

This document is important and requires your immediate attention. If you have any doubts about what action you need to take, you should immediately contact your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your registered holding of ordinary shares in LSL you should pass this letter and the accompanying documents to the person whom the sale or transfer was effected, for transmission to the purchaser or transferee.



**LSL Property Services plc**

(Incorporated in England and Wales with registered no. 5114014)

## **CHAIRMAN'S LETTER & NOTICE OF ANNUAL GENERAL MEETING**

To LSL Property Services plc ("LSL") ordinary shareholders

Dear Shareholder

### **2010 Annual General Meeting ("AGM")**

I am pleased to give you notice of the AGM of LSL. The AGM will be held at 2.30pm on Wednesday 21 April 2010 at the offices of Buchanan Communications, 45 Moorfields, London, EC2Y 9AE.

The Notice of the AGM is set out on pages 3 and 4 of this document, with explanatory notes to the resolutions set out on pages 5 to 11. There will be an opportunity for shareholders to ask questions at the meeting.

### **Election of Directors – Resolutions 3 to 5 (inclusive)**

I would like to take this opportunity to make particular reference to resolutions 3 to 5 which relate to the election and re-election of Directors. LSL's articles of association permit any Director appointed by the Board since the date of the last AGM to hold office only until the date of the next AGM following their appointment. The Director is then eligible for election by shareholders. This year, Simon Embley and Mark Morris will stand for re-election and Mark Pain will stand for election. Their biographical details are set out on page 23 of the Annual Report and Accounts 2009.

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

It is proposed in resolution 11 to adopt new articles of association (the "**New Articles**") with immediate effect in order to update LSL's current articles of association (the "**Current Articles**") primarily to take account of changes in English company law brought about by the Companies Act 2006 ("**2006 Act**") which are in force at the date of the meeting. The 2006 Act has been implemented in a number of stages: the final provisions of which were implemented on 1 October 2009.

The principal changes introduced in the New Articles are summarised in the explanatory notes. 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, have not been noted in the explanatory notes.

The New Articles showing all the changes to the Current Articles together with a copy of the amended New Articles marked to show the amendments proposed by resolution 11 are available for inspection as noted at paragraph 8 of the administrative notes accompanying the notice of AGM.

## **New Long Term Incentive Plan – Resolution 12**

After taking into consideration that there have been no long term incentive awards to the Executive Directors since the Company's flotation in 2006 resolution 12 is seeking shareholder approval for a new long term incentive arrangement, the Joint Share Ownership Plan ("JSOP"). Awards under the proposed JSOP participate in increases in the value of shares in the Company above the share price at the date of award and will comprise:

- i. a restricted interest in an ordinary share in the Company held jointly with the trustees of the Employee Trust (an "Interest"). An Interest will participate in a proportion of the future growth in share value above a threshold amount (the "Hurdle Value"); and
- ii. a stock appreciation right (a "SAR"). SARs will entitle the participant to the growth in the value of the share from the award date up to the Hurdle Value.

The Hurdle Value will be determined by the Remuneration Committee and will be set at a premium to the market value of the shares for the period of 30 dealing days prior to the date of acquisition of the Interest.

The Company intends to operate the JSOP from 2010 for the Chief Executive Officer, Simon Embley, and other senior executives. The Remuneration Committee have carefully assessed the grant policy under the JSOP and believe that the operation of the JSOP will not materially increase the overall costs to the Company (including tax effects) compared with a share option scheme. Further, it is not the Remuneration Committee's current intention to grant awards to the Executive Directors under the Long-Term Incentive Plan ("LTIP") in the same period as a JSOP award.

The principal features of the JSOP are summarised in the explanatory notes. A copy of the JSOP rules proposed by resolution 12 are available for inspection as noted at paragraph 8 of the administrative notes accompanying the notice of AGM.

## **Voting Arrangements – Action to be taken**

You are asked to either:

1. complete the enclosed Form of Proxy and return it, together with any power of attorney or other authority under which it is signed or a notarially certified or office copy thereof, to Capita Registrars 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive no later than 2.30pm on 19 April 2010; or
2. if you hold your shares in uncertificated form, use the CREST electronic proxy appointment service, details of which are set out in Note 2 of the administrative notes to the Notice of AGM set out on pages 11 and 12.

To appoint more than one proxy, you will need to complete a separate Form of Proxy in relation to each appointment you may photocopy the enclosed Form of Proxy, indicating on each copy the name of the proxy you wish to appoint and the number of shares in respect of which the proxy is appointed. All forms must be signed and should be returned together in the same envelope.

Form of Proxy, includes a 'Vote Withheld' option in order for shareholders to abstain on any particular resolution. However, an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" the relevant resolution.


Completion of the Form of Proxy or appointment of a proxy through CREST does not prevent you from attending and voting in person.

Capita Registrars maintain LSL's share register. They also provide a telephone helpline service on 0871 664 0300 (calls cost 10p a minute plus network extras, lines are open 8.30am to 5.30pm, Monday-Friday). If you have any queries about voting or about your shareholding, please contact Capita Registrars.

**Recommendation**

Your Board considers each of the proposed resolutions to be in the best interests of LSL and its shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the resolutions; as they intend to do in respect of their beneficial holdings of ordinary shares (in respect of which they have the power to exercise or direct the exercise of voting rights) which, in aggregate, amount to 22,449,720 ordinary shares representing approximately 22.15% of the issued share capital of the Company.

Yours sincerely

A handwritten signature in black ink, appearing to be 'R. Matthews', written over a faint dotted line.

**Roger Matthews**  
**Chairman**

29 March 2010

LSL Property Services plc.

Registered Office: Newcastle House, Albany Court, Newcastle Business Park, NE4 7YB

## Notice of Annual General Meeting

**NOTICE** is hereby given that the Annual General Meeting of LSL Property Services plc (“**LSL**”) will be held at the offices of **Buchanan Communications, 45 Moorfields, London, EC2Y 9AE on Wednesday 21 April 2010 at 2.30 pm** for the transaction of the following business:

### ORDINARY BUSINESS

As ordinary business to consider and, if thought fit, to pass the following resolutions, of which numbers 1-8 and 12-13 will be proposed as ordinary resolutions and resolutions 9-11 as special resolutions:

1. To receive and adopt LSL's Annual Accounts for the year ended 31 December 2009, together with the Directors' Report and the Auditors' Report on those accounts and on the auditable part of the Directors' Remuneration Report.
2. To approve the Directors' Remuneration Report contained within the Annual Report and Accounts 2009 for the year ended 31 December 2009.
3. To re-elect Simon Embley as a Director of LSL.
4. To re-elect Mark Morris as a Director of LSL.
5. To elect Mark Pain as a Director of LSL.
6. To re-appoint Ernst & Young LLP as auditors of LSL until the conclusion of the next Annual General Meeting.
7. To authorise the Directors to determine the auditors' remuneration.
8. (i) THAT the Directors be and it is hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £74,307.03 provided that this authority shall expire on the earlier of the next Annual General Meeting of LSL and the date which is 18 months from the date of the passing of this resolution (unless previously revoked or varied by LSL in general meeting) save that the company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the board may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired,

and further,

- (ii) THAT the Directors be and it is hereby generally and unconditionally authorised to exercise all powers of the company to allot equity securities (within the meaning of Section 560 of the said Act) in connection with a rights issue in favour of Ordinary shareholders where the equity securities respectively attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them up to an aggregate nominal amount of £10,415.89 provided that this authority shall expire on the date of the next annual general meeting of the company after the passing of this resolution save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

## SPECIAL BUSINESS

As special business to consider and, if thought fit, to pass the following resolutions, which will be proposed as special resolutions:

9. THAT subject to the passing of resolution 8 the Directors be and it is hereby empowered pursuant to Section 570 of the Companies Act 2006 to allot equity securities (within the meaning of Section 560 of the said Act) for cash pursuant to the authority conferred by the previous resolution as if sub-section (1) of Section 561 of the said Act did not apply to any such allotment provided that this power shall be limited
  - (i) to the allotment of equity securities in connection with a rights issue in favour of Ordinary shareholders where the equity securities respectively attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them and,
  - (ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £10,415.89.

and shall expire on the date of the next annual general meeting of the company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

10. That the Company be and is hereby generally and unconditionally authorised, in accordance with section 701 of the 2006 Act to make market purchases (within the meaning of section 693(4) of the 2006 Act) of ordinary shares of 0.2 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:

10.1 the maximum number of ordinary shares hereby authorised to be purchased is 10,415,895;

10.2 the minimum price (exclusive of expenses) which may be paid for such ordinary shares is 0.2p per share, being the nominal amount thereof;

10.3 the maximum price (exclusive of expenses) which may be paid for such ordinary shares shall be an amount equal to the highest of (a) 5% above the average of the middle market quotations for such shares taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; or (b) the price of the last independent trade; or (c) the highest current independent bid;

10.4 the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the next Annual General Meeting of LSL and the date which is 18 months after the date on which this resolution is passed; and


10.5 LSL may make a contract to purchase its own ordinary shares under the authority conferred by this resolution prior to the expiry of such authority, and such contract will or may be executed wholly or partly after the expiry of such authority, and LSL may make a purchase of its own ordinary shares in pursuance of any such contract.

11. That, with immediate effect:

(A) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

- (B) the draft Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.
12. THAT the rules of the LSL Property Services PLC 2010 Joint Share Ownership Plan ("JSOP"), a summary of the principal terms of which is set out on pages 7-11 (and a draft of which is provided to the meeting and initialled by the Chairman for the purposes of identification) be and are hereby approved and adopted and the directors of the Company be and are hereby authorised to do all things necessary or expedient to carry the Plan into effect:
- 12.1 subject to the rules of the JSOP, the directors of the Company be and are hereby authorised to make such alteration or addition to the JSOP as may be necessary in order to benefit the administration of the JSOP at any time; and
- 12.2 the directors of the Company be authorised to establish further plans based on the JSOP but modified to take account of local tax, exchange control or securities laws provided that the shares made available under such further plans are treated as counting towards the limits on individual or overall participation in the JSOP.
13. THAT a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days notice.

**BY ORDER OF THE BOARD**



**Sapna Bedi Fitzgerald**  
***Company Secretary***

**Date 29 March 2010**

**Registered Office: Newcastle House, Albany Court, Newcastle Business Park, NE4 7YB**

## **EXPLANATORY NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING:**

### **Resolution 1 – To receive and adopt LSL’s Annual Report and Accounts 2009**

The Directors are required to present to the meeting the Company’s audited annual accounts and related Directors’ and Auditor’s reports for the financial year ended 31 December 2009.

### **Resolution 2 – To approve the Directors’ Remuneration Report**

In accordance with Section 421A of the Companies Act 2006, shareholders are required to approve the Directors’ Remuneration Report.

### **Resolutions 3 to 5 – To elect the Directors**

In accordance with LSL’s articles of association (**Articles**), Simon Ebley, Mark Morris and Mark Pain will retire at the AGM and, being eligible (under Article 116), are intending to stand for re-election at the meeting. The Articles require each Director to retire on the third AGM after the AGM (or general meeting) on which he was previously elected (Article 115.1). The Articles also require that any Director appointed since the last AGM should stand for re-election at the next following AGM where they shall then be eligible for re-election (Article 114)

The biographical details for all Directors including Simon Ebley, Mark Morris and Mark Pain are set out on page 23 of the Annual Report and Accounts 2009. In addition, during the 2009 board effectiveness review, the performance of Simon Ebley, Mark Morris and Mark Pain was specifically evaluated and the board confirmed that it values the experience and commitment to the business demonstrated by each of these individuals.

### **Resolutions 6 & 7 – Reappointment of auditors and determination of their remuneration**

LSL is required to appoint or reappoint auditors at each AGM at which its accounts are presented to hold office until the conclusion of the next AGM. The Audit Committee has reviewed the effectiveness, independence and objectivity of the external auditors, Ernst & Young LLP (“**Ernst & Young**”), on behalf of the Board, who now propose their reappointment as auditors of LSL. Ernst & Young has advised of its willingness to stand for reappointment as the auditor of LSL (see resolution 6).

Resolution 7 authorises the Directors who, in accordance with standard practice, will act through the Audit Committee, to agree the auditors’ remuneration.

### **Resolution 8 – Authority to allot shares Companies Act 2006**

Resolution 8, which will be proposed as an ordinary resolution will, if passed, authorise the Directors to allot shares up to a maximum nominal amount of £74,307.89, which represents 35.67% of the total ordinary share capital in issue as at 29 March 2010 (being the latest practicable date prior to the publication of this document). This is the maximum permitted amount under best practice corporate governance guidelines being the lesser of the amount of: (i) the authorised but unissued ordinary share capital; and (ii) an amount equal to (a) one-third of the issued ordinary share capital of LSL, plus (b) the amount of share capital which has been reserved for the issue of shares upon the exercise of options granted by LSL.

This authority will expire no later than 18 months after the date of the AGM. Other than in relation to LSL’s employee share schemes, the Directors have no present intention of exercising this authority.

### **Resolution 9 – Disapplication of pre-emption rights (special resolution) Companies Act 2006**

Resolution 9, which will be proposed as a special resolution, seeks authority to issue equity securities of LSL for cash or to sell any shares which LSL holds in treasury following a purchase of its own shares pursuant to the authority in resolution 11 below for cash without application of the pre-emption rights provided by section 89 of the Act. The authority contained in this resolution will be limited to an aggregate nominal value of £10,415.89 which represents 5% of the issued ordinary share capital of LSL as at 19 March 2010 (being the latest practicable date prior to the publication of this document).

The resolution also disapplies the statutory pre-emption provisions in connection with pre-emptive offerings, for example, rights issue and allows the Directors, in the case of a rights issue, to make appropriate arrangements in relation to fractional entitlements or other legal or practical problems which might arise. This authority will expire no later than 18 months after the date of the AGM.

#### **Resolution 10 – To authorise LSL to purchase its own shares (special resolution)**

Resolution 10, which will be proposed as a special resolution, gives LSL authority to buy back its own ordinary shares in the market as permitted by the Act. The authority limits the number of shares that could be purchased to a maximum of 10,415,895 representing 10% of the issued share capital of LSL as at 29 March 2010 (being the latest practicable date prior to publication of this document).

The minimum price payable by LSL for the purchase of its own ordinary shares will be 0.2p per share (being the amount equal to the nominal value of an ordinary share). The maximum price payable will be limited to the highest of 5% above the average of the middle market quotations of LSL's ordinary shares, as derived from the Daily Official List of the London Stock Exchange, for the 5 business days prior to the purchase; or the price of the last independent trade; or the highest current independent bid. This authority will expire no later than 18 months after the date of the AGM.

The Directors have no present intention of exercising the authority to purchase LSL's ordinary shares but will keep the matter under review. 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.

Company law allows LSL to hold in treasury any shares purchased by it using its distributable profits. Such shares will remain in issue and capable of being re-sold by LSL or used in connection with certain of its share schemes. LSL intends to take advantage of these provisions to the extent that it exercises the authority to buy back its shares, so as to hold the purchased shares in treasury.

Options to subscribe for up to 2,436,282 ordinary shares have been granted and are outstanding as at 29 March 2010 (being the latest practicable date prior to publication of this document) representing 2.34% of the issued ordinary share capital at that date. If the Directors were to exercise in full the power for which they are seeking authority under resolution 10 the options outstanding at 29 March 2010 would represent 2.6% of the ordinary share capital in issue following such exercise.

#### **Resolution 11 – Adoption of New Articles of Association (special resolution)**

It is proposed in resolution 11 to adopt new articles of association (the "**New Articles**") in order to update the Company's current articles of association (the "**Current Articles**") primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the "**Shareholders' Rights Regulations**") and the implementation of the last parts of the Companies Act 2006.

Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 or the Shareholders' Rights Regulations or conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills have not been noted. The New Articles showing all the changes to the Current Articles are available for inspection.



## **Resolution 12 – Adoption of a new long term incentive arrangement**

Resolution 12, is seeking shareholder approval for a new long term incentive arrangement, the JSOP. The principal features of the JSOP are outlined below.

### *Operation of the JSOP*

The Remuneration Committee of the Board of Directors of the Company (the “Committee”) is responsible for the operation of the JSOP.

### *Eligibility*

The Committee will use its discretion in nominating participants for the JSOP, who will generally be restricted to key senior employees of the Company.

### *Nature of Awards*

Awards under the JSOP may comprise:

- a restricted interest in an ordinary share in the Company held jointly with the trustees of an employee benefit trust (an “Interest”); and
- a stock appreciation right (a “SAR”)
- or such other form of award as would have substantially the same economic effect.

In order to acquire an Interest, a participant will enter into a co-ownership agreement with the trustee of the Employee Trust under which the participant and the trustee of the Employee Trust jointly hold the Shares and agree that when the Shares are sold, the participant has the right to receive a proportion of the sale proceeds provided the performance conditions have been met and the value of the Shares on disposal exceeds a threshold amount (the “Hurdle Value”). This Hurdle Value will be determined by the Committee and will be set at a premium to the market value of the shares for the period of 30 dealing days prior to the date of acquisition of the Interest.

The participants will be required to pay for the Interest he acquires in the shares (being a sum equal to what the Committee considers to be not less than the unrestricted market value of the Interest for tax purposes). In the event that HM Revenue & Customs (“HMRC”) agree a higher value for the participant’s Interest, a further amount will be payable by the participant equal to the difference between the amount paid upfront and the value agreed with HMRC (the “Further Amount”). Any Further Amount must be paid by the participant before they can dispose of their Interest (but a participant may choose to pay the Further Amount earlier if they wish).

Subject to the satisfaction of the performance conditions, the proportion of the sale proceeds to which the participant will be entitled shall be the proceeds of sale per Share less the Hurdle Value. The value below the Hurdle Value will accrue to the Employee Trust.

Participants will also be granted a SAR. SARs will entitle the participant to the growth in the value of the share from the award date up to the Hurdle Value. SARs may be settled in shares or cash at the discretion of the Committee.

A participant will normally have up to seven years (or such shorter period as may be specified) to require an Interest and SAR to be realised after it has vested after which any unrealised Interests will be forfeited in return for a sum equal to the price paid for the interest or, if lower and the Company so elects, the market value of the interest. Any unrealised SARs will lapse.

At the Committee’s discretion, realisation of an Interest will be effected by either the Employee Trust trustee transferring Shares to the participant as consideration for disposal of the participant’s vested Interest, or the Employee Trust trustee acquiring the participant’s vested Interest for cash out of the proceeds of disposal of the relevant Shares.

Interests and SARs are not transferable other than to the Employee Trust or on a joint realisation of the Shares concerned under the terms of the applicable joint ownership agreement.

Benefits under the JSOP are not pensionable.

#### *Acquisition of Interests*

Awards may be acquired within the 42 days following the date that the JSOP is adopted by the Company. Thereafter, awards may normally only be acquired in the 42 days following the announcement by the Company of its results for any period, or following a change in the legislation or where there are circumstances considered by the Committee to be exceptional.

No acquisitions of awards are permitted in close periods and acquisitions will be subject to the Company's Share Dealing Rules.

No awards may be granted more than ten years after the adoption of the JSOP by the Company.

#### *Individual limits*

The maximum market value of Shares (valued at the date of acquisition) subject to a participant's Interest acquired in any year cannot exceed 200% of the participant's annual salary for that year. In exceptional circumstances, (including, but without limitation, in the year of recruitment) this annual limit may be increased to 300% of annual salary in the absolute discretion of the Committee.

It is not the Committee's current intention to grant awards under the Long Term Incentive Plan in the same period as a JSOP award to the executive directors. In any event, there would be an annual maximum level which would restrict the total number of awards that could be made under both the JSOP and Long Term Incentive Plan in any one year to 200% of salary. As above, in exceptional circumstances, (including, but without limitation, in the year of recruitment) this annual limit may be increased to 300% of annual salary in the absolute discretion of the Committee.

It is proposed that that initial award to the CEO will be 200% of base salary.

#### *Share limits*

It is intended that the JSOP will operate over newly issued shares but the JSOP may operate over treasury shares and shares purchased by the Employee Trust trustee in the market.

There will be an overall limit on the number of new ordinary shares which may be subscribed:

- in any ten year period not more than five percent of the issued share capital of the Company from time to time may be issued or issuable pursuant to rights acquired under the JSOP and any other executive share scheme adopted by the Company (including the Deferred Bonus Plan and Long Term Incentive Plan); and
- in any ten year period not more than ten percent of the issued share capital of the Company from time to time may be issued or issuable pursuant to rights acquired under the JSOP and any other employees' share scheme adopted by the Company (including the Deferred Bonus Plan; Long Term Incentive Plan and SAYE Scheme).

#### *Vesting and performance conditions*

Participants will not be able to realise any growth in value until their awards vest. Vesting of participants' awards will be subject to achievement of performance conditions and to remaining in employment with the Company.

The performance condition to be applied to the initial acquisition of Interests will be measured over a three year performance period beginning in 2010 and will be linked to growth in earnings per share ('EPS') of the Company as follows:

CEO award:

<b>Percentage of Award Vesting</b>	<b>EPS growth per annum</b>	<b>Value of award at grant as a percentage of salary</b>
50%	10% p.a.	100%
75%	13% p.a.	150%
100%	17% p.a.	200%

Straight line vesting will be applied between these points.

Senior executive awards:

<b>Percentage of Award Vesting</b>	<b>EPS growth per annum</b>	<b>Value of award at grant as a percentage of salary</b>
100%	10% p.a.	100%

These performance targets will not be subject to retesting. To the extent that the award does not vest at the end of the three year performance period then the Interest will be forfeited to the Employee Trust in return for a sum equal to the price paid for the Interest or, if lower and the Company so elects, the market value of that Interest. Unvested SARs will lapse.

The performance conditions may be varied in certain circumstances following the acquisition of an Interest so as to achieve their original purpose but not so as to make their achievement any more or less difficult to satisfy.

*Leaving employment*

If a participant leaves because of death, illness, injury, disability, redundancy, retirement, the sale of the Company or in any other circumstances determined and approved by the Committee he will be classed as a "Good Leaver".

Where an employee is a Good Leaver and has unvested awards, the awards may vest at the date of cessation of employment or the normal vesting date, to the extent the Committee permits at its absolute discretion, taking in to account any performance conditions that have been met at the time employment ceases, the length of time the Interests have been held and other factors such as the participant's conduct.

From the later of the date of vesting and the leaving date, participants will have six months (or twelve months in the case of death) to realise any vested awards, after which any unrealised Interests will be forfeited in return for a sum equal to the price paid for the Interest or, if lower and the Company so elects, the market value of that Interest.

If a participant ceases employment for reasons other than as a Good Leaver, he will forfeit his Interest in return for a sum equal to the price paid for the Interest or, if lower and the Company so elects, the market value of that Interest, unless he left by reason of gross misconduct, in which case he will forfeit his Interest for an aggregate consideration of £1.

In all cases, unvested Interests will be transferred to the Employee Trust and unvested SARs will lapse.

*Change of control*

In the event of a takeover, reconstruction or winding up of the Company unvested awards may vest, to the extent the Committee permits at its absolute discretion, taking in to account any performance conditions that have been met, the length of time the awards have been held and other factors such as the participant's conduct.

Participants will have six months (or such shorter period as may be specified) to realise any vested awards with the trustee, after which any unrealised Interests will be forfeited in return for a sum equal to the price paid for the Interest or, if lower and the Company so elects, the market value of that Interest. In all cases unvested SARs will lapse.

Alternatively, awards may be exchanged for new equivalent awards where appropriate. In this case, any performance conditions are disregarded unless the Committee determines otherwise.

#### *Rights attaching to the Shares*

Shares allotted or transferred under the JSOP will rank equally with all other ordinary shares of the Company for the time being in issue (except for rights attaching to such shares by reference to a record date prior to the vesting of an award and in respect of voting rights). The Company will apply for the listing of any new shares allotted under the JSOP.

Prior to vesting, neither the participant nor the Employee Trust trustee can exercise the voting rights attaching to the Shares subject to an Interest. After vesting of the Interest, the participant may instruct the trustees to vote in accordance with the participant's wishes on that number of Shares over which an Interest has been acquired as is proportionate to the value of the participant's beneficial interest in the Shares.

Dividends on the Shares will be waived during any period before the Interests vest. Following the vesting date, participants will be entitled to receive a proportion of any dividends paid in respect of the Shares subject to the interest calculated by reference to the respective values of the participant's Interest in Shares and the trustees of the Employee Trust's Interest on the date on which Shares are quoted ex that dividend. The respective values of the participant's and the trustees of the Employee Trust's interests shall be calculated on the assumption that there had been a disposal of the Shares on that date and that the net proceeds of such disposal had been equivalent to the closing price (as derived from an appropriate source) for the immediately preceding dealing day.

#### *Variation of capital*

On a variation of the capital of the Company, or in the event of a demerger, payment of a special dividend, reorganisation, reconstruction of the company or similar event, the Employee Trust trustee acting fairly and reasonably, on the advice of such firm of accountants or other financial advisers as it thinks fit, may make such adjustment as they consider reasonable to the shares subject to Interests, or to the sale proceeds per share to which a participant is entitled on realisation of an Interest.

#### *Alterations to the JSOP*

The Committee may, at any time, amend the JSOP in any respect provided that the prior approval of the Company in general meeting is obtained for amendments to the provisions of the JSOP relating to eligibility, the overall limits on the issue of new shares, the maximum entitlement for any participant and the basis for determining that entitlement where such changes are to the material advantage of participants. Shareholder approval is not, however, required for minor amendments to benefit the administration of the JSOP, to take account of changes in legislation or to obtain or maintain favourable taxation or regulatory treatment for participants or group companies.

### **Resolution 13 – Notice of meeting other than Annual General Meeting**

This resolution is required to reflect the implementation in August 2009 of the Shareholder Rights Directive. As a result of the introduction of the Shareholder Rights Directive, if the Company wishes to retain the ability to call a general meeting on 14 (rather than 21) days notice a specific annual approval is required notwithstanding that the Articles of Association of the Company permit a meeting to be called on 14 days notice.

## ADMINISTRATIVE NOTES

### 1. Form of Proxy

A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a show of hands or on a poll instead of him or her. A proxy need not be a shareholder. A Form of Proxy is enclosed and notes for completion can be found on the form and should be read carefully before it is completed. To be valid, the Form of Proxy, together with any required power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be deposited by 2.30pm on 19 April 2010 at the Offices of Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Completion of the Form of Proxy does not prevent you from voting at and attending the meeting in person.

To appoint more than one proxy, you will need to complete a separate Form of Proxy in relation to each appointment, in which case you may photocopy the enclosed Form of Proxy, indicating on each copy the name of the proxy you wish to appoint and the number of shares in respect of which the proxy is appointed. All forms must be signed and should be returned together in the same envelope.

LSL specifies that only those shareholders registered in the relevant Register of Members of LSL as at 6.00pm on 19 April 2010 (or if the meeting is adjourned, 6.00pm on the day two days prior to the day fixed for the adjourned meeting) shall be entitled to attend or vote at the AGM in respect of the number of shares registered in their name at that time. Changes to entries on the relevant Register of Members after the relevant time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

### 2. CREST Proxy Voting (uncertificated shareholders)

- (a) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting services 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.
- (b) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with CRESTCo’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this Notice of AGM. 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 appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo 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 services provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. LSL may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

### **3. Joint Holders (certificated and uncertificated shareholders)**

In the case of joint holders the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of LSL in respect of the joint holding.

### **4. Right to appoint proxy**

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 communication 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 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.

### **6. Issued Share Capital and Total Voting Rights**

The Company’s total shares in issue is 104,158,950 0.2p ordinary shares and the total number of voting rights in the Company is 104,158,950.

### **7. Meeting arrangements**

The doors will open at 2.15pm and the AGM will start promptly at 2.30pm.

### **8. Documents available for inspection**

There will be available for inspection at LSL’s registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the AGM and at the place of the AGM for at least 15 minutes prior to and during the meeting:

- (a) copies of the Executive Directors’ service contracts and Non-executive Directors’ appointment letters;
- (b) the Register of Directors’ Interests in the share capital of LSL;
- (c) copies of the current Articles of Association and the proposed Articles of Association of LSL and a version of the Articles of Association showing the proposed changes. Copies of the proposed Articles of Association have also been filed with the Financial Services Authority Document Viewing Facility; and
- (d) the proposed rules of the JSOP.

### **9. General enquiries**

Capita Registrars maintain LSL’s share register. They also provide a telephone helpline service on 0871 664 0300 (calls cost 10p a minute plus network extras, lines are open 8.30am to 5.30pm Monday – Friday). If you have any queries about voting or about your shareholding, please contact Capita Registrars. Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006 is available from [www.lslps.co.uk](http://www.lslps.co.uk).



