

# Annual General Meeting 2009

*Dear Shareholder*

I very much hope you will be able to attend the Annual General Meeting of the Company, which is to be held at 12 noon on Friday, 1 May 2009 at **Merchant Taylors' Hall, 30 Threadneedle Street, London EC2**. I would encourage you to vote by completing and returning your voting card or lodging your votes via the Internet. The Notice of Meeting itself can be found on pages 6 to 8, together with a map showing the location of the meeting.

Details of the items of business to be proposed at the Meeting are set out below and you are also referred to the Directors' Report and Business Review in the Annual Report and Accounts. Your Fund Manager, Jeremy Tigue, will be giving a presentation covering progress in the year to date and his views on the markets for the remainder of the year. There will be an opportunity to ask questions during the course of the Meeting and, on completion, there will be refreshments and some time to meet the Directors and the Fund Manager more informally.

## Annual Report and Accounts (Resolution 1)

The first item of business concerns the Annual Report and Accounts. Your Directors must lay the accounts of the Company for the financial period ended 31 December 2008, the Directors' Report and the Independent Auditor's Report of the Company on those accounts before the Meeting.

## Directors' Remuneration Report (Resolution 2)

Resolution 2 is advisory in nature and asks shareholders to approve the Directors' Remuneration Report. This contains the remuneration policy and is set out on pages 31 and 32 of the Annual Report and Accounts.

## Final Dividend (Resolution 3)

A final dividend of 3.45p per share, payable on 8 May 2009, is recommended by your Directors. Shareholders are asked to approve the recommendation.

## Directors (Resolutions 4 to 8)

The articles of association of the Company (the "Articles") require a proportion of the Directors to retire by rotation at each annual general meeting, and the Combined Code on Corporate Governance expects directors to stand for re-election annually if they have served nine years and over. Sir David Clementi, having been appointed to the Board on 23 May 2008, stands for election by shareholders. Ronald Gould and Christopher Keljik retire by rotation and, being eligible, will stand for re-election. Sir Michael Bunbury and Maxwell Ward, having served eleven and nearly nine years respectively, also stand for re-election. During December 2008, I carried out an appraisal of the performance of each of these Directors. Then, at a meeting held in January 2009, the Nomination Committee considered the proposed election and re-elections, in each case in the absence of the Director in question. Further to this, the Board has concurred that they remain committed in their roles and continue to make a valuable and effective contribution. Information relating to these Directors is contained in the Annual Report and Accounts.

All the Directors are assessed by the Nomination Committee, and endorsed by the Board, as being independent of the Company and independent of F&C Management Limited (the "Manager"). No Director has a past or current connection with the Manager.

## Re-appointment and remuneration of Auditors (Resolutions 9 and 10)

There is a requirement to appoint auditors at each general meeting at which accounts are laid before the Company, who will then hold office until the next such meeting. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and Resolution 9 therefore deals with their re-appointment. Resolution 10 authorises the Directors to determine their remuneration.

### **Authority of Directors to allot shares (Resolution 11)**

Resolution 11 is similar in content to the authority and power given to the Directors at previous annual general meetings. By law, directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by shareholders. In addition, directors require specific authority from shareholders before allotting new shares (or granting rights over shares) for cash, without first offering them to existing shareholders in proportion to their holdings. Resolution 11 gives the Directors the necessary authority to allot securities up to an aggregate nominal amount of £8,486,000 (33,944,000 ordinary shares). This is equivalent to approximately 5% of the issued share capital of the Company. It also empowers the Directors to allot such securities for cash otherwise than to existing shareholders on a pro-rata basis. The authority expires at the conclusion of the Annual General Meeting in 2010.

This authority and power provides the Directors with a degree of flexibility to increase the assets of the Company by the issue of new shares, should any favourable opportunities arise to the advantage of shareholders.

The Directors can, if necessary, use the authority to satisfy demand from participants in the F&C Private Investor, Personal Equity, Pension Savings or Children's Investment Plans, the F&C Child Trust Fund or an F&C Individual Savings Account (the "F&C Savings Plans") when they believe it is advantageous to such participants and the Company's shareholders to do so. Under no circumstances would the Directors use the authority and power to issue shares at a price which would result in a dilution of net asset value per ordinary share.

### **Authority for the Company to purchase its own shares (Resolution 12)**

Resolution 12 authorises the Company to purchase in the market up to a maximum of 101,770,000 ordinary shares (equivalent to approximately 14.99% of the issued share capital) for cancellation at a minimum price of 25 pence per share and a maximum price per share of not more than 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 before the date of purchase.

The Directors would continue to use this authority with the objective of maintaining a less volatile discount with a ceiling, in normal market conditions, of 10% (with debt at market value), as well as enhancing net asset value per share for continuing shareholders. Purchased shares will continue to be cancelled.

Purchases of ordinary shares under the authority will be financed out of realised revenue and/or capital reserves and funded from the Company's own cash resources or, if appropriate, from short-term borrowings.

The authority to purchase ordinary shares will continue until the Annual General Meeting in 2010. The Board intends to seek a renewal of such authority at subsequent annual general meetings.

### **Amendments to the Articles (Resolution 13)**

Your Board is seeking to amend the Articles to reflect certain provisions of the Companies Act 2006. An explanation of the main changes between the proposed and existing articles of association is set out in Appendix 1 of this document.

The remaining provisions of the Companies Act 2006 are due to come into force in October 2009. However, various regulations that relate to certain of these provisions have yet to be finalised. Consequently, it will be necessary for the Company to undertake a further review of its Articles in due course in order to reflect these other provisions. As these further changes to the Articles will be reasonably substantial in number, it is anticipated that the Company will need to adopt new articles of association at its Annual General Meeting in 2010 in order to fully reflect the final changes introduced by the Companies Act 2006.

### **Notice period for meetings (Resolution 14)**

Under the Articles a general meeting at which an ordinary resolution is proposed can be called on 14 clear days' notice. Furthermore, one of the proposed amendments to the Articles this year is to allow all other general meetings (other than an annual general meeting) to be called on 14 clear days' notice. However, one of the requirements of the Shareholder Rights Directive (intended to be implemented in August 2009) is that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period.

Your Board however is of the view that it is in the Company's interests to have a shorter notice period

which still complies with the Companies Act 2006. Accordingly, the passing of Resolution 14 would constitute shareholders' agreement for the purposes of the Shareholder Rights Directive, and therefore preserve the Company's ability to call general meetings (other than an annual general meeting) on 14 clear days' notice.

## **VOTING**

### **Form of proxy**

If you are a registered shareholder you will find enclosed a form of proxy for use at the Annual General Meeting. You will also have the option of lodging your proxy vote using the Internet. For shares held through CREST, proxy appointments may be submitted via the CREST proxy voting system. Please either complete, sign and return the form of proxy in the envelope provided as soon as possible in accordance with the instructions or, alternatively, lodge your proxy vote via the Internet or the CREST proxy voting system, whether or not you intend to be present at the Annual General Meeting. This will not preclude you from attending the Meeting and voting in person if you wish to do so.

All proxy appointments should in any event be returned or lodged so as to be received not later than 48 hours before the time appointed for holding the Annual General Meeting.

### **Form of direction and proportional voting**

The Manager operates a proportional voting arrangement for F&C Savings Plan investors to vote at shareholder meetings. If you are an investor in any of the F&C Savings Plans, you will have received a form of direction for use at the Annual General Meeting and you will also have the option of lodging your voting directions using the Internet. Under the proportional voting arrangements, the nominee company, which holds 37.4% of the share capital on behalf of these investors, will vote the shares held on behalf of planholders who have not returned their voting directions in proportion to those who have. This arrangement will apply at the Meeting, subject to a minimum threshold of 5% of the shares held in the F&C Savings Plans being voted. A maximum limit of 630,000 shares that any one individual investor can vote, being approximately 5% of the relevant minimum threshold, will also apply. Any individual voting directions received in excess of the maximum limit will remain valid, but will not form

part of the proportional voting basis. Planholders may exclude all of their shares from the proportional voting arrangement if they wish.

All voting directions should be made as soon as possible in accordance with the instructions on the form of direction and, in any event, not later than 96 hours before the time appointed for holding the Meeting so that the nominee company can submit a form of proxy before the 48 hour period begins.

### **Recommendation**

Your Board considers that the resolutions to be proposed at the Meeting are in the best interests of shareholders as a whole and recommends that shareholders vote in favour of each resolution, as the Directors intend to do in respect of their own beneficial holdings.



Mark Loveday, Chairman  
27 March 2009

## Appendix 1: Summary of amendments to Articles of Association

The Companies Act 2006 has reduced the time period for the calling of general meetings (as described below) and further provisions of the Companies Act 2006 will come into force on 1 October 2009. It is proposed that amendments be made to the Articles to reflect certain of these new provisions. Save for the amendment in relation to notice periods (which will have effect from the passing of Resolution 13), these amendments will take effect from 1 October 2009.

The principal amendments proposed to be made by Resolution 13 are as summarised below:

### **Reduction of significance of memorandum of association**

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. 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.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum, providing that a memorandum of association will only record the names of the subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are currently contained in a company's memorandum will be deemed to be contained in a company's articles of association (but the company may then remove these provisions by special resolution).

The Companies Act 2006 also states that, unless a company's articles of association provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason, the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are to be treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 13 confirms the removal of these provisions for the Company. As a result of the removal of these provisions, Resolution 13 provides that the objects clause in relation to pensions and other benefits, currently cross-referred to in Article 106, is now inserted into Article 106. Furthermore,

as the effect of Resolution 13 will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the proposed amendments to the articles of association also contain an express statement regarding the limited liability of the shareholders.

### **Statement of limited liability in Articles, not memorandum of association**

Under the Companies Act 2006, a company's constitution must state that the liability of the company is limited, in order for the company to benefit from limited liability. The articles of association of the Company will state that the liability of the Company is limited to the amount of its paid up share capital, since there will no longer be such a statement included in the memorandum of association of the Company.

### **Deletion of reference to authorised share capital**

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

### **Notice period for calling general meetings**

The provisions in the current articles of association dealing with the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular, all general meetings (other than AGMs) can be convened on 14 days' notice where previously 21 days' notice was required for a general meeting to consider a special resolution.

## Appendix 2: Full details of amendments to Articles of Association

If Resolution 13 is passed, the articles of association of the Company would be amended as follows:

- (a) with immediate effect, by deleting the existing Article 55.1 and substituting therefor the following new Article 55.1:
- “55.1 An annual general meeting and a general meeting shall be convened by such notice as may be required by law from time to time.”; and
- (b) with effect from 00:01am on 1 October 2009:
- (i) by inserting the following new Article 2A:
- “2A Limited liability**  
2A.1 The liability of the members is limited to the amount, if any, unpaid on their shares.”
- (ii) by deleting Article 5 in its entirety;
- (iii) by deleting the words “unissued shares at the date of adoption of these Articles and any shares hereafter created shall be at the disposal of the board, which” after the words “required by CA 1985,” in Article 6.1 and substituting therefor the words “the Board”;
- (iv) by deleting the word “them” from Article 6.1 and substituting therefor the word “shares”;
- (v) by deleting the existing Article 45 and substituting therefor the following new Article 45:
- “45 Consolidation and sub-division**  
45.1 The Company in general meeting may from time to time by ordinary resolution:
- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; and
- (b) subject to the provisions of CA 2006, sub-divide its shares or any of them into shares of a smaller amount, and may by such resolution determine that, as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to new shares.”;
- (vi) by deleting the words “provided that the necessary unissued shares are available,” in Article 46.1(b);
- (vii) by deleting from Article 106 the words “contained in clause 4(M) of the Memorandum of Association of the Company” and substituting therefor the following (being the wording contained in such clause 4(M)):
- “to grant pensions, allowances, gratuities and bonuses to and to make payments for or towards insurance on the life or lives of Directors, ex-Directors, officers, ex-officers, employees or ex-employees of the Company or its predecessors in business or the dependants or connections of such persons, to establish and maintain or concur in establishing and maintaining trusts, funds or schemes (whether contributory or non-contributory) with a view to providing pensions or other benefits for any such persons as aforesaid, their dependants or connections, and to support or subscribe to any charitable funds or institutions, society or club, the support of which may, in the opinion of the Directors, be calculated directly or indirectly to benefit the Company or such persons as aforesaid or may be connected with any town or place where the Company carries on business, and to institute and maintain any club or other establishment or profit-sharing scheme calculated to advance the interests of the Company, or such persons as aforesaid, join, participate in, and to subsidise or assist any association of employers or employees of any trade association”;
- (viii) by deleting the words “, the Memorandum of Association of the Company” and “of the Memorandum of Association or” in Article 107.1;
- (ix) by deleting the word “unissued” after the words “the appropriate number of” in Article 146.1(g);
- (x) by deleting the words “memorandum or” after the words “capital profits in its” in Article 149.2; and
- (xi) by deleting the word “unissued” from both places where it appears in Article 150.1.

# Notice of Annual General Meeting

Notice is hereby given that the one hundred and thirtieth Annual General Meeting of the Company will be held at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2 on Friday, 1 May 2009 at 12 noon for the following purposes:

## Ordinary Business:

1. To receive and adopt the directors' report and accounts for the year ended 31 December 2008.
2. To approve the Directors' remuneration report.
3. To declare a final dividend on the ordinary shares.
4. To elect Sir David Clementi as a Director.
5. To re-elect Mr Ronald Gould as a Director.
6. To re-elect Mr Christopher Keljik as a Director.
7. To re-elect Sir Michael Bunbury as a Director.
8. To re-elect Mr Maxwell Ward as a Director.
9. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company.
10. To authorise the Directors to determine the remuneration of the auditors.

## Special Business:

To consider and, if thought fit, pass the following resolution as a special resolution:

11. THAT:
  - (a) the Directors be and they are hereby:
    - (i) generally and unconditionally authorised, in accordance with section 80 of the Companies Act 1985 (the "Act"), to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £8,486,000 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the Annual General Meeting of the Company in 2010; and
    - (ii) empowered, pursuant to section 95 of the Act, to allot equity securities pursuant to the authority referred to in paragraph (a)(i) of this resolution as if section 89(1) of the Act did not apply to any such allotment, but so that this authority and power shall enable the Company to make offers or agreements which would or might require relevant securities or equity securities to be allotted after the expiry of this authority and

power and notwithstanding such expiry the Directors may allot relevant securities and/or equity securities in pursuance of such offers or agreements;

- (b) all authorities and powers previously conferred under section 80 or section 95 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect; and
- (c) words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings in this resolution.

To consider and, if thought fit, pass the following resolution as a special resolution:

12. THAT the Company be and is hereby generally and unconditionally authorised, in accordance with section 166 of the Companies Act 1985 (the "Act"), to make market purchases (within the meaning of section 163 of the Act) of ordinary shares of 25 pence each in the capital of the Company ("ordinary shares") on such terms and in such manner as the Directors may from time to time determine, provided that:
  - (a) the maximum number of ordinary shares hereby authorised to be purchased shall be 101,770,000;
  - (b) the minimum price which may be paid for an ordinary share is 25 pence;
  - (c) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased;
  - (d) the minimum and maximum prices per ordinary share referred to in sub-paragraphs (b) and (c) of this resolution are in each case exclusive of any expenses payable by the Company;
  - (e) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2010 or, if earlier, on 31 October 2010, unless such authority is varied, revoked or renewed prior to such time by the Company in general meeting by special resolution; and

- (f) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed wholly or partly after the expiration of such authority.

To consider and, if thought fit, pass the following resolution as a special resolution:

13. THAT:

- (a) with effect from 00:01 am on 1 October 2009, the articles of association of the Company be and are hereby amended by deleting all the provisions of the memorandum of association of the Company which, by virtue of section 28 Companies Act 2006, are to be treated as provisions of the articles of association of the Company; and
- (b) the articles of association of the Company be and are hereby amended in the manner set out in Appendix 2 of the circular to shareholders (containing a notice of this general meeting) dated 27 March 2009.

To consider and, if thought fit, pass the following resolution as a special resolution:

- 14. THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

**Notes:**

Pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, only shareholders registered on the register of members of the Company at 11 p.m. on 29 April 2009 (the "specified time") shall be entitled to attend and vote or be represented at the Meeting in respect of the shares registered in their name at that time. Changes to entries on the register of members after 11 p.m. on 29 April 2009 shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

If the Meeting is adjourned to a time not more than 48 hours after the time applicable to the original meeting, the specified time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at 11 p.m. on the day which is two days before the day of the adjourned meeting or, if the Company gives notice of the adjourned meeting, at any time specified in that notice.

A member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.

Any such person holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.

As at 16 March 2009, the latest practicable date prior to publication of this document, the Company has 678,919,714 ordinary shares in issue with a total of 678,919,714 voting rights.

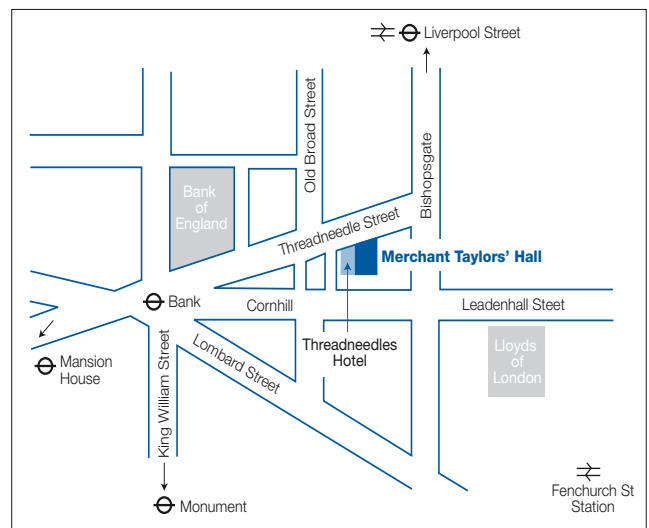
In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that (i) if a corporate shareholder has appointed the Chairman as its corporate representative with instructions to vote on a poll in accordance with the directions of all of 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

By Order of the Board  
For and on behalf of  
F&C Management Limited  
Secretary

27 March 2009

Registered office:  
Exchange House  
Primrose Street  
London EC2A 2NY

**Location of Meeting**



# Notice of Annual General Meeting (continued)

corporate representative for the same corporate shareholder attends the Meeting but the corporate shareholder has not appointed the Chairman 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](http://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.

To be valid, a form of proxy for use at the Meeting and the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be deposited with the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the time appointed for holding the Meeting. Alternatively, proxy votes can be submitted electronically at [www.eproxyappointment.com](http://www.eproxyappointment.com) by entering the Control Number, Shareholder Reference Number and PIN as printed on the form of proxy. Proxy votes must be submitted electronically not less than 48 hours before the time appointed for holding the Meeting.

To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the Company's agent (ID number 3RA50) no later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Investors holding shares in the Company through the F&C Private Investor, Personal Equity, Pension Savings or Children's Investment Plans, the F&C Child Trust Fund or in a F&C Individual Savings Account should ensure that forms of direction are returned to Computershare Investor Services PLC not later than 96 hours before the time appointed for holding the Meeting. Alternatively, voting directions can be submitted electronically at [www.eproxyappointment.com](http://www.eproxyappointment.com) by entering the Control Number, Shareholder Reference Number and PIN as printed on the form of direction. Voting directions must be submitted electronically not less than 96 hours before the time appointed for holding the Meeting.

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 147 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 an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

The Register of Directors' holdings, Directors' terms of appointment letters and a deed poll in relation to Directors' indemnities are available for inspection at the registered office of the Company during normal business hours on any weekday and will be available at the place of the Meeting from 15 minutes prior to the commencement of the Meeting until the conclusion thereof. No Director has any contract of service with the Company.

The final dividend in respect of the year ended 31 December 2008 will, if approved, be paid on 8 May 2009 to holders of ordinary shares on the register at the close of business on 20 March 2009.