

**ASSETCO PLC**

*(Registered in England and Wales with registered number 04966347)*

800 Field End Road

South Ruislip

Middlesex

HA4 0QH

**Directors:**

Marcus John Shannon  
Raymond Francis Flynn  
Timothy Wightman  
Adrian Bradshaw  
Peter Manning  
Andrew Freemantle

19 July 2010

*To all Shareholders*

Dear Shareholder

**Amendments to the Articles of Association**

**1. Introduction**

The purpose of this document is to provide you with details of certain matters to be considered at the Company's Annual General Meeting, including the proposed adoption of New Articles, to explain why the directors consider the proposed adoption of New Articles to be in the best interests of the Company and its Shareholders as a whole, and to recommend that, at the Annual General Meeting, Shareholders vote in favour of the Resolutions. Terms used in this letter have the meaning set out on page 5.

**2. New Articles**

We are asking Shareholders to approve a number of amendments to our articles of association primarily to reflect the implementation of the Shareholder Rights Directive in the UK in August 2009 and the enactment of the remaining provisions of the 2006 Act on 1 October 2009 and certain amendments to the Uncertificated Securities Regulations 2001 also in October 2009. An explanation of the main changes between the proposed and the existing articles of associations is set out in the Appendix to this letter.

**3. Annual General Meeting**

At the Annual General Meeting, a special resolution will be proposed to approve the adoption by the Company of the New Articles. The notice convening the Annual General Meeting, to be held at 11.00 a.m. on 18 August 2010 at the offices of Arden Partners plc at 125 Old Broad Street, London, EC2N 1AR, is set out at the end of the 2010 Annual Report and Accounts, enclosed with this letter.

Other resolutions proposed at the Annual General Meeting are summarised below:

**Resolution 1 – To receive the Annual Report and Accounts**

The Chairman will present the report of the directors and the audited accounts for the year ended 31 March 2010 to the meeting.

**Resolution 2 – To receive and approve the report on directors' remuneration**

The Chairman will also present the report on directors' remuneration as set out in the annual report for the year ending 31 March 2010 to the meeting.

**Resolution 3 – Re-election of Timothy Redmayne Wightman, a director retiring by rotation under the Company's Existing Articles**

Resolution 3 relates to the re-election of Timothy Redmayne Wightman, a director retiring by rotation pursuant to Article 66 of the Company's Existing Articles.

**Resolution 4 – Election of Andrew Wayne Freemantle, a director appointed by the board subsequent to the last AGM**

Resolution 4 relates to the election of Andrew Wayne Freemantle, who was appointed as a director of the Company by the board since the date of the Company's last Annual General Meeting.

**Resolution 5 – Re-appointment of Auditors**

Resolution 5 relates to the reappointment of Grant Thornton UK LLP as the Company's auditors to hold office until the conclusion of the next AGM of the Company and authorises the directors to fix their remuneration.

**Resolution 6 – Authority to allot shares**

Your board considers it appropriate that authority be granted to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £7,559,395 representing approximately 33 per cent of the Company's issued ordinary share capital as at 16 July 2010 (the latest practicable date before publication of this letter) during the period up to the conclusion of the Company's AGM in 2011.

In addition, a further authority has been sought to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £7,559,395 in respect of a rights issue only.

As the 2006 Act has now been fully implemented, Resolution 6 refers to section 551 of the 2006 Act, rather than to section 80 of the 1985 Act as in previous years.

**Resolution 7 – Declaration of a final dividend**

Resolution 7 deals with the proposed declaration of a final dividend for the year ended 31 March 2010 of 1.5 pence per share, on the ordinary shares of 25 pence each of the Company, be declared payable on 25 October 2010 to Shareholders registered at the close of business on 24 September 2010.

#### **Resolution 8 – The AssetCo Performance Share Plan 2010**

Following a review of current market practice, the Remuneration Committee of the board of directors of the Company has concluded that it needs to introduce a competitive, market consistent long-term incentive arrangement to enable it to recruit, retain and incentivise senior management within the Company's group. Resolution 8 seeks shareholder approval to establish a new long-term incentive plan – the AssetCo Performance Share Plan 2010 – which has been designed to appropriately reward management for achieving the Company's strategic objectives and to provide an appropriate level of long-term performance pay. Full details of the arrangement will be provided in next year's Remuneration Report and Shareholders are invited to contact the Company Secretary for further information on the terms of the Plan if required in the meantime. However, Shareholders should note that it is proposed that no more than 2.5m shares under award may be granted in the period between Shareholder approval and the 2011 AGM (at which time Shareholder approval may be sought for further share usage limits).

#### **Resolution 9 – Disapplication of Statutory Pre-Emption Rights**

Resolution 9 will empower the directors to allot ordinary shares in the capital of the Company for cash on a non-pre-emptive basis in the following circumstances:

1. in connection with a rights issue or other pro-rata offer to existing Shareholders; or
2. (otherwise than in connection with a rights issue) up to a maximum nominal value of £2,267,818.50, representing approximately 10 per cent of the issued ordinary share capital of the Company as at 29 June 2010 (the latest practicable date before publication of this letter).

As noted above, the 2006 Act is now fully in force and so this resolution refers to section 570 of that Act rather than to Section 89 of the 1985 Act.

This authority will also expire at the conclusion of the Company's AGM in 2011.

#### **Resolution 10 – Authority to purchase own shares**

Resolution 10 gives the Company authority to buy back its own ordinary shares in the market as permitted by the 2006 Act. The authority limits the number of shares that could be purchased to a maximum of 10 per cent of the Company's issued ordinary share capital as at 29 June 2010 (the latest practicable date before publication of this letter) and sets minimum and maximum prices. This authority will expire at the conclusion of the Company's AGM in 2011.

The directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The authority will be exercised only if the directors believe that to do so would result in an increase in earnings per share and would be in the interests of Shareholders generally.



Consideration will be given to holding any shares purchased in treasury. The Company currently does not hold any ordinary shares in the capital of the Company in treasury.

#### **Resolution 11 – Adoption of New Articles**

The Resolution is summarised as follows:

##### *Resolution 11.1: Deletion of memorandum*

The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope of activities, for business efficacy. With effect from 1 October 2009, the constitutional significance of the Company's memorandum has been significantly reduced by the 2006 Act which now provides that a memorandum will record only the names of subscribers and the number of shares each subscriber agreed to take in the Company. Further information is set out in the Appendix on page 6 of this letter.

##### *Resolution 11.2: Adoption of New Articles*

As mentioned earlier, to take account of the final implementation of the 2006 Act on 1 October 2009, the Company proposes to adopt New Articles.

The principal changes introduced in the New Articles are summarised in the Appendix to this document. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect updates made by the 2006 Act have not been noted in the Appendix on page [6] of this letter.

#### **4. Action to be taken**

Shareholders can obtain a Form of Proxy for use at the Annual General Meeting by contacting Computershare Investor Services PLC at 0870 889 3198. Whether you propose to attend the Annual General Meeting or not, the Form of Proxy should be completed and returned to the Company's registered office at the address stated at the top of this letter as soon as possible and in any event, as so to be received not later than 48 hours before the time of the Annual General Meeting. Completion and return of the Form of Proxy will not prevent Shareholders from attending and voting in person at the Annual General Meeting should they subsequently wish to do so.

#### **5. Recommendation**

The board considers that all the Resolutions to be considered at the Annual General Meeting are in the best interests of the Company and Shareholders as a whole. **Accordingly, the unanimously recommend you to vote in favour of the Resolutions** as they intend to do in respect of their own shareholdings (which amount to 34,410,549 ordinary shares, representing 37.93 per cent of the voting rights of the Company).

#### **6. Documents**

A copy of the draft rules of the AssetCo Performance Share Plan 2010 will be available for inspection at Hewitt New Bridge Street at 6 More London Place, London SE1 2DA and a copy of the existing and the proposed Articles of Association will be available for inspection at the Company's registered office during office hours Monday to Friday (excluding public holidays) until the close of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General

Meeting and on the Company's website ([www.assetco.com](http://www.assetco.com)).

Yours sincerely,

Tim Wightman  
Chairman  
For and on behalf of AssetCo plc

#### DEFINITIONS

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

"1985 Act"	the Companies Act 1985, as amended
"2006 Act"	the Companies Act 2006, as amended
"AGM" or "Annual General Meeting"	the annual general meeting of the Company convened for 11.00 a.m. on 18 August 2010, notice of which is set out at the end of the annual report and accounts for the year ended 31 March 2010 (or any reconvened meeting following any adjournment of it)
"board" or "directors"	the board of directors of the Company, whose names are set out in this letter from the Chairman of the Company
"Company"	AssetCo plc
"Existing Articles"	the articles of association of the Company in force at the date of this letter
"Form of Proxy"	the form of proxy for use in connection with the Annual General Meeting which can be obtained by contacting James Collins at AssetCo Shareholder Services on 020 8515 3822
"New Articles"	the new articles of association of the Company proposed by special resolution at the Annual General Meeting convened by the Notice of Annual General Meeting
"Notice of Annual General Meeting"	the notice of Annual General Meeting which is set out at the end of the annual report and accounts for the year ended 31 March 2010
"Resolutions"	the resolutions to be proposed at the Annual General Meeting as set out in the Notice of Annual General Meeting
"Shareholders"	the holders of Shares
"Shareholders' Rights Regulations"	the Companies (Shareholders' Rights) Regulations 2009
"Shares"	ordinary shares of 25 pence each in the capital of the Company



## APPENDIX

### DETAILS OF THE ADOPTION OF NEW ARTICLES

#### **Adoption of New Articles**

To take account of the final implementation of the 2006 Act on 1 October 2009, the implementation of the Shareholder Rights Regulations in the UK in August 2009 and certain amendments to the Uncertificated Securities Regulations 2001 also in October 2009, the Company proposes to adopt New Articles.

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the 2006 Act, the Shareholders' Rights Regulations or the Uncertificated Securities Regulations 2001 have not been noted.

The New Articles showing all the changes to the existing articles of association are available for inspection at the Company's registered office address during normal business hours on each weekday (public holidays excluded) and on the Company's website ([www.assetco.com](http://www.assetco.com)).

#### *The Company's objects*

The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope of activities, for business efficacy. With effect from 1 October 2009, the constitutional significance of the Company's memorandum has been significantly reduced by the 2006 Act which now provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the Company. Under the 2006 Act, the Company's objects clause and all other provisions which are currently contained in the memorandum will be deemed to be contained in the Company's articles of association but it is possible for a Company to remove these provisions by special resolution.

Further the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted, which abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which (as a result of the implementation of the 2006 Act) have now formed part of the Company's articles of association since 1 October 2009. Resolution 11.1 confirms the removal of these provisions for the Company.

As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the Shareholders and an authority enabling the board to make a provision for the benefit of employees or former employees of the Company on the occurrence of a cessation or transfer of the Company's business.

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

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

#### *Redeemable shares*

At present if a company wishes to issue redeemable shares, it must include in its articles the terms and manner of redemption. The 2006 Act enables directors to determine such matters instead, provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company presently has

no plans to issue redeemable shares but if it did so the directors would need Shareholders' authority to issue new shares in the usual way.

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

Under the 1985 Act, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as obtaining separate shareholder authority to undertake the relevant action. The Existing Articles include these enabling provisions. Under the 2006 Act, a company will only require Shareholder authority to do any of these things and it will no longer be necessary for its articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

#### *Provision for employees on cessation of business*

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

#### *Directors' indemnities and loans to fund expenditure*

The 2006 Act has, in some areas, widened the scope of the powers of the Company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme and also allow a company to indemnify directors of associated companies. The New Articles take account of these changes.

#### *Indemnity against claims in respect of shares*

The New Articles require a Shareholder to indemnify the Company if the law of any jurisdiction imposes a liability on the Company to make payment in respect of shares held by dividends or other monies paid to such Shareholder (for example as a consequence of the non-payment of income or inheritance tax).

#### *Convening General Meetings*

The provisions in the Company's Existing Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to the new provisions in the 2006 Act. The provisions of the Shareholders' Rights Regulations (which came into effect in August 2009) reiterate that annual general meetings are to be held on at least 21 days' notice.

#### *General*

Generally the opportunity has been taken to bring clearer language into the New Articles, in line with the recommended language set out in the model articles for public companies produced by the Department for Business, Innovation and Skills.