If you are in any doubt as to how to complete the Tender Form or as to the procedure for tendering Shares, please contact Capita Registrars by telephone on 0871 664 0321 or, if, calling from outside the UK, on +44 208 639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute from a BT landline. Other network providers’ costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the Capita Registrars +44 208 639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Tender Offer or give any financial, legal or tax advice.**

**You are reminded that, if you are a CREST Sponsored Member, you should contact your CREST Sponsor before taking any action.**

### 3.1 *Procedure for Shares held in certificated form (ie not in CREST)*

To tender your Shares held in certificated form you must complete, sign and have witnessed the Tender Form.

The completed, signed and witnessed Tender Form should be sent either by post in the accompanying reply-paid envelope (for use in the UK only) along with the relevant share certificate(s) or other documents of title or by hand during normal business hours only to the Receiving Agent, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to be received by no later than 1.00 p.m. on 7 February 2011. J.P. Morgan Cazenove shall be entitled (in its sole discretion) to accept late Tender Forms. No acknowledgement of receipt of documents will be given.

The completed and signed Tender Form should be accompanied by the relevant Share certificate and/or other documents of title.

If your Share certificate(s) and/or other documents of title are not readily available (for example, if they are with your stockbroker, bank or other agent) or are lost, the Tender Form should nevertheless be completed, signed and returned as described above so as to be received by Capita Registrars by not later than 1.00 p.m. on 7 February 2011 together with any Share certificate(s) and/or documents of title you may have available, accompanied by a letter of explanation stating that the (remaining) Share certificate(s) and/or other document(s) of title will be forwarded as soon as possible thereafter and, in any event, by not later than 1.00 p.m. on 7 February 2011.

The Receiving Agent will effect such procedures as are required to transfer your Shares to J.P. Morgan Cazenove under the Tender Offer. If you have lost your Share certificate(s) and/or other document(s) of title, you should write to the Company's registrars, Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0GA, for a letter of indemnity in respect of the lost Share certificate(s) which, when completed in accordance with the instructions given, should be returned to the Receiving Agent, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by not later than 1.00 p.m. on 7 February 2011.

By signing the Tender Form, Shareholders will be deemed to have instructed J.P. Morgan Cazenove to issue a contract note to the Receiving Agent on behalf of such Shareholder and to remit the cash consideration to the Receiving Agent with instructions that such consideration be remitted in accordance with the instructions set out in the Tender Form.

### 3.2 *Validity of Tender Form*

Notwithstanding the powers in paragraph 8.17 of this Part III, J.P. Morgan Cazenove reserves the right to treat as valid only Tender Forms which are received entirely in order by 1.00 p.m. on 7 February 2011 and which are accompanied by the relevant Share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof, in respect of the entire number of Shares tendered. The Record Date for the Tender Offer is close of business on 7 February 2011.

Notwithstanding the completion of a valid Tender Form, the Tender Offer may be suspended, terminated or lapse in accordance with the Terms and Conditions set out in this Part III.

J.P. Morgan Cazenove shall be entitled to accept Tender Forms which are received after 1.00 p.m. on 7 February 2011 in its sole discretion. The decision of J.P. Morgan Cazenove as to which Shares have been validly tendered shall be conclusive and binding on all Shareholders.

### 3.3 *Procedure for Shares held in uncertificated form (ie in CREST)*

If the Shares which you wish to tender are held in uncertificated form, you should take (or procure to be taken) the action set out below to transfer (by means of a TTE Instruction) the number of Shares which you wish to tender under the Tender Offer to an escrow balance, specifying Capita Registrars (in its capacity as a CREST receiving agent under its Participant ID and Member Account IDs referred to below) as the Escrow Agent, as soon as possible and, in any event, so that the transfer to escrow settles by not later than 1.00 p.m. on 7 February 2011. J.P. Morgan Cazenove shall be entitled (in its sole discretion) to accept late transfers to escrow.

If you are a CREST Sponsored Member, you should refer to your CREST Sponsor before taking any action. Your CREST Sponsor will be able to confirm details of your Participant ID and the Member Account ID under which your Shares are held. In addition, only your CREST Sponsor will be able to send the TTE Instruction to Euroclear in relation to the Shares which you wish to tender. You should send (or, if you are a CREST Sponsored Member, procure that your CREST Sponsor sends) a TTE Instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to other information that is required for the TTE Instruction to settle in CREST, the details set out below.

After settlement of the TTE Instruction, you will not be able to access the Shares concerned in CREST for any transaction or for charging purposes, notwithstanding that they will be held by Capita Registrars as Escrow Agent until completion or lapsing of the Tender Offer. If the Tender Offer becomes unconditional, Capita Registrars will transfer the Shares which are accepted for purchase by J.P. Morgan Cazenove to itself.

You are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures outlined above. You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST Sponsor) to enable a TTE Instruction relating to your Shares to settle prior to 1.00 p.m. on 7 February 2011. In this connection, you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings. J.P. Morgan Cazenove shall be entitled (in its sole discretion) to accept late TTE Instructions to settle.

### 3.3.1 *To accept the Tender Offer and elect for the Basic Entitlement in respect of your Shares held in uncertificated form*

To accept the Tender Offer and elect for the Basic Entitlement in respect of Shares held in uncertificated form, you should send (or if you are a CREST Sponsored Member, procure that your CREST sponsor sends) to Euroclear a Basic Entitlement TTE instruction in relation to such Shares.

A Basic Entitlement TTE instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain, in addition to the other information that is required for a TTE instruction to settle in CREST, the following details:

- the number of Shares to be transferred to an escrow balance;
- your Member Account ID;
- your Participant ID;
- the Participant ID of the Escrow Agent, in its capacity as a CREST receiving agent – this is RA10;
- the Member Account ID of the escrow agent for the Tender Offer and the Basic Entitlement – this is 27276BAS;
- the Corporate Action Number – this is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- the intended settlement date for the transfer to escrow – this should be as soon as possible and, in any event, by no later than 1.00 p.m. on 7 February 2011;
- the ISIN number for the Tender Offer – this is GB0000504034;
- the standard TTE instruction of priority 80; and
- a contact name and telephone number to be inserted in the shared note field.

### 3.3.2 *To accept the Tender Offer in respect of a specific number of Shares in uncertificated form*

To accept the Tender Offer in respect of a specific number of Shares held in uncertificated form, you should send (or, if you are a CREST Sponsored Member, procure that your CREST sponsor sends) to Euroclear an Alternative TTE instruction in relation to such Shares by adopting the same procedures as apply in respect of a Basic Entitlement TTE instruction but with the following variations:

- in the field relating to the number of Shares to be transferred to escrow, you should insert the number of Shares in respect of which you wish to accept the Tender Offer; and
- the member account ID of the Escrow Agent for elections for a specific number of Shares is 27276EXC.

An appropriate announcement will be made if any of the details contained in this sub-paragraph 3.3 are altered.

### 3.4 *Deposits of Shares into, and withdrawals of Shares from, CREST*

Normal CREST procedures (including timings) apply in relation to any Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Shares or otherwise). Shareholders who are proposing to convert any such Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Shares as a result of the conversion to take all necessary steps in connection with such person's participation in the Tender Offer (in particular, as regards delivery of any Share certificate(s) and/or other document(s) of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 7 February 2011.

## 4. Settlement

4.1 Settlement of the consideration to which any Shareholder is entitled pursuant to valid tenders accepted by J.P. Morgan Cazenove (which will be rounded down to the nearest whole penny) will be effected by the despatch of cheques or the crediting of CREST accounts (as applicable).

### 4.1.1 *Shares held in certificated form (that is, not in CREST)*

Where an accepted tender relates to Shares held in certificated form, cheques for the consideration due will be despatched by 14 February 2011 by first class post to the person or agent whose name and address is set out in Box 1 (or, if relevant, Box 4) of the Tender Form or, if it is set out, to the registered address of the tendering Shareholder or, in the case of joint holders, the address of the first named. All cash payments will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank.

### 4.1.2 *Shares held in uncertificated form (that is, in CREST)*

Where an accepted tender relates to Shares held in uncertificated form, settlement of the consideration due will be paid by means of CREST by the Registrar procuring the creation of a CREST payment in favour of the tendering Shareholder's payment bank in accordance with the CREST payment arrangements.

4.2 If only part of a holding of Shares is sold pursuant to the Tender Offer or if, because of scaling back, any Shares tendered in excess of the Basic Entitlement are not purchased pursuant to the terms of the Tender:

4.2.1 where the Shares are held in certificated form, the Shareholder will be entitled to receive a certificate in respect of the balance of the remaining Shares; or

4.2.2 where the Shares are held in uncertificated form (that is, in CREST), the unsold Shares will be transferred by the Escrow Agent by means of a TFE Instruction to the original available balance from which those Shares came.

## 5. Tender Form

Each Shareholder by whom, or on whose behalf, a Tender Form is executed in respect of certificated Shares hereby irrevocably undertakes, represents, warrants and agrees to and with J.P. Morgan Cazenove (so as to bind him, his personal representatives, heirs, successors and assigns) that:

5.1 the execution of the Tender Form shall constitute an offer to sell to J.P. Morgan Cazenove such Basic Entitlement or, if relevant, the number of Shares inserted, or deemed to be inserted, in Box 2B of the Tender Form, in each case, on and subject to the terms and conditions set out or referred to in this document and the Tender Form and that, once lodged, such offer shall be irrevocable;

- 5.2 such Shareholder has full power and authority to tender, sell, assign or transfer the Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by J.P. Morgan Cazenove, J.P. Morgan Cazenove will acquire such Shares with full title guarantee, fully paid and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Closing Date including the right to receive all dividends and other distributions declared, paid or made after that date and that such representation shall be deemed to be repeated at the time J.P. Morgan Cazenove purchases such Shares;
- 5.3 the execution of the Tender Form will, subject to the Tender Offer becoming unconditional, in respect of Shares, constitute the irrevocable appointment of any director or officer of J.P. Morgan Cazenove as such Shareholder's attorney and/or agent (the "attorney"), and an irrevocable instruction and authority to the attorney to complete and execute all or any instruments of transfer and/or other documents at the attorney's discretion in relation to the Shares referred to in paragraph 5.1 of this Part III in favour of J.P. Morgan Cazenove or such other person or persons as J.P. Morgan Cazenove may direct and to deliver such instrument(s) of transfer and/or other documents at the discretion of the attorney, together with the Share certificate(s) and/or other document(s) of title relating to such Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in J.P. Morgan Cazenove or its nominee(s) or such other person(s) as J.P. Morgan Cazenove may direct such Shares;
- 5.4 such Shareholder will ratify and confirm each and every act or thing which may be done or effected by J.P. Morgan Cazenove or any of its directors, officers or any person nominated by J.P. Morgan Cazenove in the proper exercise of its or his or her respective powers and/or authorities hereunder (including any attorney);
- 5.5 in respect of the relevant Shares, such Shareholder will deliver to the Receiving Agent their Share certificate(s) and/or other document(s) of title in respect of the Shares referred to in paragraph 5.1 of this Part III, or an indemnity acceptable to J.P. Morgan Cazenove in lieu thereof, or will procure the delivery of such document(s) to such person as soon as possible thereafter and, in any event, not later than the Closing Date;
- 5.6 such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by J.P. Morgan Cazenove to be desirable, in each case to complete the purchase of the Shares and/or to perfect any of the authorities expressed to be given hereunder;
- 5.7 such Shareholder has not received or sent copies or originals of the Tender Form or any related documents to any overseas jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile, transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any overseas jurisdiction, that the Tender Form has not been mailed or otherwise sent in, into or from any overseas jurisdiction and that such Shareholder is not accepting the Tender Offer from any overseas jurisdiction;
- 5.8 If such Shareholder is an Overseas Shareholder, (a) it is not resident or located in any Restricted Territory or in any territory in which it is unlawful to make or accept the Tender Offer or to use the Tender Form in any manner in which the person has used or will use it, (b) it has fully observed any applicable legal and regulatory requirements of the territory in which such Overseas Shareholder is resident or located and (c) the invitation under the Tender Offer may be made to such Overseas Shareholder under the laws of the relevant jurisdiction;
- 5.9 the provisions of the Tender Form shall be deemed to be incorporated into the terms and conditions of the Tender Offer;
- 5.10 the despatch of a cheque in respect of the Tender Price to such Shareholder at his registered address or such other address as is specified in the Tender Form will constitute a complete discharge by J.P. Morgan Cazenove of its obligations to make such payment to such Shareholder;
- 5.11 the execution of the Tender Form constitutes a warranty by such Shareholder that the information given by or on behalf of the Shareholder in the Tender Form will be true in all respects at the time J.P. Morgan Cazenove purchases the Shares referred to in paragraph 5.1 of this Part III as if it had been given afresh at such time and shall not be extinguished by such purchase;
- 5.12 on execution, the Tender Form takes effect as a deed;
- 5.13 the execution of the Tender Form constitutes such Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer and/or the Tender Form; and
- 5.14 if the appointment of an agent provision under sub-paragraph 5.3 of this Part III shall be unenforceable or invalid or shall not operate so as to afford any director or officer of J.P. Morgan Cazenove or the Receiving Agent the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable J.P. Morgan Cazenove or the Receiving Agent to secure the full benefits of sub-paragraph 5.3 of this Part III

A reference in this paragraph 5 to a Shareholder includes a reference to the person or persons executing the Tender Form and, in the event of more than one person executing a Tender Form, the provisions of this paragraph will apply to them jointly and to each of them.

## **6. Tenders through CREST**

Each Shareholder by whom, or on whose behalf, a tender through CREST is made in respect of uncertificated Shares, hereby irrevocably undertakes, represents, warrants and agrees to and with J.P. Morgan Cazenove (so as to bind him, his personal representatives, heirs, successors and assigns) that:

- 6.1 the input of the TTE Instruction shall constitute an offer to sell to J.P. Morgan Cazenove such number of Shares as is specified in the TTE Instruction, in each case, on and subject to the terms and conditions set out or referred to in this document and that once the TTE Instruction has settled, such tender shall be irrevocable;
- 6.2 such Shareholder has full power and authority to tender, sell, assign or transfer the Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by J.P. Morgan Cazenove, J.P. Morgan Cazenove will acquire such Shares with full title guarantee, fully paid and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after the Closing Date including the right to receive all dividends and other distributions declared, paid or made after that date and that such representation shall be deemed repeated at the time J.P. Morgan Cazenove purchases such Shares;

- 6.3 the input of the TTE Instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of the Receiving Agent as the Escrow Agent for the Tender Offer (the "attorney") and an irrevocable instruction and authority to the attorney (i) subject to the Tender Offer becoming unconditional, to transfer to itself by means of CREST and then to transfer to J.P. Morgan Cazenove (or to such person or persons as J.P. Morgan Cazenove may direct) by means of CREST all of the Relevant Shares (as defined below) in respect of which the Tender Offer is accepted (but not exceeding the number of Shares which have been tendered pursuant to the Tender Offer); and (ii) if the Tender Offer does not become unconditional and lapses, or there are Shares which have not been successfully tendered under the Tender Offer, to give instructions to Euroclear, as promptly as practicable after the lapsing of the Tender Offer, to transfer the Relevant Shares to the original available balances from which those Shares came. For the purposes of this sub-paragraph 6.3, "Relevant Shares" means Shares in uncertificated form and in respect of which a transfer or transfers to escrow has or have been effected pursuant to the procedures described in this Part III;
- 6.4 such Shareholder will ratify and confirm each and every act or thing which may be done or effected by J.P. Morgan Cazenove or any of its directors, officers or any person nominated by J.P. Morgan Cazenove or the Receiving Agent in the proper exercise of its or his or her respective powers and/or authorities hereunder;
- 6.5 it shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by J.P. Morgan Cazenove to be desirable, in each case to complete the purchase of the Shares and/or to perfect any of the authorities expressed to be given hereunder;
- 6.6 if such Shareholder is an Overseas Shareholder, (a) it is not resident or located in any Restricted Territory or in any territory in which it is unlawful to make or accept the Tender Offer, (b) it has fully observed any applicable legal and regulatory requirements of the territory in which such Overseas Shareholder is resident or located and (c) the invitation under the Tender Offer may be made to such Overseas Shareholder under the laws of the relevant jurisdiction;
- 6.7 the creation of a CREST payment in favour of such Shareholder's payment bank in accordance with the CREST payment arrangements as referred to in paragraph 4 of this Part III will, to the extent of the obligations so created, discharge fully any obligation of J.P. Morgan Cazenove to pay to such Shareholder the cash consideration to which he is entitled under the Tender Offer;
- 6.8 the input of the TTE Instruction constitutes such Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer;
- 6.9 if, for any reason, any Shares in respect of which a TTE Instruction has been made are, prior to the Closing Date, converted into certificated form, the tender through CREST in respect of such Shares shall cease to be valid and the Shareholder will need to comply with the procedures for tendering Shares in certificated form as set out in this Part III in respect of the Shares so converted, if he wishes to make a valid tender of such Shares pursuant to the Tender Offer; and
- 6.10 if the appointment of an agent provision under sub-paragraph 6.3 of this Part III shall be unenforceable or invalid or shall not operate so as to afford any director or officer of J.P. Morgan Cazenove or the Receiving Agent the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable J.P. Morgan Cazenove or the Receiving Agent to secure the full benefits of sub-paragraph 6.3 of this Part III.

## **7. Termination of the Tender Offer**

If: (i) the Company (acting by the Directors) shall at any time prior to J.P. Morgan Cazenove effecting the purchase as principal of the tendered Shares notify J.P. Morgan Cazenove in writing that in its reasonable opinion the completion of the purchase of Shares in the Tender Offer is no longer in the best interests of the Company and/or the Shareholders as a whole or that there would or may be unexpected adverse fiscal consequences (whether by reason of a change in legislation or practice or otherwise) for the Company or its Shareholders if the Tender Offer were to proceed, or (ii) if at any time after 9 February 2011, any of the Conditions have not been satisfied, J.P. Morgan Cazenove shall either (a) postpone the Tender Offer until such time as the Company (acting by the Directors) notifies J.P. Morgan Cazenove that no such circumstances exist as set out in (i) above or the Conditions have been satisfied or (b) by a public announcement withdraw the Tender Offer (and in such event the Tender Offer shall cease and determine absolutely without any liability on the part of the Company or J.P. Morgan Cazenove).

## **8. Additional Provisions**

- 8.1 Each Shareholder may tender all or part of their holding of Shares by the Closing Date, subject to the scaling back of tenders in excess of that Shareholder's Basic Entitlement on the basis provided in paragraph 1 of this Part III. If: (i) Box 2 of the Tender Form is not completed; or (ii) in J.P. Morgan Cazenove's determination (in its absolute discretion) Box 2 has not been validly completed, provided that the Tender Form is otherwise in order and accompanied by all other relevant documents, the tender may be accepted as a valid tender in respect of the whole of the Basic Entitlement. However, if the Share certificate(s) or other documents of title accompanying such Tender Form total less than the Basic Entitlement, then the Tender Form shall be treated as a tender for such lesser amount.
- 8.2 Shares acquired by J.P. Morgan Cazenove under the Tender Offer will be on-market purchases in accordance with the rules of London Stock Exchange, the UK Listing Authority and CA 2006.
- 8.3 Shares sold by Shareholders pursuant to the Tender Offer will be acquired with full title guarantee, fully paid and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Closing Date including the right to receive all dividends and other distributions declared, paid or made after that date.
- 8.4 Unless lapsed, extended or terminated in accordance with the provisions of this Part III, the Tender Offer will close at 1.00 p.m. on 7 February 2011 and it is expected that by close of business on 10 February 2011 the Company will make a public announcement of the Tender Price, the total number of Shares tendered and, if appropriate, the proportion of tendered Shares which will be purchased by J.P. Morgan Cazenove from Shareholders who have tendered Shares in excess of their Basic Entitlement.
- 8.5 Each Shareholder who tenders or procures the tender of Shares will thereby be deemed to have agreed that, in consideration of J.P. Morgan Cazenove agreeing to process their tender, such Shareholder will not revoke their tender or withdraw their Shares. Shareholders should note that once tendered Shares may not be sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.
- 8.6 Any omission to despatch this document or the Tender Form or any notice required to be despatched under the terms of the Tender Offer to, or any failure to receive the same by, any person entitled to participate in the Tender Offer shall not invalidate the Tender Offer in any way or create any implication that the Tender Offer has not been made to any such person.
- 8.7 No acknowledgement of receipt of any Tender Form(s), Share certificate(s) and/or document(s) of title will be given. All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from Shareholders (or their designated agents) will be delivered by or sent to or from Shareholders (or their designated agents) at their own risk.

- 8.8 All powers of attorney and authorities on the terms conferred by or referred to in this Part III or the Tender Form are given by way of security for the performance of the obligations or the Shareholders concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971.
- 8.9 All tenders by certificated holders must be made on the relevant prescribed Tender Form, duly completed in accordance with the instructions set out thereon which constitute part of the terms of the Tender Offer. A Tender Form will only be valid when the procedures contained in these terms and conditions and in the Tender Form are complied with. The Tender Offer and all tenders will be governed by and construed in accordance with English law. Delivery or posting of a Tender Form will constitute submission to the exclusive jurisdiction of the English courts.
- 8.10 If the Tender Offer does not become unconditional, lapses or is terminated, all documents lodged pursuant to the Tender Offer will be returned promptly by post, within 14 Business Days of the Tender Offer lapsing or terminating, to the person or agent whose name and address is set out in Box 1 or, if applicable, in Box 4 of the Tender Form or, if none is set out, to the tendering Shareholder or, in the case of joint holders, the first named at their registered address. In any of these circumstances the Tender Form will cease to have any effect. In the case of Shares held in uncertificated form, the Receiving Agent in its capacity as the escrow agent will, within 14 Business Days of the Tender Offer lapsing, give instructions to Euroclear to transfer all Shares held in escrow balances and in relation to which it is the escrow agent for the purposes of the Tender Offer by TFE Instruction to the original available balances from which those Shares came.
- 8.11 The instructions, terms, provisions and authorities contained in or deemed to be incorporated in the Tender Form shall constitute part of the terms of the Tender Offer in respect of Shares held in certificated form. The definitions set out in this document apply to the terms and conditions set out in this Part III.
- 8.12 Subject to paragraphs 1 and 2 of this Part III, the Tender Offer will close at 1.00 p.m. on 7 February 2011. No Tender Form, Share certificate(s) and/or document(s) of title or indemnity or TTE Instruction received after that time will be accepted, except at the sole discretion of J.P. Morgan Cazenove.
- 8.13 Further copies of this document and the Tender Form may be obtained on request from the Receiving Agent by telephone on 0871 664 0321 or, if calling from outside the UK, on +44 208 639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the Capita Registrars +44 208 639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Tender Offer or give any financial, legal or tax advice.
- 8.14 Any change to the terms, or any extension or termination of the Tender Offer will be followed as promptly as practicable by a public announcement thereof no later than 1.00 p.m. on the Business Day following the date of such change, extension or termination. Such an announcement will be notified to a regulatory information service provider of the London Stock Exchange. References to the making of an announcement by the Company include the release of an announcement on behalf of the Company by J.P. Morgan Cazenove to the press and delivery of, by telephone or facsimile or other electronic transmission of, such announcement to a regulatory information service of the London Stock Exchange.
- 8.15 Tendering Shareholders will not be obliged to pay brokerage fees, commissions or transfer taxes or stamp duty in the UK on the purchase by J.P. Morgan Cazenove of Shares pursuant to the Tender Offer.
- 8.16 Except as contained in this document, no person has been authorised to give any information or make any representations with respect to the Company or the Tender Offer and, if given or made, such other information or representations should not be relied on as having been authorised by J.P. Morgan Cazenove or the Company. Under no circumstances should the delivery of this document or the delivery of any consideration pursuant to the Tender Offer create any implication that there has been no change in the assets, properties, business or affairs of the Company since the date of this document.
- 8.17 J.P. Morgan Cazenove reserves the absolute right to inspect (either itself or through its agents) all Tender Forms and may consider void and reject any tender that does not in J.P. Morgan Cazenove's sole judgment (acting reasonably) meet the requirements of the Tender Offer. J.P. Morgan Cazenove reserves the absolute right to waive any defect or irregularity in the tender of any Shares, including any Tender Form (in whole or in part), which is not entirely in order or which is not accompanied by (in the case of Shares held in certificated form) the related Share certificate(s) and/or other document(s) of title or any indemnity acceptable to J.P. Morgan Cazenove in lieu thereof. In that event, for Shares held in certificated form, however, the consideration under the Tender Offer will only be despatched when the Tender Form is entirely in order and the Share certificate(s) or other document(s) of title or indemnities satisfactory to J.P. Morgan Cazenove has/have been received. All questions as to the number of Shares tendered and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Shares will be determined by J.P. Morgan Cazenove in its absolute and sole discretion, which determination shall be final and binding on all of the parties (except as otherwise required under applicable law). Neither J.P. Morgan Cazenove, the Company nor the Receiving Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.
- 8.18 Shares purchased pursuant to the Tender Offer will, following the completion of the Tender Offer, be acquired from J.P. Morgan Cazenove by the Company on the London Stock Exchange pursuant to the Repurchase Agreement for cancellation.
- 8.19 The provisions of the Contracts (Rights of Third Parties) Act 1999 do not apply to this document.

## 9. Overseas Shareholders

- 9.1 The making of the Tender Offer in or to persons who are citizens or nationals of, or resident in, overseas jurisdictions or to custodians, nominees or trustees for citizens, nationals or residents of overseas jurisdictions may be prohibited or affected by the laws of the relevant overseas jurisdiction. Shareholders who are Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Shareholder wishing to tender Shares to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any such Shareholder will be responsible for payment of any such transfer or other taxes or other requisite payments due to whomsoever payable and J.P. Morgan Cazenove and the Company and any person acting on their behalf shall be fully indemnified and held harmless by such Shareholder for any such transfer or other taxes or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of the Tender Form in any territory outside the UK.
- 9.2 In particular, the Tender Offer is not being made, directly or indirectly, in or into, or by use of the mails, or by any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the Restricted Territories and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility or from within the Restricted Territories. Accordingly, the Tender Form and any related documents are not being and must not be mailed or otherwise distributed or sent in or into the Restricted Territories, including to Shareholders with registered addresses in the Restricted Territories or to persons in the Restricted Territories. Receipt of this document and/or the Tender Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and in those circumstances, this document and/or the Tender Form will be deemed to have been sent for information only and should not be copied or redistributed. Persons receiving such documents or wishing to accept the Tender Offer should not distribute or send them in, into or from the Restricted Territories or use such mails or any such means, instrumentality or facility in connection with the Tender Offer and so doing will render invalid any related purported acceptance of the Tender Offer. All accepting Shareholders must provide addresses outside the Restricted Territories for the remittance of cash or the return of documents lodged pursuant to the Tender Offer. A Shareholder will be deemed not to have accepted the Tender Offer if: (i) such Shareholder is unable to make the representation and warranty set out in paragraphs 5 or 6 (as applicable) of this Part III of this document; or (ii) such Shareholder completes Box 1 or, if applicable, Box 4 of the Tender Form with an address in any of the Restricted Territories or has a registered address in any of the Restricted Territories and in either case such Shareholder does not insert in Box 1 or, if applicable, Box 4 of the Tender Form the name and address of a person or agent outside the Restricted Territories to whom he wishes the consideration to which he is entitled under the Tender Offer to be sent, subject to the provisions of this paragraph and applicable laws; or (iii) such Shareholder inserts in Box 1 or, if applicable, Box 4 of the Tender Form the name and address of a person or agent in any of the Restricted Territories to whom he wishes the consideration to which such Shareholder is entitled under the Tender Offer to be sent; or (iv) the Tender Form received from him is in an envelope postmarked in, or which otherwise appears to J.P. Morgan Cazenove or its agents to have been sent from, the Restricted Territories. J.P. Morgan Cazenove reserves the right, in its absolute discretion, to investigate, in relation to any acceptance, whether the representation and warranty referred to in paragraphs 5 or 6 (as applicable) of this Part III given by any Shareholder is correct and, if such investigation is undertaken and as a result J.P. Morgan Cazenove determines (for any reason) that such representation and warranty is not correct, such acceptance shall not be valid.
- 9.3 If, in connection with making the Tender Offer and notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees) whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Tender Form or any related offering documents in, into or from the Restricted Territories or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce or any facility of a national securities exchange of, the Restricted Territories in connection with such forwarding, such persons should: (i) inform the recipient of such fact; (ii) explain to the recipient that such action may invalidate any purported acceptance of the Tender Offer by the recipient; and (iii) draw the attention of the recipient to this paragraph 9.
- 9.4 The provisions of this paragraph 9 and any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by J.P. Morgan Cazenove in its absolute discretion but only if J.P. Morgan Cazenove is satisfied that such waiver, variance or modification will not constitute or give rise to a breach of applicable securities or other legal or regulatory requirements.
- 9.5 The provisions of this paragraph 9 supersede any terms of the Tender Offer inconsistent herewith.
- 9.6 **Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. The comments set out in this document are intended as a general guide only and Shareholders who are in any doubt about their position should consult their professional adviser in the relevant territory.**

## 10. Modifications

The terms of the Tender Offer shall have effect subject to such non-material modifications as the Company and J.P. Morgan Cazenove may from time to time approve in writing. The times and dates referred to in this document may be amended by agreement in writing between the Company and J.P. Morgan Cazenove.

## PART IV – UNITED KINGDOM TAXATION

The following summary of the UK tax treatment of Shareholders who sell Shares pursuant to the Tender Offer (which applies only to persons holding Shares as an investment) is intended as a general guide only and is based on United Kingdom tax law as well as the practice of HMRC at the date of this document. It may not be applicable to certain Shareholders, including insurance companies, dealers in securities and Shareholders who are not beneficial owners of the relevant Shares, such as trustees.

Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser. These comments are not exhaustive and do not constitute legal or tax advice.

### Taxation of Chargeable Gains

As J.P. Morgan Cazenove will be making the Tender Offer as principal, a Shareholder who sells Shares to J.P. Morgan Cazenove pursuant to the Tender Offer should be treated, for the purposes of UK taxation of chargeable gains, in the same way as though he had sold them on market to a third party. A charge to taxation on chargeable gains could therefore arise depending on that Shareholder's particular circumstances (including the availability of any exemptions, reliefs and allowable losses).

A Shareholder who is neither resident nor ordinarily resident for tax purposes in the UK who sells his Shares pursuant to the Tender Offer will not normally be liable for UK taxation on chargeable gains on any gain which is realised. A liability to tax may arise in respect of a gain if such Shareholder (i) carries on a trade in the UK through a branch or agency (or, in the case of a corporate shareholder, a permanent establishment) and the Shares are or have been used, held or acquired for the purposes of such trade, branch, agency or permanent establishment or (ii) is an individual who, in certain circumstances, becomes resident for tax purposes in the United Kingdom during the tax year in which the sale of the Shares occurs.

Chapter 1 of Part 13 ITA 2007 (in respect of individual Shareholders) and Part 15 of CTA 2010 (in respect of corporate Shareholders) ('tax advantage provisions') permit HMRC to counteract tax advantages arising from certain transactions in securities. The tax advantage provisions do not apply where the relevant Shareholder can show that the transaction was entered into for genuine commercial reasons and did not involve as one of its main objects, the obtaining of a tax advantage.

If HMRC sought to apply the tax advantage provisions in respect of the Tender Offer, then some individual UK resident (or ordinarily resident) Shareholders and trustees selling their Shares in the Tender Offer might be liable to taxation as if they had received income, rather than capital.

No application has been made to HMRC for clearance that the tax advantage provisions shall not apply to any sale of Shares pursuant to the Tender Offer. **Shareholders are, however, advised to take independent professional advice as to the potential application of the tax advantage provisions in the light of their own particular motives and circumstances.**

### Stamp duty and stamp duty reserve tax

Shareholders will have no liability to stamp duty or stamp duty reserve tax in respect of the sale of their Shares pursuant to the Tender Offer. Stamp duty (or stamp duty reserve tax) will be payable by the Company at the rate of 0.5 per cent., (rounded up to the nearest £5 in the case of stamp duty) of the aggregate amount payable by the Company in respect of the Exit Shares purchased for cancellation from J.P. Morgan Cazenove.

## PART V – ADDITIONAL INFORMATION

### 1. Directors' and other interests

1.1 As at 7 January 2011 (this being the latest practicable date prior to the publication of this document), the interests of each Director, all of which are beneficial, in the share capital of the Company were as follows:

<i>Directors</i>	<i>Number of Shares</i>	<i>Percentage of existing issued share capital</i>
Peter Dicks	34,538	0.11%
Lady Barbara Judge	21,039	0.06%
Colin Kingsnorth	–	–
Rory Macnamara	–	–
David Quysner	–	–

1.2 Save as disclosed in sub-paragraph 1.1 of this Part V, none of the Directors, nor any person connected with a Director (within the meaning of section 252 of the Companies Act 2006), has any interest (beneficial or non-beneficial) in the share capital of the Company or any of its subsidiaries.

1.3 As at 7 January 2011 (this being the latest practicable date prior to the publication of this document), insofar as has been notified to the Company, the following had interests either directly or indirectly, in 3 per cent. or more of the Company's issued share capital or voting rights:

<i>Name</i>	<i>Number of Shares</i>	<i>Percentage of existing issued share capital</i>
Laxey Funds	9,467,046	29.23%
QVT Fund LP	8,659,163	26.74%
Deutsche Bank AG	6,093,992	18.82%
Weiss Asset Management	1,718,325	5.31%
Aviva plc and its subsidiaries	1,351,657	4.17%

1.4 On 11 August 2010, Laxey Partners provided an undertaking to the Company whereby Laxey Partners agreed that it shall not, and will procure that the Laxey Funds shall not, exercise, in aggregate, more than 29.99 per cent. of the voting rights of the Company on any resolution.

1.5 As at 7 January 2011 (this being the latest practicable date prior to the publication of this document), the issued share capital was 32,384,910 Shares and there were no outstanding warrants or options to subscribe for Shares or Shares held in treasury.

### 2. Repurchase Agreement

The Company and J.P. Morgan Cazenove entered into a repurchase agreement on 10 January 2011 pursuant to which the Company has agreed to purchase from J.P. Morgan Cazenove, on the London Stock Exchange, such number of Shares as J.P. Morgan Cazenove shall purchase pursuant to the Tender Offer, at an aggregate price equal to the amount paid by J.P. Morgan Cazenove for the Exit Shares. J.P. Morgan Cazenove may terminate the Tender Offer if it receives notice from the Company that, in the Company's reasonable opinion, one or more of the conditions set out in sub-paragraph 2.1 of Part III of this document have not been satisfied.

In acquiring Exit Shares pursuant to valid tenders made in the Tender Offer and in selling such Exit Shares to the Company, J.P. Morgan Cazenove will act as principal.

The Repurchase Agreement, which is stated not to create a relationship of agency between J.P. Morgan Cazenove and the Company, is governed by and construed in accordance with English Law.

### **3. Consent**

J.P. Morgan Cazenove has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are included.

### **4. Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the completion, termination or lapse of the Tender Offer at the offices of Martineau, 35 New Bridge Street, London EC4V 6BW and at the registered office of the Company:

- the Memorandum and Articles of Association of the Company;
- the consent letter from J.P. Morgan Cazenove referred to in paragraph 3 above;
- the Repurchase Agreement;
- the irrevocable undertaking dated 7 January 2011 from Laxey Partners to procure the tender of Shares at least equal to the Basic Entitlement of Shares beneficially owned by the Laxey Funds as referred to in Part I of this document and to vote in favour of the Resolution;
- the irrevocable undertaking from Laxey Partners referred to in paragraph 1.4 above; and
- this document.

10 January 2011

## DEFINITIONS

The following definitions apply throughout this document and the accompanying Tender Form unless the context otherwise requires:

“CA 2006”	the Companies Act 2006, as amended;
“Articles of Association”	the articles of association of the Company, as amended from time to time;
“Basic Entitlement”	the entitlement of each Shareholder to tender such number of Shares (rounded down to the nearest whole number) as results from multiplying the total number of Shares registered in that Shareholder’s name on the Record Date by the Basic Entitlement Percentage;
“Basic Entitlement Percentage”	the percentage which the total number of Shares to which the Tender Offer applies bears to the total number of Shares in issue as at the Record Date;
“Board” or the “Directors”	the board of directors of the Company (and each a “Director”);
“Business Day”	a day on which the clearing banks and foreign exchange markets settle payments and are open for general business in London;
“Calculation Date”	the date on which the Tender Price is calculated, as described in this document (expected to be 9 February 2011);
“Capita Registrars”	a trading name of Capita Registrars Limited, the Company’s registrars;
“certificated” or “in certificated form”	a share or other security which is not in uncertificated form (ie not in CREST);
“Closing Date”	1.00 p.m. (UK time) on 7 February 2011, the date on which the Tender Offer closes, unless the Closing Date is extended in accordance with the terms set out in this document;
“Company”	Private Equity Investor plc;
“Conditions”	the conditions set out in paragraph 2 of Part III of this document;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
“CREST Member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);
“CREST Participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
“CREST Regulations”	The Uncertificated Securities Regulations 2001 (SI 2001/3755);
“CREST Sponsor”	a CREST Participant admitted to CREST as a CREST sponsor, being a sponsoring system-participant (as defined in the CREST Regulations);
“CREST Sponsored Member”	a CREST member admitted to CREST as a Sponsored Member;
“Dollar” or “\$”	United States dollars, being the lawful currency of the United States of America;
“Escrow Agent”	Capita Registrars (in its capacity as a CREST participant under Participant ID:RA10);
“Euroclear”	Euroclear UK & Ireland Limited;
“Exit Share”	a Share which has been successfully tendered for purchase pursuant to the terms of the Tender Offer;
“General Meeting”	the general meeting of Shareholders of the Company convened at 3.00 p.m. on 9 February 2011 at the offices of J.P. Morgan Cazenove, 20 Moorgate, London EC2R 6DA;
“HMRC”	HM Revenue & Customs;
“ITA 2007”	the Income Tax Act 2007, as amended;
“J.P. Morgan Cazenove”	J.P. Morgan Securities Limited (which conducts its UK investment banking business as J.P. Morgan Cazenove) of 125 London Wall, London EC2Y 5AJ;

“Laxey Funds”	Value Catalyst Fund, Altma SICAV plc in respect of Gardiner Sub Fund, LP Value Limited, Laxey Universal Value LP, Laxey LP McKinsey, LACV Limited, Laxey Investors Limited and LACMA Limited, or any other fund managed by Laxey Partners which is, for the time being, the holder of Shares
“Laxey Partners”	Laxey Partners Limited;
“Listing Rules”	the Listing Rules of the UK Listing Authority;
“London Stock Exchange”	London Stock Exchange plc;
“Member Account ID”	the identification code or number attached to any member account in CREST;
“Net Asset Value” or “NAV”	the net asset value of the Company calculated by the Company (either on a consolidated group basis or on a Company basis, as applicable);
“NAV per Share”	the Net Asset Value divided by the number of Shares in issue;
“Overseas Shareholder”	a Shareholder who is resident in, or a citizen of, a jurisdiction outside the UK;
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
“Proxy Form”	the form of proxy accompanying Shareholders’ copies of this document for use by Shareholders in connection with the General Meeting;
“Receiving Agent”	Capita Registrars, in its capacity as receiving agent for the purposes of the Tender Offer;
“Record Date”	close of business (UK time) on 7 February 2011;
“Register”	the register of members of the Company;
“Registrars”	Capita Registrars, in its capacity as registrars to the Company;
“Repurchase Agreement”	the agreement dated 7 January 2011 entered into between the Company and J.P. Morgan Cazenove for the repurchase by the Company as a market purchase (as defined in CA 2006), on the London Stock Exchange, of the Exit Shares purchased by J.P. Morgan Cazenove pursuant to the Tender Offer as more fully described in paragraph 2 of Part V of this document;
“Resolution”	the special resolution set out in the notice of the General Meeting;
“Restricted Territory” or “Restricted Territories”	United States, Canada, Australia, Japan, South Africa and the Republic of Ireland;
“Shareholders”	holders of Shares (and each a “Shareholder”);
“Shares”	ordinary shares of 0.01p each in the capital of the Company (and each a “Share”);
“Sterling” or “£”	pounds sterling, being the lawful currency of the UK;
“Tender Costs per Share”	the estimated costs and expenses of the Tender Offer (which are estimated to be £257,000) divided by the total number of Shares in issue;
“Tender Form”	the tender form accompanying Shareholders’ copies of this document for use by Shareholders who hold their Shares in certificated form in connection with the Tender Offer;
“Tender Offer”	the proposed invitation by J.P. Morgan Cazenove to Shareholders (other than certain Overseas Shareholders) to tender Shares on the terms and subject to the conditions set out in this document and the Tender Form;
“Tender Price”	the price payable for each Share under the Tender Offer, calculated as described in this document;
“TFE Instruction”	a transfer from escrow instruction (as defined in the CREST manual issued by Euroclear);
“TTE Instruction”	a transfer to escrow instruction (as defined in the CREST manual issued by Euroclear);
“uncertificated” or “in uncertificated form”	recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“UK Listing Authority”	the Financial Services Authority, as the competent authority for listing in the United Kingdom under Part VI of the Financial Services and Markets Act 2000; and
“United Kingdom” or “UK”	The United Kingdom of Great Britain and Northern Ireland.

# PRIVATE EQUITY INVESTOR PLC

(Registered in England and Wales with registered number 03912487)

## NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Private Equity Investor plc (the "Company") will be held at the offices of J.P. Morgan Cazenove, 20 Moorgate, London EC2R 6DA on 9 February 2011 at 3.00 p.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:

1. That the Company be authorised, for the purpose of purchase(s) of Shares, as defined below, following the Tender Offer (as defined in the circular to shareholders of the Company dated 10 January 2011), to make market purchases (within the meaning of section 693(4) of the Companies Act 2006 (the "Act")) in accordance with section 693 of the Act of ordinary shares of 0.01p each in the capital of the Company ("Shares" and each a "Share") on such terms and in such manner as the directors of the Company may from time to time determine, provided that:
  - (a) the maximum aggregate number of Shares authorised to be purchased is 8,092,989, being the number representing approximately 24.99 per cent. of the issued capital of the Company as at 7 January 2011;
  - (b) the minimum price (exclusive of expenses) which may be paid per Share is 0.01p (this being the nominal value thereof);
  - (c) the maximum price which may be paid per Share is an amount equal to the net asset value of the Company per Share at the latest practicable date prior to the date of purchase or, if earlier, the Company entering into any contract to purchase Shares, as determined by the directors of the Company;
  - (d) the authority conferred by this resolution shall be in addition to and not in substitution for any existing authority and shall lapse at the conclusion of the next annual general meeting of the Company unless such authority is renewed prior to such time; and
  - (e) the Company may make a contract to purchase Shares under the authority conferred by this resolution before the expiry of the authority which will or may be executed wholly or partly after its expiry and may make a purchase of Shares in pursuance of any such contract.

*Registered office:*

Beaufort House  
51 New North Road  
Exeter  
Devon  
EX4 4EP

10 January 2011

*By order of the Board*

Capita Sinclair Henderson Limited  
*Company Secretary*

### *Notes:*

1. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
2. The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those Shareholders registered in the register of members of the Company as at 5.00 p.m. on 7 February 2011 or, in the event that the meeting is adjourned, 5.00 p.m. on the date which is two days before the date of the adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the register of members after 5.00 p.m. on 7 February 2011 or, in the event that the meeting is adjourned, in the register of members after 5.00 p.m. on the date which is two days before any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the personalised form of proxy ("Proxy Form") are set out in the notes on the proxy card. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the Proxy Form, clearly stating on each copy the shares to which the proxy relates, or alternatively to request additional copies of the Proxy Form, contact the Company's registrars, Capita Registrars, on 0871 664 0321 or, if, calling from outside the UK, on +44 208 639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the Capita Registrars +44 208 639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. For legal reasons, Capita Registrars will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. A member should identify, in the designated box on the Proxy Form, the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by marking an X in the box provided if the proxy instruction is one of multiple instructions being given.

5. A personalised Proxy Form is enclosed with this document, together with a reply paid envelope. To be valid, it should be lodged with the Company's registrar, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, so as to be received not later than 3.00 p.m. on 7 February 2011 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll, at the offices of the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. A prepaid envelope is enclosed for use in the UK only.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST Members who have appointed a voting service provider(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 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 the Company's agent (ID:RA10) by the latest time(s) for receipt of proxy appointments specified in Note 5 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST Members and, where applicable, their CREST Sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular 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 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.
7. As at 7 January 2011 (being the last business day prior to the publication of this notice), the Company's issued voting share capital was 32,384,910 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 7 January 2011 was 32,384,910.
8. In accordance with section 325 of the Companies Act 2006, the right to appoint proxies (as detailed in paragraphs 3 to 5 above) does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006. The rights described in these paragraphs can only be exercised by members of the Company.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, in accordance with section 149(2) of the Companies Act 2006 and 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 meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
11. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the Proxy Form. The termination of the authority of a person to act as proxy must be notified to the Company in writing. Amended instructions must be received by Capita Registrars by the deadline for receipt of proxies.
12. At the meeting, shareholders have the right to ask questions relating to the business of the meeting and the Company is obliged to answer such questions, unless; to do so would interfere unduly with the preparation of the meeting or would involve the disclosure of confidential information, if the information has been given on the Company's website, [www.peiplc.com](http://www.peiplc.com) in the form of an answer to a question, or if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
13. Further information, including the information required by section 311A of the Companies Act 2006, regarding the meeting is available on the Company's website, [www.peiplc.com](http://www.peiplc.com)



