



*Notice of the 2011  
Annual General Meeting  
and accompanying notes*

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you should consult an independent adviser authorized under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or another appropriately authorized independent adviser if you are in a territory outside the United Kingdom.

If you have transferred or sold all of your shares in the Company, please send this document and the accompanying form of proxy to the transferee or to the agent through whom you acted for forwarding to the transferee.



# Shire plc

(Incorporated and registered in Jersey No. 99854)



March 24, 2011

Dear Shareholder,

## Annual General Meeting 2011

I am pleased to be writing to you with details of our Annual General Meeting ('AGM') which we are holding at The Merrion Hotel, Upper Merrion Street, Dublin 2, Ireland on April 26, 2011 at 1:00 pm. The formal Notice of AGM is set out on pages 4 and 5 of this document.

Explanatory notes on each resolution to be considered at the AGM appear on pages 8 to 10 of this document.

### Recommendation

The Board considers that all the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommends that you vote in favour of them, as the Directors intend to do in respect of their own beneficial holdings.

### Action to be taken

If you would like to vote on the resolutions but are unable to attend and vote at the AGM, you are entitled to appoint one or more proxies to attend and vote on your behalf. The following methods are available to you:

- **Ordinary Shares**
  - (a) by completing, signing and returning the enclosed form of proxy to our Registrars; or
  - (b) by logging onto [www.sharevote.co.uk](http://www.sharevote.co.uk); or if you have a portfolio registered with our Registrars by logging onto [www.shareview.co.uk](http://www.shareview.co.uk); or
  - (c) CREST members may vote via the CREST electronic proxy appointment service.
- **American Depositary Receipts**

Holders of American Depositary Receipts may give voting instructions to the Depositary for the American Depositary Shares they hold in the Company by completing the separate voting instruction card sent to such holders, or via the internet or by telephone, details of which are printed on the voting instruction card.

Please read the notes on pages 6 and 7 of this Notice and the notes on the enclosed form of proxy which provide further details of each method and the deadlines by which your appointment of a proxy must reach our Registrars.

### Shareholder communications

The 2010 Annual Report is enclosed for those shareholders who have elected to receive it in hard copy. The Annual Report and Notice are also published on our website [www.shire.com](http://www.shire.com). If you would like to receive future shareholder reports and notice of meetings online, rather than in hard copy, please register at [www.shareview.co.uk](http://www.shareview.co.uk).

Please note that with effect from 2012 we will only send shareholders a hard copy of the Notice of AGM if they have elected to receive documents in hard copy.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Matthew", with a long, sweeping horizontal line extending to the right.

Matthew Emmens  
Chairman

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Shire plc (the 'Company') will be held at The Merrion Hotel, Upper Merrion Street, Dublin 2, Ireland on April 26, 2011 at 1:00 pm for the purpose of considering and, if thought fit, passing the resolutions listed below, of which the resolutions numbered 1 to 13 (inclusive) will be proposed as ordinary resolutions and the resolutions numbered 14 to 17 will be proposed as special resolutions:

## ORDINARY RESOLUTIONS

### Report and accounts

- 1 To receive the Company's accounts for the year ended December 31, 2010 together with the Directors' report and the Auditors' report on those accounts.

### Directors' remuneration report

- 2 To approve the Directors' remuneration report for the year ended December 31, 2010.

### Re-election of Directors

- 3 To re-elect Matthew Emmens as a Director of the Company.
- 4 To re-elect Angus Russell as a Director of the Company.
- 5 To re-elect Graham Hetherington as a Director of the Company.
- 6 To re-elect David Kappler as a Director of the Company.
- 7 To re-elect Patrick Langlois as a Director of the Company.
- 8 To re-elect Dr Jeffrey Leiden as a Director of the Company.

### Election of Directors

- 9 To elect Dr David Ginsburg as a Director of the Company.
- 10 To elect Anne Minto as a Director of the Company.

### Auditors

- 11 To re-appoint Deloitte LLP as auditors of the Company to hold office from the conclusion of the meeting to the conclusion of the Annual General Meeting of the Company to be held in 2012.
- 12 To authorize the Audit, Compliance & Risk Committee of the Board to determine the remuneration of the auditors.

### Authority to allot shares

- 13 To resolve that the authority to allot Relevant Securities (as defined in the Company's Articles of Association) conferred on the Directors by Article 10 paragraph (B) of the Company's Articles of Association be renewed and for this purpose the Authorized Allotment Amount shall be:

- (a) £9,370,661 of Relevant Securities; and
- (b) solely in connection with an allotment pursuant to an offer by way of a Rights Issue (as defined in the Company's Articles of Association, but only if and to the extent that such offer is implemented by way of rights), £18,741,322 of Relevant Securities comprising equity securities (as defined in the Company's Articles of Association) (after deducting from such limit any Relevant Securities allotted under paragraph (a) above),

and the Allotment Period (as defined in the Company's Articles of Association) shall be the period commencing on April 26, 2011 and ending on the earlier of July 25, 2012 or the conclusion of the Annual General Meeting of the Company to be held in 2012, save that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry and the Directors may allot Relevant Securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired.

## SPECIAL RESOLUTIONS

### Authority to disapply pre-emption rights

**14** To resolve that, subject to the passing of Resolution 13, the authority to allot equity securities (as defined in the Company's Articles of Association) wholly for cash, conferred on the Directors by Article 10 paragraph (D) of the Company's Articles of Association be renewed and for this purpose the Non Pre-emptive Amount (as defined in the Company's Articles of Association) shall be £1,405,599 of equity securities and the Allotment Period shall be the period commencing on April 26, 2011 and ending on the earlier of July 25, 2012 or the conclusion of the Annual General Meeting of the Company to be held in 2012, 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 Directors may allot equity securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired.

### Authority to make market purchases

**15** To resolve that the Company be and is hereby generally and unconditionally authorized:

- (a) pursuant to Article 57 of the Companies (Jersey) Law 1991 to make market purchases of ordinary shares in the capital of the Company, provided that:
  - (1) the maximum number of ordinary shares hereby authorized to be purchased is 56,223,967;
  - (2) the minimum price, exclusive of any expenses, which may be paid for an ordinary share is five pence;
  - (3) the maximum price, exclusive of any expenses, which may be paid for an ordinary share shall be the higher of
    - (i) an amount equal to 105% of the average of the middle market quotations for the Company's ordinary shares as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such shares are contracted to be purchased; and
    - (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Daily Official List at the time the purchase is carried out;
  - (4) the authority hereby conferred shall expire on the earlier of July 25, 2012 or the conclusion of the Annual General Meeting of the Company to be held in 2012 (except that the Company may make a contract to purchase ordinary shares under this authority before the expiry of this authority, which will or may be executed wholly or partly after the expiry of this authority, and may make purchases of ordinary shares in pursuance of any such contract as if such authority had not expired); and
- (b) pursuant to Article 58A of the Companies (Jersey) Law 1991, to hold as treasury shares any ordinary shares purchased pursuant to the authority conferred by paragraph (a) of this resolution.

### 16 Adoption of new Articles of Association

To resolve that, with effect from the conclusion of the Annual General Meeting, the Company's Articles of Association be amended and those produced to the meeting and initialled by the Chairman (the 'New Articles') be adopted as the Company's Articles of Association, in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

### 17 Notice of General Meetings

To resolve that, subject to the passing of Resolution 16, a general meeting other than an Annual General Meeting of the Company may be called on not less than 14 clear days' notice.

### By order of the Board

Tatjana May  
Company Secretary  
Shire plc

Registered office:  
22 Grenville Street  
St Helier  
Jersey JE4 8PX

March 24, 2011

# Notice of Annual General Meeting

## NOTES

- 1 All resolutions at the AGM will be decided by a poll. The Company believes that this is a more transparent and equitable method of voting as shareholder votes are counted according to the number of shares held ensuring an exact and definitive result. In accordance with Article 74 of the Company's Articles of Association, the Chairman of the AGM will demand a poll on each of the resolutions at the beginning of the meeting.
- 2 The Company, pursuant to the Companies (Uncertificated Securities) (Jersey) Order 1999, specifies that only those persons entered on the register of members of the Company as at 1:00 pm on April 24, 2011 (the 'Specified Time') shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after the Specified Time shall be disregarded in determining the rights of any person to attend or 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 purposes of determining the entitlement of members to attend and vote (and for the purposes 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 as at the time which is 48 hours before the time fixed for the adjourned meeting.
- 3 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. Proxies may be appointed by any one of the following methods:
  - **Ordinary Shares**
    - Completing and returning the enclosed form of proxy;
    - Electronic proxy appointment by logging onto the website of our Registrars at [www.sharevote.co.uk](http://www.sharevote.co.uk) and follow the instructions provided. You will need your Reference Number, Card ID and Account Number all of which are printed on the form of proxy;
    - If you have a shareview portfolio you can appoint your proxy electronically by logging onto your portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) and following the instructions provided;
    - If you are a member of CREST, by using the CREST electronic appointment service.

To be valid your proxy form must be received, during normal business hours only, by the Registrars, Equiniti (Jersey) Limited, c/o Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, no later than 1:00 pm on April 24, 2011 (or 48 hours preceding the date and time for any adjourned meeting).
  - **American Depositary Receipts**

If you want the Depositary to vote your American Depositary Shares at the AGM, you may provide your voting instructions to the Depositary via the internet, by telephone or by sending in a completed voting instruction card, as described on such card. Voting instructions must be received by the Depositary by 11:59 pm EST on April 17, 2011 for internet and telephone instructions and by 12:00 pm EST on April 18, 2011 for paper voting forms.
- 4 In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer, attorney or other person authorized to sign it.
- 5 Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
- 6 The return of a completed proxy form, or any CREST Proxy Instruction (as described in paragraph 12 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
- 7 Any person to whom this Notice is sent who is a person nominated in accordance with Article 60 of the Company's Articles of Association to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- 8 The statement of the rights of shareholders in relation to the appointment of proxies in paragraph three above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.
- 9 As at March 10, 2011 the Company's issued voting share capital consists of 562,239,673 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at March 10, 2011 is 562,239,673.
- 10 In the case of joint shareholders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

- 11 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 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.
- 12 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 Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is 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 (CREST ID 7RA01) by 6:00 pm on April 22, 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application 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 no message received through the CREST network will be accepted and any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 13 CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. 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, 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 14 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.
- 15 When two or more valid but differing proxy appointments are received in respect of the same share for use at the same meeting or poll, the one which is last received (regardless of its date or of the date of its signature) shall be treated as replacing and revoking the others as regards that share. If the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
- 16 A shareholder which is a corporation and which wishes to be represented at the meeting by a person with authority to speak and vote (a 'corporate representative') must appoint such a person by resolution of its directors or other governing body. A corporate representative has the same powers on behalf of the corporation he/she represents as that corporation could exercise if it was an individual member of the Company. Under Jersey law it is not possible for a body corporate to appoint more than one corporate representative.
- 17 Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under the Articles of Association, the Company may be required to publish on a website a statement setting out: (i) any matter relating to the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting of the Company at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with such publication requirements. Where the Company is required to place a statement on a website under the Articles of Association, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under the Articles of Association to publish on a website.
- 18 Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation of the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 19 A copy of this Notice, and other information required by s311A of the UK Companies Act 2006, can be found at [www.shire.com](http://www.shire.com).

#### **Inspection of documents**

The following documents will be available for inspection at the Company's registered office at 22 Grenville Street, St Helier, Jersey JE4 8PX from the date of this Notice until the time of the AGM and at The Merrion Hotel, Upper Merrion Street, Dublin 2, Ireland from 15 minutes before the AGM until it ends:

- (a) Copies of the Executive Directors' service contracts;
- (b) Copies of the letters of appointment of the Non-Executive Directors; and
- (c) A copy of the New Articles.

# Notice of Annual General Meeting

## EXPLANATORY NOTES ON THE BUSINESS OF THE AGM

The background to the business of the AGM set out above is as follows:

### Resolution 1 – Report and accounts

The first item of business is the requirement for the Company's accounts for the year ended December 31, 2010 together with the Directors' report and the Auditors' report on those accounts to be laid before the Company in general meeting.

### Resolution 2 – Directors' remuneration report

The vote upon this resolution will be advisory in respect to the overall remuneration policy and not specific to individual levels of remuneration.

### Resolutions 3 to 8 – Re-election of Directors

The Board has considered carefully the provision in the 2010 UK Corporate Governance Code encouraging companies to have annual re-elections for their Board of Directors. The Board recognizes the critical importance of having an effective Board of Directors. The Board also places the highest importance on active engagement with its shareholders; meetings are held regularly with shareholders and the Board takes account of shareholders' views. Over the last two years there have been significant changes to the Board, with four Non-Executive Directors joining the Board and four Non-Executive Directors leaving the Board during that time. Taking into account the nature of Shire's business and the long time frames associated with drug development, given the Board's focus on the development of the Company's strategy against a background of significant changes to the healthcare sector, and given the recent changes to the Board's composition, the Board has concluded that annual re-election of Directors would not be conducive to the effective management of these areas of focus. The Board will keep the annual re-election of Directors under careful review, including monitoring the views of shareholders.

As regards the 2011 AGM, in accordance with the Company's Articles of Association, most of the Board will be standing for re-election at the AGM due to their retirement by rotation. Matthew Emmens, Angus Russell, Graham Hetherington, David Kappler, Patrick Langlois and Dr Jeffrey Leiden are therefore all retiring and seeking re-election at the AGM. Each Director has indicated he is willing to offer himself for re-election. The Board confirms that those directors proposed for re-election continue to perform effectively and to demonstrate commitment to the role. The Board is pleased to recommend each one for re-election.

Brief biographical details can be found below. Further information is set on pages 38 and 39 of the Company's Annual Report and Accounts and on the website at [www.shire.com](http://www.shire.com).

Matthew Emmens was appointed Chairman on June 18, 2008 and has been a member of the Board since March 12, 2003. He is also a member of the Nomination Committee. He was the Company's Chief Executive Officer from March 2003 to June 2008. Mr Emmens brings to the Board, among other things, his operational knowledge of Shire and his wealth of international sales, marketing, integration and operational experience in the pharmaceutical sector. Mr Emmens also serves as Chairman, President and Chief Executive Officer of Vertex Pharmaceuticals Inc. Mr Emmens holds a degree in Business Management from Fairleigh Dickinson University.

Angus Russell was appointed Chief Executive Officer on June 18, 2008 and has been a member of the Board since December 13, 1999. He was the Company's Chief Financial Officer from December 1999 to June 2008. He is also Chairman of the Leadership Team. Mr Russell brings to his position, among other things, his operational knowledge of Shire and his extensive finance, risk management, strategic and operational experience in the pharmaceutical sector. Mr Russell is a Chartered Accountant and is a Fellow of the Association of Corporate Treasurers.

Graham Hetherington has been the Chief Financial Officer and a member of the Board since July 1, 2008. He is also a member of the Leadership Team. Mr Hetherington brings to his position, among other things, a broad range of international finance management and planning, audit, risk management and M&A experience. Mr Hetherington is a Fellow of the Chartered Institute of Management Accountants.

David Kappler has been a member of the Board since April 5, 2004. He was appointed Senior Independent Non-Executive Director in July 2007 and Deputy Chairman in June 2008. He is Chairman of the Nomination Committee and of the Audit, Compliance & Risk Committee. Mr Kappler brings to the Board, among other things, his extensive knowledge and experience in financial reporting, risk management and internal financial controls. Mr Kappler also serves as a Non-Executive Director of Intercontinental Hotels Group plc. Mr Kappler is a Fellow of the Chartered Institute of Management Accountants.

Patrick Langlois has been a member of the Board since November 11, 2005. He is also a member of the Audit, Compliance & Risk Committee and of the Remuneration Committee. Mr Langlois brings to the Board, among other things, his extensive experience in financial reporting, audit and risk management. Mr Langlois is a Non-Executive Director of Scynexis Inc., Nanobiotix S.A., Exonhit S.A. and Newron Spa. Mr Langlois holds a PhD in Economics and a diploma in Banking Studies.



Dr Jeffrey Leiden has been a member of the Board since January 1, 2007 and Vice Chairman since April 2009. He is a member of the Remuneration Committee and of the Nomination Committee and Chairman of the Science & Technology Committee. Dr Leiden is currently a Managing Director at Clarus Ventures LLC, Chairman of the Board of Directors of TyRx Pharma, Inc., Lycera Corporation and Variation Biotechnologies Inc., and a member of the Board of Directors of Biolex Therapeutics Inc., Catabasis Pharmaceuticals Inc. and Vertex Pharmaceuticals Inc. Dr Leiden earned a bachelor's degree in biological sciences, a doctorate in virology and a medical degree, all from the University of Chicago. He is a fellow of the American Academy of Arts and Sciences and an elected member of the Institute of Medicine of the National Academy of Sciences.

#### **Resolutions 9 and 10—Election of Directors**

In accordance with Company's Articles of Association any director newly appointed by the Board since the date of the last AGM shall stand for election to the Board by shareholders at the following AGM. Both Dr David Ginsburg and Anne Minto were appointed to the Board as Non-Executive Directors in June 2010.

Dr Ginsburg and Ms Minto have both brought considerable experience to the Board and have contributed effectively to the Board's discussions. The Board recommends that Dr David Ginsburg and Anne Minto be elected as Directors.

Brief biographical details can be found below. Further information is set on pages 38 and 39 of the Company's Annual Report and Accounts and on the website at [www.shire.com](http://www.shire.com).

Dr David Ginsburg, MD was appointed to the Board on June 16, 2010 and is a member of the Science & Technology Committee. Dr Ginsburg is currently James V. Neel Distinguished University Professor of Internal Medicine Human Genetics, and Pediatrics at the University of Michigan and a Howard Hughes Medical Institute Investigator. Dr Ginsburg brings much experience to the Board, including his clinical medical background in Internal Medicine, Hematology-Oncology, and Medical Genetics, as well as his extensive basic biomedical laboratory research expertise. He obtained his BA at Yale University, MD at Duke University and completed his medical and research training at Harvard Medical School, before joining the faculty at the University of Michigan.

Anne Minto OBE was appointed to the Board on June 16, 2010 and is Chair of the Remuneration Committee. Ms Minto is Group Director Human Resources at Centrica plc and sits on the Centrica Executive Committee. She brings considerable experience to the Board including, her extensive legal, commercial and remuneration experience. Ms Minto is a Fellow of the Chartered Institute of Personnel & Development, the Royal Society of Arts and the London City and Guilds and a Member of Law Society of Scotland.

#### **Resolutions 11 and 12—Auditors**

Resolution 11 is to approve the re-appointment of Deloitte LLP as auditors of the Company until the conclusion of the next AGM of the Company. Resolution 12 is to authorize the Audit, Compliance & Risk Committee of the Board to determine the remuneration of the auditors.

#### **Resolution 13—Authority to allot shares**

Paragraph (a) of this resolution proposes that authority be given to the Directors to allot Relevant Securities (as defined in the Company's Articles of Association) within the limits of the authorized share capital up to a nominal amount of £9,370,661, representing one third of the total ordinary share capital of the Company in issue on March 10, 2011, the latest practicable date before publication of this Notice.

Paragraph (b) of this resolution proposes that authority be given to the Directors to allot equity securities in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £18,741,322 (representing 374,826,449 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (a) of this resolution. This amount (before any reduction) represents two-thirds of the total ordinary share capital of the Company in issue on March 10, 2011, the latest practicable date before publication of this Notice.

The Directors have no present intention of exercising this authority, except, under paragraph (a), to satisfy options under the Company's share option schemes. It should be noted that the allotment of ordinary shares pursuant to the conditions of the Company's \$1.1 billion 2.75% convertible bonds due 2014 (the 'Bonds') is not subject to the restriction upon the Directors' authority to allot Relevant Securities in the Company's Articles of Association.

The Company does not currently hold any treasury shares.

In the event that the authority in paragraph (b) is exercised, the Directors intend to follow best practice as regards its use (including the requirement for Directors to stand for re-election) as issued by the Association of British Insurers.

This authority will expire on the earlier of July 25, 2012 or the conclusion of the next AGM of the Company.

# Notice of Annual General Meeting

## **Resolution 14—Authority to disapply pre-emption rights (special resolution)**

Under Article 11 of the Company's Articles of Association, if the Directors wish to allot any unissued shares of the Company wholly for cash (other than in connection with an employee share scheme) they must offer them in the first instance to existing shareholders in proportion to their shareholdings. This restriction does not apply to the allotment of ordinary shares pursuant to the conditions of the Bonds. There may be occasions when the Directors will need the flexibility to issue ordinary shares without a pre-emptive offer to existing shareholders. This resolution, which is conditional on the passing of Resolution 13, proposes that the Directors be authorized to allot equity securities wholly for cash other than by way of a pro rata issue limited to a maximum aggregate nominal amount of £1,405,599, being the equivalent of 5% of the issued ordinary share capital of the Company on March 10, 2011 the latest practicable date before publication of this Notice. The disapplication will expire on the earlier of July 25, 2012 or the conclusion of the next AGM of the Company. In respect of this aggregate nominal amount, the Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders.

It should be noted that the Articles of Association of the Company empower the Directors to allot equity securities wholly for cash in connection with a Rights Issue (as defined in the Company's Articles of Association).

## **Resolution 15—Authority to make market purchases (special resolution)**

This resolution confers authority on the Company to make market purchases of up to a maximum of 56,223,967 ordinary shares, which represents just less than 10% of the Company's issued ordinary share capital on March 10, 2011 the latest practicable date before publication of this Notice. The authority will give the Company flexibility in managing its balance sheet. The intention of the Board is that market purchases will only be made if it believes that they would result in an expected increase in earnings per share and will be in the best interests of shareholders generally. The maximum price which may be paid by the Company for its shares under this authority is the higher of:

- (i) an amount equal to 105% of the average of the middle market quotations for the Company's shares as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such shares are contracted to be purchased; and
- (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Daily Official List at the time the purchase is carried out.

The minimum price is five pence, being the nominal value of an ordinary share. This authority will expire on the earlier of July 25, 2012 or the conclusion of the next AGM of the Company. Warrants and options, excluding for the avoidance of doubt, stock appreciation rights, were outstanding as at March 10, 2011 to subscribe for a total number of 8,205,138 ordinary shares, or 1.56% of the Company's issued share capital. If the authority to purchase shares is ever used in full, the proportion of issued share capital, based on the share capital as at March 10, 2011, represented by this figure would be 1.74%.

If any ordinary shares are purchased pursuant to this authority, the Directors will decide whether to cancel shares purchased pursuant to this authority or hold them as treasury shares based on the interests of the Company and shareholders as a whole at the relevant time. If any ordinary shares are not held by the Company as treasury shares then such shares would be immediately cancelled, thereby reducing the number of ordinary shares in issue.

## **Resolution 16—Adoption of new Articles of Association (special resolution)**

It is proposed in this resolution to adopt the New Articles in order to update the Company's current Articles of Association (the 'Current Articles') to comply with recent UK legislation. Provisions have been incorporated into the New Articles to enshrine certain rights that are not conferred by the Companies (Jersey) Law 1991 (as amended) but which shareholders in a London listed company would normally expect following the implementation of the Companies (Shareholders' Rights) Regulations 2009 (the 'Shareholders' Rights Regulations') and final implementation of the UK Companies Act 2006 (the '2006 Act'). The principal changes introduced in the New Articles can be found in the Appendix on page 11 of this document. Other changes which are minor, technical, drafting, clarifying in nature or do not have a material impact, have not been noted.

The New Articles showing all the changes to the Current Articles will be available for inspection at the AGM or at the Company's registered office during normal business hours on any business day from the date of this Notice until the conclusion of the AGM.

## **Resolution 17—Notice of General Meetings (special resolution)**

This resolution is required to reflect the changes made to the UK Companies Act 2006 by the Shareholders' Rights Regulations increasing the notice period for general meetings of the Company to 21 clear days unless shareholders approve a shorter period, which cannot however be less than 14 clear days.

The Directors wish to retain the flexibility and benefit from the ability to call general meetings on 14 clear days' notice and Resolution 17 seeks this authority from shareholders. It is intended that this flexibility will only be used for non-routine business and where merited in the interests of shareholders as a whole. The Company will also need to meet the requirements for electronic voting under the Shareholders' Rights Regulations before it can call a general meeting on 14 clear days' notice and undertakes to do so. If given, the approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

## SHAREHOLDER INFORMATION

### Substantial shareholdings

As at March 10, 2011 there had been no changes to the substantial shareholdings in the Company since February 23, 2011, being the date of the Directors' report for the year ended December 31, 2010.

### Directors' shareholdings

As at March 10, 2011 there had been no changes to the Directors' interests since February 23, 2011, being the date of the Directors' remuneration report for the year ended December 31, 2010.

## APPENDIX—PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

### Notice of General Meetings

The Shareholders' Rights Regulations amended the 2006 Act to require a company to give 21 clear days' notice of general meetings unless the company offers shareholders an electronic voting facility and a special resolution reducing the period of notice to not less than 14 clear days has been passed. The New Articles amend the provisions of the Current Articles to be consistent with the new provisions.

### Adjournments for lack of quorum

Under the 2006 Act (as amended by the Shareholders' Rights Regulations), general meetings adjourned for lack of quorum must be held at least ten clear days after the original meeting. The Current Articles have been amended to reflect this requirement.

### Chairman's casting vote

The New Articles remove the provision giving the Chairman a casting vote in the event of an equality of votes at a general meeting as this is no longer permitted under the 2006 Act.

### Voting in accordance with instructions

Following the implementation of the Shareholders' Rights Regulations, proxies will be expressly required to vote in accordance with the instructions given to them by members. The New Articles contain a provision which clarifies that the Company is not required to verify if a proxy or a corporate representative has voted in accordance with the instructions given.

### Pre-emption rights

The New Articles clarify the position in relation to pre-emption rights on the issue of securities. Pre-emption rights apply to the grant of a right to subscribe for, or to convert any securities into, ordinary shares in the Company but do not apply to the subsequent allotment of shares pursuant to such a right.

### Delegation to committees

The 'Management Committee' has been renamed as the 'Leadership Team' and the New Articles reflect this change in name. Under the New Articles, any committee or sub-committee of the Board, save for the Leadership Team, is now required to include at least one director. The Current Articles require the majority of persons on any such committee or sub-committee to be directors.

### General

Generally the opportunity has been taken to bring clearer language into the New Articles.