

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take, you are recommended to seek your own independent advice from your stockbroker, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all of your ITV plc ordinary shares please forward this document, together with the accompanying documents, as soon as possible to the purchaser or transferee or to the agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.



ITV plc

Annual General Meeting

Thursday, 15 May 2008

Notice of Annual General Meeting and Chairman's explanatory letter

Dear Shareholder,

Annual General Meeting 2008

The Annual General Meeting of the Company will be held on Thursday, 15 May 2008 at 11.00 am in The Whittle Room at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE.

Resolutions

As you can see from the Notice of Meeting which follows this letter, as well as routine business, there will be five items of special business at this year's Annual General Meeting, all of which are explained below. A copy of the Annual Report and Accounts of ITV plc for the year ended 31 December 2007 is enclosed.

The Companies Act 2006 ("the Act") received Royal Assent on 8 November 2006. The Act repeals and restates the majority of existing companies legislation, and makes various changes. The Act is being implemented in stages, and a number of provisions have already come into force. Other provisions are being phased in during April 2008 and October 2008, and the Act will be fully implemented by October 2009.

We are asking shareholders to approve a number of amendments to our Articles of Association primarily to reflect changes made by the Act and we are proposing to seek shareholder approval (Resolution 17) to adopt new Articles of Association with effect from the conclusion of the Annual General Meeting.

A more detailed explanation of the changes we are proposing is contained in the Explanatory Notes on page 7.

It is likely that we will be proposing further changes to our Articles of Association at the Annual General Meeting in 2009 to deal with future implementation of provisions.

Voting

Voting on all resolutions will be by way of a poll. In line with many other public companies we will be giving shareholders who attend the Meeting in person or by proxy the opportunity to vote on resolutions using a hand held electronic voting system. This will record all votes cast on each resolution and display them on a screen providing indicative results for shareholders to see.

Recommendation

Your directors consider that all the proposals to be considered at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. They recommend you to 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.

Action to be taken

Enclosed with this circular is a Form of Proxy for the resolutions to be proposed at the Annual General Meeting. You are requested to complete, sign and return the Form of Proxy in accordance with the directions on it as soon as possible and in any event so that it is received not less than 48 hours before the time appointed for the Meeting. Completion and return of the Form of Proxy will not prevent you from attending the Meeting and voting in person should you wish to do so. You may also complete the Form of Proxy on the internet by logging on to

www.itvplc.com/itv/shareholderinfo/agminfo or www.capitaregistrars.com/shareholders

You will need your investor code which is printed on the enclosed Form of Proxy or on your share certificate.

If you are planning to attend the Annual General Meeting, please bring your attendance card with you. The card is attached to the enclosed Form of Proxy.

I look forward to seeing you at the Meeting.

Yours faithfully,



Michael Grade
Executive Chairman

ITV plc

200 Gray's Inn Road London WC1X 8HF Tel: +44(0)20 7156 6000
Registered Office: As above. Registered No: 4967001 England

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the fifth Annual General Meeting of ITV plc will be held in The Whittle Room at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on Thursday, 15 May 2008 at 11.00 am in order to transact the following business:

Ordinary business

Resolution 1

To receive and adopt the audited financial statements for the year ended 31 December 2007 and the reports of the directors and auditors thereon.

Resolution 2

To approve the Remuneration report as set out in the audited financial statements for the year ended 31 December 2007.

Resolution 3

To declare a final dividend of 1.8 pence per share.

Resolution 4

To elect Dawn Airey as a director.

Resolution 5

To re-elect Sir James Crosby as a non-executive director.

Resolution 6

To elect Rupert Howell as a director.

Resolution 7

To elect Heather Killen as a non-executive director.

Resolution 8

To elect John Ormerod as a non-executive director.

Resolution 9

To re-elect Baroness Usha Prashar as a non-executive director.

Resolution 10

To elect Agnès Touraine as a non-executive director.

Resolution 11

To re-appoint KPMG Audit Plc as auditors.

Resolution 12

To authorise the directors to determine the auditors' remuneration.

Special business

To consider and if thought fit pass the following Resolutions of which Resolutions 13 and 15 will be proposed as Ordinary Resolutions and Resolutions 14, 16 and 17 will be proposed as Special Resolutions:

Resolution 13 – Authority to allot shares – Ordinary Resolution

That the directors be and are hereby generally and unconditionally authorised, pursuant to and for the purposes of section 80 of the Companies Act 1985, to exercise all of the powers of the Company to allot relevant securities (as defined therein), but so that:

- (a) the aggregate nominal amount of such securities that may be allotted pursuant to this authority is £129 million consisting of 1.29 billion ordinary shares;
- (b) this authority shall replace all other authorities to allot relevant securities granted to the directors; and
- (c) this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2009 or 14 August 2009 if earlier.

And the Company may pursuant to this authority make any offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if this authority had not expired.

Notice of Annual General Meeting (continued)

Resolution 14 – Disapplication of pre-emption rights – Special Resolution

That the directors be and are hereby empowered pursuant to section 95(1) of the Companies Act 1985 to:

- (a) allot equity securities for cash pursuant to the authority conferred by Resolution 13; and
- (b) sell equity securities wholly for cash which before the sale were held by the Company as treasury shares (within the meaning of section 162A of the Companies Act 1985),

as if section 89(1) of the Companies Act 1985 did not apply to any such allotment or sale PROVIDED THAT this power shall be limited to:

- (i) the allotment or sale of equity securities in connection with an offer by way of rights to holders of ordinary shares on the Company's register of members on a fixed record date in proportion to their then holdings of any such shares as set out in Article 7.2 of the Company's Articles of Association 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 overseas territory or the requirements of any regulatory body or stock exchange; and
- (ii) the allotment or sale (otherwise than pursuant to sub-paragraph (i) above) of equity securities which are, or are to be, wholly paid up in cash up to an aggregate nominal value of £19.4 million consisting of 194 million ordinary shares in the Company.

AND FURTHER PROVIDED THAT THIS power shall expire at the conclusion of the Annual General Meeting to be held in 2009 or on 14 August 2009 if earlier, save that the Company may make any offer or agreement before the expiry of this power which would or might require equity securities to be allotted or sold after such expiry date and the directors may allot or sell equity securities in pursuance of such offer or agreement as if the power had not expired; and in this resolution the expression "equity securities" and references to the allotment of equity securities shall bear the same respective meanings as in section 94 of the Companies Act 1985.

Resolution 15 – Authority for certain donations and expenditure – Ordinary Resolution

That in accordance with sections 366 and 367 of the Companies Act 2006 ("the Act") the Company, and any company which is or becomes a subsidiary of the Company during the period to which this resolution relates, be and is hereby authorised to:

- (a) make political donations to political parties or independent election candidates, as defined in sections 363 and 364 of the Act, not exceeding £100,000 in total;
- (b) make political donations to political organisations other than political parties, as defined in sections 363 and 364 of the Act, not exceeding £100,000 in total; and
- (c) incur political expenditure, as defined in section 365 of the Act, not exceeding £100,000 in total,

during the period beginning with the date of passing this resolution up to and including the conclusion of the Annual General Meeting to be held in 2009 or on 14 August 2009, whichever is earlier, provided that the authorised sum referred to in paragraphs (a), (b) and (c) above may be comprised of one or more amounts in different currencies which, for the purposes of calculating the said sum, shall be converted into pounds sterling at the exchange rate published in the London edition of the Financial Times on the day on which the relevant donation is made or expenditure incurred (or the first business day thereafter) or, if earlier, on the day in which the Company enters into any contract or undertaking in relation to the same.

All existing authorisations and approvals relating to political donations or expenditure under part 10A of the Companies Act 1985 are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval.

Resolution 16 – Purchase of own shares – Special Resolution

That the Company be and is hereby authorised pursuant to section 166 of the Companies Act 1985 to make market purchases (as defined in section 163 of the Companies Act 1985) of its own shares on such terms and in such manner as the directors of the Company may from time to time determine in accordance with Article 49 of the Company's current Articles of Association (Article 46 of the new Articles of Association subject to the passing of Resolution 17) and Chapter VII of Part V of the Companies Act 1985 PROVIDED THAT this power shall:

- (a) expire at the conclusion of the Annual General Meeting to be held in 2009 or on 14 August 2009 if earlier;
- (b) be limited to the purchase of a maximum of 388.9 million ordinary shares (representing just under 10% of the Company's issued ordinary share capital);

- (c) not permit the payment of a price per ordinary share, exclusive of any expenses payable by the Company, which is more than the higher of:
- (i) 5% above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which any purchase by the Company of shares is made; and
 - (ii) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulations 2003;
- (d) not permit the payment of a price per ordinary share, exclusive of any expenses payable by the Company, which is less than 10 pence; and
- (e) before its expiry, entitle the Company to enter into any contract for the purchase of its own shares which might be executed and completed wholly or partly after its expiry and to make purchases of its own shares in pursuance of any such contract or contracts.

Resolution 17 – Adoption of new Articles of Association – Special Resolution

That the current Articles of Association of the Company be amended by adopting the regulations set forth in the printed document produced to this Meeting and signed by the Chairman for the purposes of identification as the Articles of Association of the Company, in substitution for and to the exclusion of the current Articles of Association, with effect from the conclusion of this Annual General Meeting.

By order of the Board

James Tibbitts
 Company Secretary
 Registered Office
 200 Gray's Inn Road
 London WC1X 8HF
 28 March 2008

Notes:

- (a) A member entitled to attend, speak and vote at the Annual General Meeting (AGM) may appoint one or more proxies to exercise all or any of his rights to attend, speak and vote at the AGM. Where more than one proxy is appointed, each proxy must be appointed for different shares. A proxy does not need to be a member of the Company but must attend the AGM to represent you. You may not appoint more than one proxy to exercise rights attached to any one share. Details of how to appoint the Chairman of the AGM or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the AGM you will need to appoint your own choice of proxy (not the Chairman) and give your instruction directly to them.
- In order to be valid an appointment of proxy must be returned by one of the following methods:
- Complete and return the enclosed Form of Proxy in the reply paid envelope provided to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR
 - Complete the Form of Proxy on the Internet by logging on to www.itvplc.com/itv/shareholderinfo/agminfo or www.capitaregistrars.com/shareholders and following the instructions
- In the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.
- In each case the Form of Proxy must be received by Capita Registrars **by 11.00 am on Tuesday, 13 May 2008**.
- The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such agreement to give instructions to the person holding the shares as to the exercise of voting rights.
- A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- (b) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising 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 made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer'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 appointees by other means. 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. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and 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/her 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.
- (c) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the Register of Members of the Company as at 6.00 pm on 13 May 2008, or if this meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting, shall be entitled to attend or vote at the AGM in respect of the number of shares registered in their names at that time. Changes to entries on the Register of Members after 6.00 pm on 13 May 2008 shall be disregarded in determining the rights of any person to attend or vote at the AGM.
- (d) The terms and conditions of appointment of the Company's non-executive directors, director's service contracts, the directors' deeds of indemnity and a copy of the new Articles of Association which it is proposed are adopted by the Company pursuant to Resolution 17 above may be inspected at the registered office of the Company during normal business hours on weekdays (Saturday and public holidays excepted) from the date of this notice to the date of the AGM, and at the place of the AGM from 9.00 am until the conclusion of the AGM.
- (e) Biographical details of directors standing for election and re-election at the AGM are set on pages 50 and 51 of the Report and Accounts 2007 which are enclosed with this document.
- (f) In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other Corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

Explanatory notes

Resolution 3

Dividend

If the resolution is passed the dividend will be paid on 1 July 2008 to shareholders on the register of members on 18 April 2008.

Resolutions 4 to 10

Election/re-election of directors

Biographical details for the directors seeking election and re-election are set out on page 50 and 51 of the Report and Accounts 2007 which are enclosed with this document.

A Board evaluation was undertaken in respect of the financial year ended 31 December 2007. The results of that evaluation, which noted the contributions to the proceedings of the directors, were considered and approved by the Board at a meeting in early 2008. Further details about the evaluation process are given in the Corporate Governance section on page 99 of the Report and Accounts. In the Board's view the directors seeking election and re-election continue to be effective and demonstrate commitment to the role. The Board therefore recommends the election or re-election of each of the directors.

All directors are subject to re-election at three year intervals.

The job description for the senior independent director and the terms of engagement of the non-executive directors can be found on the Company's website at www.itvplc.com/itv/about.

Resolution 13

Authority to allot shares

This resolution, if passed, will renew the directors' authority to allot securities in the capital of the Company, pursuant to section 80 of the Companies Act 1985, up to £129 million (1.29 billion ordinary shares). This represents approximately one-third of the Company's issued ordinary share capital as at 17 March 2008. This authority will, unless previously renewed by shareholders, remain in force up to the conclusion of the Annual General Meeting to be held in 2009 or until 14 August 2009 if earlier.

Your Board has no present intention of issuing any shares other than in respect of the Company's employee share schemes and is seeking its renewal to ensure that the Company has maximum flexibility in managing the Group's resources. The Board would use this authority only if satisfied at the time that to do so would be in the interests of shareholders and would lead to an increase in the Group's earnings per share.

The Company does not currently hold any shares as treasury shares within the meaning of section 162A of the Companies Act 1985 ("Treasury Shares").

Resolution 14

Disapplication of pre-emption rights

The directors' authority to issue new shares in return for cash, otherwise than in accordance with the statutory pre-emption provisions of the Companies Act 1985, will expire at the conclusion of the Annual General Meeting. The effect of this resolution is to renew the authority conferred on the Board to allot equity securities for cash without the need to offer such shares first to existing shareholders.

This renewed authority will empower the directors to issue shares (including Treasury Shares) for cash to holders of ordinary shares in connection with a rights issue otherwise than on a pre-emptive basis subject to special arrangements relating to fractional entitlements or practical problems.

In addition, the directors will be authorised to issue shares (including Treasury Shares) for cash otherwise than on a pre-emptive basis up to an aggregate nominal value of £19.4 million (194 million ordinary shares), representing approximately 5% of the Company's issued share capital as at 17 March 2008.

Your Board considers it appropriate for a further authority to be granted for the period up to the conclusion of the Annual General Meeting in 2009 or until 14 August 2009 if earlier.

The directors have no present intention of exercising their authority pursuant to this disapplication but they consider it desirable that they have the flexibility to act in the best interests of the Company when opportunities arise.

Resolution 15

Authority for certain donations and expenditure

There is no present intention on behalf of the Company or any of its subsidiaries to make cash donations to any political party nor to incur any political expenditure. Part 14 of the Companies Act 2006 ("the Act"), amongst other things, prohibits the Company and its subsidiaries from making political donations or from incurring political expenditure in respect of a political party, other political organisations or independent election candidates unless authorised by the Company's shareholders.

However, within the normal activities of the Company's national and regional news gathering activity there are occasions when the Company may on an individual or group basis provide some hospitality at functions where politicians are present. The Company, as part of its normal industry activities, is keen to maintain contact with all political parties to ensure that they are aware of the key business issues affecting its business. Details of relevant expenditure in excess of £200 are set on page 52 of the Report and Accounts 2007. The Act defines "political party", "political organisation", "political donation" and "political expenditure" widely, and accordingly, the Company wishes to ensure that neither it nor its subsidiaries inadvertently commits any breaches of the Act through the undertaking of routine activities, which would not normally be considered to result in the making of political donations and political expenditure being incurred.

As permitted by the Act, the resolution extends not only to the Company but also covers all companies which are subsidiaries of the Company at any time the authority is in place.

As required by the Act, the resolution is in general terms and does not purport to authorise particular donations.

Resolution 16

Purchase of own shares

The Company's Articles of Association contain a provision allowing the repurchase of the Company's shares subject to the prior approval of its members having been obtained. A resolution will be proposed at the Annual General Meeting for the purpose of seeking general authority to effect purchases of the Company's shares. In accordance with the Association of British Insurers Guidelines this will be a special resolution. The directors have no current intention to use this authority but consider it prudent to obtain it so as to preserve flexibility.

It is intended that purchases would only be made on the London Stock Exchange. Purchases would only be made after the most careful consideration, where the directors believed that an increase in earnings or net assets per share would result and where purchases were, in the opinion of the directors, in the best interests of the Company and its shareholders as a whole. The authority sought covers up to a maximum of 388.9 million ordinary shares, representing just under 10% of the issued share capital as at 17 March 2008.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 allow shares purchased by the Company out of distributable profits to be held as Treasury Shares, which may then be cancelled, sold for cash or used to meet the Company's obligations under its employee share schemes. The Company would consider holding any of its shares which it purchases in treasury. However, prevailing circumstances may mean that the shares are cancelled immediately on repurchase.

The total number of options to subscribe for ordinary shares outstanding at 17 March 2008 was 127 million representing 3.27% of the issued share capital of the Company as at that date. If the Company was to purchase the maximum number of ordinary shares permitted pursuant to the authority conferred by Resolution 16 then these options would represent 3.63% of the reduced issued share capital (excluding Treasury Shares).

Resolution 17

Adoption of new articles of association

It is proposed to adopt new Articles of Association ("New Articles") with effect from the conclusion of the Annual General Meeting, principally to reflect certain provisions of the Companies Act 2006 ("the Act") currently in force and coming into force in October 2008. As the proposed changes affect various provisions in the Company's existing Articles of Association ("Current Articles"), it is considered more practical to seek to replace the Current Articles in full rather than to seek approval for numerous individual amendments.

The principal changes introduced in the New Articles are described below. In particular, changes which are of a minor, technical or clarifying nature, and also some more minor changes which merely reflect statutory provisions, have not been separately noted. In a number of places, the numbering in the New Articles varies from the numbering in the Current Articles (in part because the order of some of the articles has been changed for the sake of a more logical progression). The number identifying each article principally affected by the amendment corresponds to the numbering in the New Articles (unless otherwise indicated).

Explanatory notes (continued)

1. ARTICLES WHICH DUPLICATE STATUTORY PROVISIONS

Provisions in the Current Articles which replicate provisions contained in the Act are in the main amended to bring them into line with the Act in force on 6 April 2008. The main examples of provisions of this type are detailed below, including provisions as to the form of resolutions, the variation of class rights, the convening of general meetings and proxies. References in the Current Articles to statutory provisions in the Companies Act 1985 have also been amended to reflect the new statutory references under the Act where they are already in force.

2. FORM OF SHAREHOLDER RESOLUTION (ARTICLES 12.1, 56, 64 AND 162)

The Current Articles contain a provision that, where for any purpose an ordinary resolution is expressed to be required, a special or extraordinary resolution is also effective and that, where for any purpose an extraordinary resolution is expressed to be required, a special resolution is also effective. This provision and other provisions in the Current Articles that refer to extraordinary resolutions are being amended as the concept of extraordinary resolutions has not been retained under the Act. Broadly, special resolutions will be used in place of extraordinary resolutions.

3. VARIATION OF CLASS RIGHTS (ARTICLE 49A)

The Current Articles contain provisions regarding the variation of class rights. Certain requirements for a meeting to vary class rights (including the quorum requirements) are laid down in the Act, and are reflected in the Current Articles. However, a new provision has been added to the New Articles in order to reflect the Act requirement that a member may not call and may not require the directors to call a separate meeting of the holders of a class of shares.

4. CONVENING AND NOTICE OF GENERAL MEETINGS (ARTICLES 48 AND 50)

The provisions in the Current Articles that refer to extraordinary general meetings are being amended as the concept of extraordinary general meetings has not been retained under the Act. Extraordinary general meetings will now be referred to as general meetings.

The provisions in the Current Articles dealing with convening general meetings and the length of notice required to convene general meetings are to be amended to reflect new provisions in the Act. The New Articles reduce the minimum period for general meetings from 21 days to 14 days (even where a special resolution is to be considered) in line with what is permitted by the Act. Annual General Meetings must now generally be held within six months following the end of the financial year and the New Articles will reflect this shorter timetable.

5. QUORUM AT GENERAL MEETINGS (ARTICLE 51)

As in the Current Articles, the quorum for a general meeting is two persons, present either in person or by proxy. The New Articles clarify that the quorum for a general meeting is two persons present each of whom is a member, or a proxy or a corporate representative and (in line with the position in the Act) that a person who is a proxy for the same member, or a representative for the same corporation, may be counted only once for the purpose of calculating the quorum.

6. PROXIES (ARTICLES 50, 66, 68, 75, 76, 78, 79 AND 81)

In line with the Act, the New Articles will give proxies the right to vote at a general meeting on a show of hands as well as on a poll, whereas under the Current Articles, a proxy is only entitled to vote on a poll. The New Articles will also give proxies the right to speak at general meetings, again reflecting the Act. The enhanced rights of proxies under the Act affect a number of provisions in the New Articles.

The New Articles will specify that in order to be valid a proxy appointment must be received: (a) not less than 48 hours (or such shorter time as the Board decides) before the time appointed for holding the meeting; or (b) in the case of a poll taken more than 48 hours after the meeting, not less than 24 hours (or such shorter time as the Board decides) before the time appointed for taking the poll; or (c) in the case of a poll taken following the conclusion of the meeting, or adjourned meeting, at which it was demanded but 48 hours or less after it was demanded, before the end of the meeting at which it was demanded (or such later time as the Board decides). Consistent with the Act, the Company may, in setting the deadline for receipt of proxies, exclude non-working days, so that the time before a meeting or a poll by which a proxy must be received may, in certain cases, be greater than 48 or 24 hours. The latest time by which a proxy appointment may validly be revoked will also be updated in the New Articles to reflect what is permitted in the Act (the New Articles will provide that the Company must receive notice of the revocation by no later than the last time by which proxy notices can be received). Also, the provision that deals with the time limit within which a representative of a member under incapacity has to provide evidence satisfactory to the Board of that representative's right to vote has been amended in order to tie in with the new provisions on timings with regard to proxies.

The provisions relating to the content of notices have also been updated to reflect the additional information required in relation to the appointment of proxies (including that a member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him).

The Current Articles provide that if the Company receives more than one proxy appointment in respect of the same shares, the appointment received last revokes each earlier appointment. The New Articles retain this concept, but provide that the Company may use a different method for determining which appointment is valid, if it thinks that it is more appropriate. This is in line with the suggestion made by the Institute of Chartered Secretaries and Administrators that articles may need to provide greater flexibility in this regard in light of the ability of members to appoint multiple proxies.

7. CORPORATE REPRESENTATIVES (ARTICLE 80)

In line with the Act, a member which is a corporation may appoint multiple representatives to act (subject to the Act) at a meeting of the Company.

8. CERTIFICATED SHARES – WARRANTS (ARTICLES 5.3) AND SHARE TRANSFERS (ARTICLE 35)

In line with the new provisions in the Act on the issue of share certificates upon the surrender of a share warrant, it is proposed that the New Articles will clarify that in fixing the terms on which a warrant is issued, the Board can specify the terms on which the share certificate for the relevant underlying shares will be delivered upon surrender of the warrant.

From 6 April 2008, the Act has provided that if a company refuses to register a share transfer it must give reasons and notify the transferee as soon as practicable and in any event within two months. The Company proposes to amend the New Articles to reflect these requirements (previously, the Company did not have to provide reasons if it exercised its right to refuse to transfer a certificated share).

Explanatory notes (continued)

9. RESOLUTIONS IN WRITING (ARTICLE 72 CURRENT ARTICLES)

Article 72 of the Current Articles has been deleted as the Act does not permit public companies limited by shares to use the statutory procedure for written resolutions.

10. SENDING OF NOTICES, DOCUMENTS ETC (INCLUDING ELECTRONIC AND WEB COMMUNICATIONS) (ARTICLES 150 TO 159)

The New Articles contain detailed and clarified provisions as to how notices, documents and other information may be sent to or by the Company and extend the new company communication provisions of the Act to any document or information sent by the Company. Provisions in the Act, which came into force in January 2007, enable companies to communicate with shareholders by electronic and website communications. The New Articles continue to allow communications by the Company to shareholders in electronic form (provided that the shareholder has agreed, generally or specifically, to this) and they also continue to permit the Company to take advantage of the new provisions relating to website communications. Shareholders should note that, as provided by the Act, before the Company can communicate with a shareholder by means of a website, the shareholder must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website and the Company must either have received a positive response or have received no response within 28 days (in which case the Company may take that as consent by the member to receive communications in this way). Also, when the Company makes a document or information available on its website, it must notify the shareholder of this and a shareholder who has received a document or information by electronic form or by website can always request a hard copy of the document or information.

The position under the Act, whereby a shareholder may communicate with the Company by electronic communication if the Company has agreed that the document or information can be sent or supplied in electronic form (but then only in the type of electronic form that the Company has agreed to) is clarified in the New Articles. In certain circumstances, the Act will deem the Company to have agreed that shareholders may send documents or other information electronically.

The changes proposed to be made to the Current Articles to reflect the new company communications regime of the Act require a number of conforming changes in the New Articles, including in the Interpretation section.

Article 156 of the New Articles sets out when notices, documents and other information given or sent by the Company to its shareholders are deemed to be received. A document or information sent by electronic means is deemed to have been received on the same day as it is sent (notwithstanding a failure in transmission) and a document or information made available on a website is deemed to have been received when the intended recipient has been notified (in accordance with the New Articles) of its availability on the website.

Article 150 of the New Articles clarifies that a shareholder who has no registered address in the United Kingdom is not entitled to have a document or other information sent to him unless he provides the Company with a postal address in the United Kingdom or the Company and the shareholder agrees to the use of electronic communications and the shareholder provides the Company with an address for that purpose. However, the Company is not obliged to agree to provide electronic communications to a shareholder, and may, for example, refuse to do so where it is concerned that the sending of the document or information to such address using electronic means would or might cause legal or practical problems arising in respect of the laws of, or the requirements of a regulatory body or stock exchange or other authority in, any territory.

11. INDEMNITY (ARTICLE 164)

The Act has in some respects widened the scope of the powers of a company to indemnify directors. In particular, a director of a pension trustee company can be indemnified against liability incurred in connection with that company's activities as trustee of an occupational pension scheme, by the pension trustee company itself or by an associated company. The indemnity cannot extend to liabilities to pay criminal or regulatory fines or to defending criminal proceedings in which the director is convicted. Article 164 of the New Articles updates the indemnity provisions in the Current Articles by providing that the Company may (but is not obliged to) indemnify each officer of an associated company to the extent permissible by the Act, including in connection with that company's activities as trustee of an occupational pension scheme.

12. CONFLICTS OF INTEREST AND OTHER DIRECTORS' INTERESTS (ARTICLES 114–119)

The Act sets out directors' general duties which largely codify the existing law but with some changes. Under the Act, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The amendments to the Current Articles give the directors authority (subject to the relevant provisions in the Act coming into force) to approve such situations and include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and second, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed to include provisions relating to confidential information, attendance at Board meetings and availability of Board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers to authorise conflicts are operated effectively or otherwise to follow developing best practice as regards process and reporting in relation to the Board's powers to authorise conflicts.

Under the Act, directors are under a duty to declare the nature and extent of their direct or indirect interests in transactions and arrangements which are proposed but which have not yet been entered into by the Company and also in existing transactions and other arrangements that the Company has already entered into. The New Articles update the provisions in this regard to bring them into line with the Act.

A copy of the New Articles marked to show the changes being proposed by Resolution 17 are available for inspection as noted on page 5.

Further information

Total voting rights

At 17 March 2008 the Company's issued share capital consisted of 3,889,129,751 ordinary shares of 10 pence each. Each share carries one vote.

Electronic communications

Where possible we would like to encourage shareholders to receive information from us electronically which would reduce our environmental impact. If you would be prepared to receive information in this way then please register your email address with Capita Registrars at www.capitaregistrars.com/shareholders.

Should you wish to receive hard copies of any documents or information these can be requested from the Company Secretary free of charge at any time.

Nominated persons

If you are not the registered shareholder but have been nominated to receive general shareholder communications directly from the Company it is important to remember that your main contact in terms of your investment remains as it was. Any changes or queries relating to your personal details and holding must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to us in error.

Meeting information

Location: The Queen Elizabeth II Conference Centre – address and map on reverse of the enclosed attendance card

Date: Thursday, 15 May 2008

Time: 11.00 am (doors open at 9.00 am)

Security: All hand baggage may be subject to examination. Please leave all bulky items in the cloakroom situated on the ground floor. Security staff will be on duty to assist shareholders.

Facilities: The following will be available at the Centre:

- Sound amplification/hearing loop
- Wheelchair access
- Sign language interpreters