

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to any aspect of the proposals referred to in this document or to the action you should take, you should immediately consult a stockbroker, solicitor, accountant, or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in McKay Securities PLC, please pass this document together with the accompanying form of proxy to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.



*(incorporated and registered in England & Wales with registered number 00421479)*

To all Ordinary Shareholders

**ANNUAL GENERAL MEETING 2011**

**NOTICE OF MEETING**

**NOTICE is hereby given that the sixty-fifth Annual General Meeting (“AGM”) of McKay Securities PLC (the “Company”) will be held at The Royal Thames Yacht Club, 60 Knightsbridge, London SW1X 7LF on Thursday, 21st July 2011 at 12.00 noon for the following purposes:**

1. To receive the Company’s Annual Report and Accounts for the financial year ended 31st March 2011 together with the reports of the Directors and Auditors.
2. To approve by ordinary resolution the Directors’ Remuneration Report.
3. To authorise the payment of a final dividend on the ordinary shares of 5.6p per share for the year ended 31st March 2011 on 4th August 2011 to shareholders on the register at close of business on 10th June 2011.
4. To re-elect Mr S.C. Perkins, who retires by rotation, as a Director of the Company.
5. To re-elect Mr N. Aslin, who retires by rotation, as a Director of the Company.
6. To re-appoint KPMG Audit Plc as Auditors of the Company.
7. To authorise the Directors to determine the remuneration of the Auditors.
8. To authorise by ordinary resolution the Directors to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company pursuant to Section 551 of the Companies Act 2006.
9. To authorise by special resolution the partial waiver of pre-emption rights held by existing shareholders which attach to future issues for cash of equity securities of the Company by virtue of Section 561 of the Companies Act 2006.
10. To authorise by special resolution the Company to make market purchases (as defined in Section 693(4) of the Companies Act 2006) of any of the Company’s ordinary shares for the purposes of Section 701 of the Companies Act 2006.

## Notes

1. Shareholders 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 AGM. 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. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Equiniti Limited on 0871 384 2101 (calls to this number cost 8p per minute from a BT landline, other providers' costs may vary). Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday. If you are calling from overseas, the number to call is +44 121 415 7047.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand by the Company's Registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL no later than a time no more than 48 hours before the meeting, not taking into account any day that is not a working day.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in Note 11 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
4. An explanation of resolutions 8 to 10 is set out in Appendix 1 to this document and the full text of those resolutions is set out in Appendix 2.
5. The following documents will be available for inspection at 20 Greyfriars Road, Reading, Berkshire RG1 1NL and at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY from the date of this Notice until the close of the AGM and at The Royal Thames Yacht Club, 60 Knightsbridge, London SW1X 7LF from 15 minutes before the AGM until it ends:
  - (a) copies of the executive Directors' service contracts; and
  - (b) copies of the letters of appointment of the non-executive Directors.
6. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 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 any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of shareholders in relation to the appointment of proxies set out above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
8. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00 p.m. on 19th July 2011 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the time of the adjourned AGM). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the AGM.
9. As at 22nd June 2011 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 45,879,174 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 22nd June 2011 were 45,879,174.
10. 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.

11. 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 UK & Ireland Limited'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 (ID: RA19) by 12 noon on 19th July 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 any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
14. Under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's 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 at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, 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 Section 527 of the Companies Act 2006 to publish on a website.
15. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its power as a member provided that they do not do so in relation to the same shares.
16. 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 for 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.
17. A copy of this notice, and other information required by Section 311A of the Companies Act 2006, can be found at [www.mckaysecurities.plc.uk](http://www.mckaysecurities.plc.uk).

23rd June 2011

By Order of the Board  
J.S. McKeown  
Secretary

## ANNUAL GENERAL MEETING 2011

### ORDINARY AND SPECIAL BUSINESS

The resolutions constituting the ordinary business of the AGM are contained in items 1 to 7 of the Notice of AGM set out on page 1 of this document. Items 8 to 10 of the Notice of AGM constitute special business and as such these proposed resolutions are explained in Appendix 1 below and set out in full in Appendix 2.

#### RECOMMENDATIONS

**The Directors of the Company consider that the passing of resolutions 1 to 10 is in the best interests of the Company and its shareholders as a whole and accordingly recommend that you vote in favour of all the resolutions to be proposed at this year's AGM. Your Directors intend to vote in favour of these resolutions in respect of their own beneficial share interests, which amount to 330,117 ordinary shares, representing in aggregate 0.72 per cent of the nominal issued ordinary share capital of the Company.**

#### APPENDIX 1

##### EXPLANATORY NOTES IN RESPECT OF RESOLUTIONS 8 TO 10

The notes on the following pages give an explanation of the resolutions proposed at items 8 to 10 of the Notice of AGM. These resolutions are set out in full in Appendix 2.

##### **RESOLUTION 8: ALLOTMENT OF SHARES**

Paragraph (A) of this resolution would give the Directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £3,058,611 (representing 15,293,055 ordinary shares of 20p each). This amount represents approximately one-third of the issued ordinary share capital of the Company as at 22nd June 2011, the latest practicable date prior to publication of this Notice.

In line with guidance issued by the Association of British Insurers ("ABI"), paragraph (B) of this resolution would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £6,117,223 (representing 30,586,115 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (A) of this resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 22nd June 2011, the latest practicable date prior to publication of this Notice.

The authorities sought under paragraphs (A) and (B) of this resolution will expire at the earlier of 20th October 2012 and the conclusion of the AGM of the Company held in 2012.

The Directors have no present intention to exercise either of the authorities sought under this resolution. However, if they do exercise the authorities, the Directors intend to follow ABI recommendations concerning their use (including as regards the Directors standing for re-election in certain cases).

As at the date of the Notice of AGM, no ordinary shares are held by the Company in treasury.

The resolution to be proposed at the AGM is shown as resolution 8 in Appendix 2.

##### **RESOLUTION 9: WAIVER OF PRE-EMPTION RIGHTS**

This resolution will be proposed as a special resolution, which requires a 75% majority of the votes cast to be in favour. It would give the Directors the authority to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

This authority would be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £458,791 (representing 2,293,955 ordinary shares). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company as at 22nd June 2011, the latest practicable date prior to publication of this Notice. 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 3-year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders.

The authority will expire at the earlier of 20th October 2012 and the conclusion of the AGM of the Company held in 2012.

The resolution to be proposed at the AGM is shown as resolution 9 in Appendix 2.

#### **RESOLUTION 10: AUTHORITY TO UNDERTAKE MARKET PURCHASES OF OWN SHARES**

This resolution will be proposed as a special resolution, which requires a 75% majority of the votes cast to be in favour. Authority is sought for the Company to purchase up to 10 per cent. of its issued ordinary shares (excluding any treasury shares), renewing the authority granted by the shareholders at previous AGMs.

The Directors have no present intention of exercising the authority to make market purchases, however the authority provides the flexibility to allow them to do so in the future. The Directors will exercise this authority only when to do so would be in the best interests of the Company, and of its shareholders generally, and could be expected to result in an increase in the earnings per shares of the Company.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. The Directors will consider holding any ordinary shares the Company may purchase as treasury shares. The Company currently has no ordinary shares in treasury. The minimum price, exclusive of expenses, which may be paid for an ordinary share is its nominal value of 20p. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of (i) an amount equal to 5% above the average market value for an ordinary share for the five business days immediately preceding the date of the purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.

The Company has options outstanding over 3,591,582 ordinary shares, representing 7.83 per cent. of the Company's ordinary issued share capital as at 22nd June 2011. If the existing authority given at the 2010 AGM and the authority now being sought by resolution 10 were to be fully used, these would represent 9.78 per cent. of the Company's ordinary issued share capital at that date.

The resolution to be proposed at the AGM is shown as resolution 10 in Appendix 2.

## APPENDIX 2

### THE FOLLOWING RESOLUTIONS NUMBERED 8 TO 10 WILL BE PROPOSED AT THE 2011 ANNUAL GENERAL MEETING OF THE COMPANY

**8 As an ordinary resolution:**

THAT the Directors be generally and unconditionally authorised in substitution for the authority conferred on the Board by the relevant ordinary resolution passed at the AGM of the Company held in 2010 to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

- (A) up to a nominal amount of £3,058,611 (such amount to be reduced by the nominal amount allotted or granted under paragraph (B) below in excess of such sum); and
- (B) comprising equity securities (as defined in Section 560(1) of the Companies Act 2006) up to a nominal amount of £6,117,223 (such amount to be reduced by any allotments or grants made under paragraph (A) above) in connection with an offer by way of a rights issue:
  - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise considers necessary, and so that the Directors may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the end of next year's AGM (or, if earlier, until the close of business on 20th October 2012) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

**9 As a special resolution:**

That if resolution 8 is passed, the Directors be given power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited:

- (A) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (B) of resolution 8, by way of a rights issue only):
  - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities, as required by the rights of those securities, or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (B) in the case of the authority granted under paragraph (A) of resolution 8 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (A) above) of equity securities or sale of treasury shares up to a nominal amount of £458,791

such power to apply until the end of next year's AGM (or, if earlier, until the close of business on 20th October 2012) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

**10 As a special resolution:**

THAT the Company be authorised for the purposes of Section 701 of the Companies Act 2006 to make one or more market purchases (as defined in Section 693(4) of the Companies Act 2006) of its ordinary shares of 20 pence each ("**Ordinary Shares**"), such power to be limited:

- (A) to a maximum number of 4,587,917 Ordinary Shares;
- (B) by the condition that the minimum price which may be paid for an Ordinary Share is the nominal amount of that share and the maximum price which may be paid for an Ordinary Share is the highest of:
- (i) an amount equal to 5 per cent. above the average market value of an Ordinary Share for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased; and
  - (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out,

in each case, exclusive of expenses;

such power to apply until the end of next year's AGM (or, if earlier, 20th October 2012) but in each case so that the Company may enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase Ordinary Shares pursuant to any such contract as if the power had not ended.



20 Greyfriars Road, Reading, Berkshire RG1 1NL

T: 0118 950 2333

[www.mckaysecurities.plc.uk](http://www.mckaysecurities.plc.uk)