

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the resolutions to be voted on at the Annual General Meeting of Cape plc (the 'Company') to be held on Thursday 20 May 2010. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your ordinary shares of £0.25 each in the Company ('**Ordinary Shares**') or your cumulative preference shares of £1 each ('**Preference Shares**'), please forward this document and the accompanying Form of Proxy for use in relation to the Annual General Meeting as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your Ordinary Shares or Preference Shares, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.



(Incorporated and registered in England and Wales with registered number 40203)

# Notice of 2010 Annual General Meeting

including  
**Adoption of New Articles of Association**

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Notice of the Annual General Meeting of the Company, to be held at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA at 10.00 a.m. on Thursday 20 May 2010, is set out at the end of this document. The accompanying Form of Proxy for use in connection with the Annual General Meeting should be completed and returned as soon as possible and, in any event, so as to reach the Company's registrars at Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 10.00 a.m. on Tuesday 18 May 2010. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the Annual General Meeting should they so wish.

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# Letter from the Chairman of the Company

(Incorporated and registered in England and Wales with registered number 40203)

## Directors:

Sean O'Connor (Chairman)  
Martin K May (Chief Executive)  
Richard Bingham (Chief Financial Officer)  
David McManus (Non-Executive Director)  
David Robins (Non-Executive Director)

## Registered Office:

9 The Square  
Stockley Park  
Uxbridge  
Middlesex  
UB11 1 FW

26 April 2010

To the Ordinary Shareholders, the Scheme Shareholder and the Preference Shareholders, and for information purposes only, to holders of options and conditional share awards under the Share Option Schemes.

Dear Shareholder,

## 2010 Annual General Meeting

I am writing to give you details of the resolutions to be proposed at this year's Annual General Meeting to be held at 10.00 a.m. on Thursday 20 May 2010 at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA, and which are set out in the notice of Annual General Meeting at the end of this document (the 'Notice').

Shareholders should read the contents of this document in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2009, together with the reports of the Directors and auditors thereon (the 'Accounts') enclosed with this document.

## Annual General Meeting

The following resolutions will be proposed at this year's Annual General Meeting:

### Resolution nos. 1 to 5 – 'Ordinary Business'

Resolution nos. 1 to 5 to be proposed at the Meeting are all 'ordinary business' of the Annual General Meeting and will each be proposed as an ordinary resolution as follows:

- (i) the receipt and adoption of the annual report and financial statements of the Company for the financial year ended 31 December 2009 (resolution no. 1);
- (ii) the re-election of Sean O'Connor, who retires by rotation as a Director under the Company's Articles of Association and, being eligible, offers himself for re-election as a Director at the Annual General Meeting (resolution no. 2);
- (iii) the re-election of David Robins, who retires by rotation as a Director under the Company's Articles of Association and, being eligible, offers himself for re-election as a Director at the Annual General Meeting (resolution no. 3);
- (iv) the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company (resolution no. 4); and
- (v) the authorisation of the Directors to determine the auditors' remuneration (resolution no. 5).

## Re-election of Directors

Biographical details of Mr O'Connor and Mr Robins may be found on page 36 of the Accounts.

## Resolution nos. 6 to 10 – 'Special Business'

Resolution nos. 6 to 10 comprise the five items of 'special business' of the Annual General Meeting. Resolution no. 6 is to be proposed as an ordinary resolution and resolutions nos. 7 to 10 are to be proposed as special resolutions.

### Resolution no. 6 – Renewal of authority of Directors to allot shares

Resolution no. 6 will be proposed as an ordinary resolution to renew the authority of the Directors to allot Ordinary Shares up to a maximum aggregate nominal amount of £9,669,739 (representing approximately 33% of the total ordinary share capital of the Company presently in issue). This authority replaces the resolution passed on 20 May 2009 and will expire at the conclusion of the next Annual General Meeting or 15 months after the passing of the resolution, whichever is the earlier.

### Resolution no. 7 – Renewal of authority of Directors to allot shares for cash disapplying statutory pre-emption rights

Resolution no. 7 will be proposed as a special resolution to empower the Directors to disapply pre-emption rights (i) in connection with an issue of shares which is made not strictly in accordance with section 561 of the Companies Act 2006 ('the Act') and (ii) up to a maximum aggregate nominal value of £1,450,461 (representing approximately 5 per cent. of the total ordinary share capital of the Company presently in issue). The resolution will enable the Directors, at their discretion, to allot a limited number of equity securities (or Treasury Shares) for cash and also provide the Directors with greater flexibility to take advantage of business opportunities as they arise.

### Resolution no. 8 – Authority to buy back Deferred Shares

Resolution no. 8 will be proposed as a special resolution to authorise and approve the draft contract granting the Company the right to buy back the deferred shares of 1p each in the Company (the 'Deferred Shares'). There are currently 431,906,031 Deferred Shares in issue and as the Deferred Shares are effectively valueless the Company considers that it would be prudent to remove these from the Company's share register in order to simplify the Company's share capital. It is intended, therefore, that the Company will buy back the Deferred Shares for an aggregate of £1 and the Deferred Shares will then be cancelled.

## Letter from the Chairman of the Company

continued

The draft contract to buy back the Deferred Shares will be available for inspection at the Company's registered office, Cape plc, 9 The Square, Stockley Park, Uxbridge, Middlesex, UB11 1FW during normal business hours on any weekday (Saturdays and public holidays excluded) from the date of this document until the close of the Annual General Meeting, and at the place of the Annual General Meeting for a least 15 minutes prior to and during the meeting. It is intended that the contract will be entered into within the next 12 months and in any event the authority will expire 18 months after the passing of the resolution.

### **Resolution no. 9 – Authority to purchase own shares**

Resolution no. 9 will be proposed as a special resolution to authorise the Company to purchase up to 11,603,687 of its own Ordinary Shares in the market, representing 10% of the current issued ordinary share capital of the Company, at a price at not less than the nominal value of the Ordinary Shares and not more than 5% above the average of the middle market quotations of the Ordinary Shares derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made. If approved, this authority will replace the similar authority given to the Company at last year's Annual General Meeting, and the authority will expire at the conclusion of next year's Annual General Meeting or, 18 months after the passing of the resolution, whichever is the earlier.

The Directors have no present intention of making such purchases, but it is considered to be prudent to have this authority so as to be able to act at short notice if circumstances change. The authority would, however, only be exercised if the Directors believe that to do so would result in an increase in earnings per share and would be in the best interests of shareholders generally.

Options over an aggregate of 6,843,417 Ordinary Shares in the Company were outstanding as at 25 April 2010 representing 5.90% of the Company's issued ordinary share capital at that date and which would represent 6.55% of the Company's issued ordinary share capital if the authority proposed at the Annual General Meeting to buy back 11,603,687 Ordinary Shares was exercised in full (and all of the repurchased shares were cancelled).

The resolution will also permit the Company to purchase its own shares to hold as 'treasury shares' rather than cancelling them. The 'treasury shares' can be subsequently cancelled, sold for cash or used to satisfy share awards granted under employee share award schemes and would therefore provide the Company with additional flexibility in the management of its capital base. As at 25 April 2010, the Company did not hold any of its Ordinary Shares as 'treasury shares'.

The Directors would consider holding as 'treasury shares' any shares which the Company purchases pursuant to the authority proposed to be granted by resolution no. 9. In relation to any repurchased shares held in treasury however, unless such shares are subsequently cancelled, earnings per share will only be increased on a temporary basis until such time as the shares are subsequently sold out of treasury.

### **Resolution no. 10 – Adoption of new articles of association**

Resolution no. 10 will be proposed as a special resolution to adopt the new articles of association (the 'New Articles'). The final provisions of the Companies Act 2006 (the 'Act') came into force on 1 October 2009 and the Directors propose that the New Articles should be adopted which reflect these provisions. A summary of what the Directors regard as the key new provisions included in the New Articles is set out at the Appendix to this document.

The provisions governing the operations of the Company are currently set out in its memorandum of association (the 'Memorandum') and articles of association. Since 1 October 2009 the Act provides that the objects clause and all other provisions in the Memorandum, including a company's authorised share capital, are treated as part of a company's articles of association. However, the Company can remove these provisions by special resolution and unless the Company provides otherwise the Company's objects will be unrestricted. The Company is proposing to remove its objects clause together with all other provisions of its Memorandum which, by virtue of the Act, are treated as forming part of the Company's articles of association including the Company's authorised share capital requirements. Although the Company will no longer have authorised share capital, the Directors will still be limited as to the amount of Ordinary Shares that they can allot at any time because allotment authority continues to be required under the Act, save in respect of employee share schemes.

### **Action to be taken**

Shareholders will find enclosed with this document a Form of Proxy for use at the Annual General Meeting. Whether or not you propose to attend the Annual General Meeting in person, you are requested to complete the Form of Proxy and to return it to the Company's registrars, Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 18 May 2010 at 10.00 a.m. Unless the Form of Proxy is received by this date and time, it will be invalid. The completion and return of a Form of Proxy will not preclude you from attending the Annual General Meeting and voting in person if you so wish.

### **Recommendation**

The Directors consider the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and the shareholders as a whole. Consequently, the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the Annual General Meeting as they intend to do in respect of their own beneficial holdings which in aggregate amount to 858,550 Ordinary Shares in the Company, representing 0.72 cent. of the Company's current issued ordinary share capital.

Yours faithfully



**Sean O'Connor**  
Chairman

# Appendix

## Summary of main differences between the New Articles and the current Articles of Association

Set out below is a summary of the principal differences between the current articles of association and the proposed New Articles:

This summary is intended to cover only the material differences between the existing articles of association and the New Articles. Accordingly, changes of a minor, conforming or technical nature have not been mentioned specifically. The Companies Act 2006 (the '2006 Act') which replaced the Companies Act 1985 (the '1985 Act') was implemented in stages and is now fully in force. The Company is adopting New Articles to reflect these changes in company law brought about by the provisions of the Act which came into force on 1 October 2009.

### 1. The Company's objects

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The provisions governing the operations of the Company are currently set out in both its memorandum of association and its articles of association. Under the 2006 Act, the memorandum no longer contains an objects clause and simply records the names of the subscribers and the number of shares which each subscriber agreed to take in the Company. Under section 28 of the 2006 Act, the objects clause and all other provisions in the memorandum are treated as part of the articles with effect from 1 October 2009 but the Company can remove these provisions by special resolution. Unless the articles provide otherwise, the Company's objects will be unrestricted. The Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 10 confirms the removal of these provisions and adopts the New Articles.

### 2. Limited liability

Under the 2006 Act, the memorandum of association no longer contains a clause stating that the liability of the members of a company is limited. For existing companies, this statement is automatically treated as having moved into the articles on 1 October 2009. As noted in paragraph 1 above, resolution 10 confirms the removal, from the Company's articles of association, of the provisions of the Company's memorandum of association which are treated as forming part of the Company's articles of association by virtue of section 28 of the 2006 Act, which includes the statement of limited liability. An explicit statement of the members' limited liability is therefore included in the New Articles.

### 3. Authorised share capital and unissued shares

The 2006 Act abolishes the concept of authorised share capital and under the 2006 Act, the memorandum of association no longer contains a statement of the Company's authorised share capital. For existing companies, this statement is deemed to be a provision of the Company's articles of association setting out the maximum amount of shares that may be allotted by the Company. The adoption of the New Articles by the Company will have the effect of removing this provision relating to the maximum amount. Directors will still need to obtain the usual shareholders' authorisation in order to allot shares, except in respect of employee share schemes.

References to authorised share capital and to unissued shares have therefore been removed from the New Articles.

### 4. The seal

The New Articles provide that instruments (other than share certificates) to which the seal is affixed shall be validly signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by two authorised persons or by a director in the presence of a witness.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that at the Annual General Meeting of Cape plc (the 'Company') will be held at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA on Thursday 20 May 2010 at 10.00 a.m. at which the following resolutions will be proposed, in the case of resolutions 1 to 6 as ordinary resolutions and in the case of resolutions 7 to 10 as special resolutions:

## As Ordinary Business:

### Ordinary resolutions

1. THAT the audited financial statements of the Company for the financial year ended 31 December 2009 together with the reports of the directors and auditors thereon be received and adopted.
2. THAT Sean O'Connor (Chairman and member of the Remuneration and Nomination Committees) be re-elected as a Director.
3. THAT David Robins (a Non-executive Director and member of the Audit, Remuneration and Nomination Committees) be re-elected as a Director.
4. THAT PricewaterhouseCoopers LLP be re-appointed as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company before which audited financial statements of the Company are held.
5. THAT the Directors be authorised to determine the remuneration of the auditors.

## As Special Business:

### Ordinary resolution

6. THAT the Directors be and are hereby generally and unconditionally authorised (in substitution for any existing such powers) for the purposes of section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot the following shares in the Company or grant rights to subscribe for or convert any securities into shares ('Rights') up to a maximum aggregate nominal amount of £9,669,739, provided that this authority shall expire (unless previously revoked, varied or extended by the Company in a general meeting) on the conclusion of the next annual general meeting of the Company after the passing of this resolution or 15 months from the date of this resolution, whichever is earlier, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.

### Special resolutions

7. THAT (subject to the passing of resolution 6 above) and in accordance with section 570 of the Act, the Directors be and they are hereby empowered (in substitution for any existing such powers) to allot equity securities or to sell the relevant shares (within the meaning of section 560 of the Act) if, immediately before the sale, such shares are held by the Company as treasury shares (as defined in section 724(3) of that Act) ('Treasury Shares') for cash pursuant to the authority conferred by the previous resolution as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of Treasury Shares:
  - (a) in connection with an offer of such securities by way of rights to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;
  - (b) (other than pursuant to sub-paragraph 7(a) above) up to a maximum aggregate nominal amount of £1,450,461, and shall expire (unless previously revoked, varied or extended by the Company in a general meeting) on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of this resolution, whichever is earlier, save that, before such expiry the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired.
8. THAT the terms of an agreement between the Company and those holders of deferred shares of 1p each (the 'Deferred Shares') (as set out in the register of members) relating to the purchase of the 431,906,031 Deferred Shares be approved and the Company be authorised to enter into the Contract, such authority to expire 18 months from the date of this resolution.

9. THAT the Company be and is hereby generally and unconditionally authorised to make market purchases (as defined by section 693(4) of the Companies Act 2006) on the London Stock Exchange of Ordinary Shares of 25p each in the capital of the Company ('Ordinary Shares') provided that:

- (a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 11,603,687;
- (b) the minimum price which shall be paid for the Ordinary Shares is 25p for each ordinary share, and the maximum price (exclusive of expenses) which may be paid for such shares is 5 per cent. above the average of the middle market quotations derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made;
- (c) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, 18 months from the date of this resolution, whichever is earlier; and
- (d) the Company may, before such expiry, make a contract to purchase its own shares under the authority hereby conferred which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of such a contract.

10. THAT:

- (a) the articles of association of the Company be amended by deleting all the provisions formerly in the Company's memorandum of association which, by virtue of section 28 of the Act, are treated as provisions of the Company's articles of association;
- (b) the new articles of association (the 'New Articles') of the Company in the form contained in the printed document produced to the Meeting and for the purposes of identification signed by the Chairman, be and are hereby approved and adopted as the New Articles of the Company in place of and to the exclusion of the existing Articles of Association.

Dated: 26 April 2010

Registered Office:  
9 The Square  
Stockley Park  
Uxbridge  
Middlesex  
UB11 1FW

By Order of the Board  
**Jeremy Gorman**  
Secretary

# Notes

1. A member entitled to attend and vote at the above meeting convened by this notice is entitled to appoint one or more proxies to attend, speak and vote and, on a poll, to vote instead of him or her. A proxy need not be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. Completion and return of a form of proxy will not prevent a member from attending and voting in person if he or she so wishes.
2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network charge) or you may photocopy the Form of Proxy.
3. A Form of Proxy is enclosed. To be effective, the Form of Proxy, together with any power of attorney or other written authority under which it is signed, or a notarially certified copy or a certified copy in accordance with the Powers of Attorney Act 1971 of such power or written authority must be completed signed and to be valid the proxy must be duly executed and deposited with the Company at the offices of the Company's registrars, Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or returned by fax on 020 8639 2482 not later than 10.00 a.m. on 18 May 2010.
4. Only those members entered on the register of members of the Company at 10.00 a.m. on 18 May or, in the event that this meeting is adjourned, in the register of members not less than 48 hours before the time for the holding of the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time.
5. As at the date of this notice (the latest practicable date prior to the printing of this document) (i) the Company's issued share capital consists of 116,036,867 Ordinary Shares, all carrying one vote each, and (ii) the total voting rights in the Company are 116,036,867.
6. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
7. In the case of a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
8. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of votes 'For' and 'Against' a resolution.
9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars. If you submit more than one valid proxy appointment, the appointment received last, before the latest time for the receipt of proxies, will take precedence.
10. In order to revoke a proxy instruction you will need to inform the Company using the following method: By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. In either case, the revocation notice must be received by Capita Registrars no later than 10.00 a.m. on 18 May 2010. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
11. CREST members who wish to appoint a proxy or proxies through CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST personal members, sponsored CREST Members and 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 for them.
12. To complete a valid proxy appointment or instruction using the CREST service, the 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 and received by Capita Registrars (Participant ID RA10) 24 hours before the time fixed for the meeting (or adjournment thereof). The time of receipt of the instruction will be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
13. CREST members and, where applicable, 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 apply 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 ensure that his CREST sponsor or voting service provider(s) take(s) the necessary action to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. The Company may treat a CREST Proxy Instruction as invalid as set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
15. Copies of the executive directors' service contracts, copies of letters of appointment of the non-executive directors, a copy of the proposed new articles of association of the Company and a copy of the contract to buy back the Deferred Shares will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until the date of the General Meeting and at the place of the General Meeting for at least 15 minutes prior to and until the conclusion of the General Meeting.