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

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# CLOSE BROTHERS GROUP plc

(incorporated and registered in England and Wales under number 520241)

## Annual General Meeting

# 18 November 2010

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Your attention is drawn to the letter from the Chairman of Close Brothers Group plc (the “**Company**”) which is set out on pages 3 to 4 of this document and which recommends you vote in favour of the Resolutions to be proposed at the Annual General Meeting.

**Notice of the Annual General Meeting of the Company to be held at 10 Crown Place, London, EC2A 4FT on 18 November 2010 at 11.00 a.m.** is set out on pages 5 to 9 of this document. Shareholders will also find enclosed with this document a form of proxy for use in connection with the Annual General Meeting.

Completion and return of a form of proxy will not preclude shareholders from attending and voting at the Annual General Meeting should they choose to do so. **The form of proxy must be received not less than 48 hours before the time appointed for the Annual General Meeting.** Further instructions relating to the form of proxy are set out in the Notice of the Annual General Meeting.

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14 October 2010

## **Annual General Meeting**

Dear Shareholder,

The Annual General Meeting of the Company will be held at 10 Crown Place, London EC2A 4FT on 18 November 2010 at 11.00 a.m.. The formal Notice of Annual General Meeting is set out on pages 5 to 9 of this document. If you would like to vote on the resolutions but cannot come to the Annual General Meeting, please fill in the form of proxy sent to you with this Notice and return it to our registrar as soon as possible. The registrar must receive it not less than 48 hours before the time appointed for holding the Annual General Meeting. Lodgement of the form of proxy will not prevent you from attending and voting at the meeting.

### **Final dividend**

Shareholders are being asked to approve a final dividend of 25.5p per ordinary share for the year ended 31 July 2010. If you approve the recommended final dividend, this will be paid on 19 November 2010 to all ordinary shareholders who were on the register of members on 8 October 2010.

### **Re-election of Directors**

Under the Company's articles of association each Director must retire from office and stand for reappointment by shareholders as a minimum at every third annual general meeting in order to continue to serve as a Director. However in view of the newly introduced UK Corporate Governance Code and to further increase accountability, with effect from this year all Directors will retire at each AGM and stand for re-appointment by shareholders if they wish to continue to serve as a Director of the Company. Accordingly, the Directors retiring and offering themselves for re-election at this Annual General Meeting are Preben Prebensen, Stephen Hodges, Jonathan Howell, Bruce Carnegie-Brown, Jamie Cayzer-Colvin, Ray Greenshields, Douglas Paterson and myself.

### **Authority to allot shares and disapplication of shareholders' statutory pre-emption rights**

We are asking shareholders to authorise the Directors, for the purposes of Part XVII of the Companies Act 2006, to allot shares. Following the Association of British Insurers' Guidance, the Company is seeking, in addition to the usual general authority to allot shares up to an aggregate amount equal to one-third of the existing share capital (which as in previous years is accompanied by a disapplication of shareholders' pre-emption rights), an additional authority to allot shares (but only in the context of a rights issue) up to an aggregate amount equal to one-third of the existing share capital. Overall in the case of a rights issue the Directors on behalf of the Company could issue shares so as to enlarge the Company's share capital by an amount equal to two-thirds of the existing share capital without further shareholder authority. This would ensure that the Company has the maximum possible flexibility (consistent with evolving market practice) to respond to circumstances and opportunities as they arise. As set out in the explanatory notes to the Notice of General Meeting, the Directors have no present intention of exercising this authority.


### **Explanatory notes**

The explanatory notes which appear on pages 10 to 11 of this document give further explanation regarding the re-election of Directors and of the special business proposed to be passed at the Annual General Meeting.

## Recommendation

Your Directors unanimously consider that all the resolutions to be put to the Annual General Meeting are in the best interests of the Company and its shareholders as a whole and recommend that you vote in favour of them as we intend to do in respect of our own shareholdings.

Yours faithfully,

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Strone Macpherson  
Chairman

## Close Brothers Group plc NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Close Brothers Group plc will be held at 10 Crown Place, London, EC2A 4FT on 18 November 2010 at 11.00 a.m. for the purpose of transacting the following business as ordinary resolutions (as regards resolutions 1 to 14) and as special resolutions (as regards resolutions 15 to 17).

### Ordinary Resolutions

1. To receive the Company's 2010 Annual Report and Accounts together with the reports of the directors and auditors.
2. To approve the Directors' Remuneration Report for the financial year ended 31 July 2010.
3. To authorise the payment of a final dividend on the ordinary shares of 25.5p per share for the year ended 31 July 2010 on 19 November 2010 to shareholders on the register at the close of business on 8 October 2010.
4. To re-elect Strone Macpherson as a director of the Company.
5. To re-elect Preben Prebensen as a director of the Company.
6. To re-elect Stephen Hodges as a director of the Company.
7. To re-elect Jonathan Howell as a director of the Company.
8. To re-elect Bruce Carnegie-Brown as a director of the Company.
9. To re-elect Jamie Cayzer-Colvin as a director of the Company.
10. To re-elect Ray Greenshields as a director of the Company.
11. To re-elect Douglas Paterson as a director of the Company.
12. To reappoint Deloitte LLP as auditors of the Company.
13. To authorise the directors to determine the remuneration of the auditors.
14. To authorise the Board 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 £12,072,143 (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 s560(1) of the Companies Act 2006) up to a nominal amount of £24,144,286 (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:
    - (1) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (2) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board 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 Annual General Meeting (or, if earlier, until the close of business on 18 February 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 Board 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.

## Special Resolutions

15. That, if resolution 14 is passed, the Board 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 14, by way of a rights issue only):
  - (1) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (2) to holders of other equity securities, as required by the rights of those securities or, as the Board otherwise considers necessary,

and so that the Board 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 14 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 £1,810,821,

such power to apply until the end of next year's Annual General Meeting (or, if earlier, until the close of business on 18 February 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 Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

16. That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of its ordinary shares of 25p each, subject to the following conditions:

- (a) the maximum number of ordinary shares authorised to be purchased is 14,486,572;
- (b) the minimum price (exclusive of expenses) which may be paid for an ordinary share is 25p;
- (c) the maximum price (exclusive of expenses) which may be paid for each ordinary share is the higher of:
  - (1) an amount equal to 105 per cent of the average of the middle market quotations of an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
  - (2) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System;
- (d) this authority shall expire at the close of the Annual General Meeting of the Company held in 2011 (or, if earlier, until the close of business on 18 February 2012); and
- (e) a contract to purchase shares under this authority may be made prior to the expiry of this authority, and concluded in whole or in part after the expiry of this authority.

17. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By order of the Board



Elizabeth Lee  
Company Secretary  
14 October 2010

Registered Office:  
10 Crown Place  
London EC2A 4FT

# NOTICE OF ANNUAL GENERAL MEETING

## Notes

### Proxies and corporate representatives

1. 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 Annual General Meeting 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. You can only appoint a proxy by using the procedures set out in these notes and the notes to the proxy form.
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 at the office of the Company's registrars (Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU).

Alternatively, shareholders may appoint a proxy electronically by visiting [www.capitashareportal.com](http://www.capitashareportal.com) and following the instructions provided.

CREST members can appoint a proxy by utilising the CREST electronic appointment service in accordance with the procedures set out in Notes (8) to (11).

**IMPORTANT: in any case your proxy form must be received by the Company's registrars no later than 48 hours before the time appointed for holding the Annual General Meeting.**

3. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

### Nominated persons

4. 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 Annual General Meeting. 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.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

### Entitlement to attend and vote

6. To be entitled to attend and vote at the Annual General Meeting (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 11.00 a.m. on 16 November 2010 (or, in the event of any adjournment, on the date which is 48 hours before the time of the adjourned meeting, excluding non-working days). 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 meeting.

### Total voting rights

7. As at 7 October 2010 (being the latest practicable date prior to the publication of this Notice and excluding shares held in Treasury) the Company's issued share capital consists of 144,865,722 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 7 October 2010 are 144,865,722.

## **CREST members**

8. 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.
9. 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 RA10) by not less than 48 hours before the time appointed for holding the Annual General Meeting. 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.
10. 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. 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.

## **Audit statements**

12. 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 Annual General Meeting; 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 Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

## **Members’ right to ask questions**

13. 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.



### **Electronic publication**

14. A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found on the Company's website ([www.closebrothers.co.uk](http://www.closebrothers.co.uk)).

### **Inspection of documents**

15. The following documents will be available for inspection at the registered office of the Company (10 Crown Place, London, EC2A 4FT) from 9.00 am on the day of this Notice until the end of the Annual General Meeting:

- Copies of the executive directors' service contracts; and
- Copies of letters of appointment of the non-executive directors.

### **Communication**

16. You may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents (including the Chairman's letter and proxy form) to communicate with the Company for any purpose other than those expressly stated.

## Close Brothers Group plc

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

Resolutions 1 to 14 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 15 to 17 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution. The notes on the following pages give an explanation of resolutions 4 to 11 and 14 to 17 only, on the basis that these resolutions are in respect of the re-election of directors and the special business to be transacted at the 2010 AGM.

#### Resolutions 4 – 11: Re-election of Directors

As a result of new guidance in the UK Corporate Governance Code, all Directors will retire and stand for re-election at the Annual General Meeting.

Resolutions 4 to 11 are seeking approval for the re-election of Strone Macpherson, Preben Prebensen, Stephen Hodges, Jonathan Howell, Bruce Carnegie-Brown, Jamie Cayzer-Colvin, Ray Greenshields and Douglas Paterson as Directors. Biographical details of the Directors are set out on pages 8 to 9 of the Annual Report and Accounts for the financial year ended 31 July 2010.

#### Resolution 14: General authority to allot

Paragraph (a) of resolution 14 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 £12,072,143 (representing 48,288,572 ordinary shares of 25p each). This amount represents approximately one-third of the issued ordinary share capital (excluding treasury shares) of the Company as at 7 October 2010, the latest practicable date prior to publication of this Notice.

In line with guidance issued by the Association of British Insurers, paragraph (b) of resolution 14 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 £24,144,286 (representing 96,577,144 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (a) of resolution 14. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital (excluding treasury shares) of the Company as at 7 October 2010, the latest practicable date prior to publication of this Notice.

The Directors have no present intention to exercise either of the authorities sought under this resolution 14. However, if they do exercise the authorities, the Directors intend to follow ABI recommendations concerning their use.

As at 7 October 2010 4,801,601 ordinary shares were held by the Company in Treasury.

#### Resolution 15: General power to disapply pre-emption rights

Resolution 15 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, similar to previous years, 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 £1,810,821 (representing 7,243,284 ordinary shares). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company as at 7 October 2010, 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 18 February 2012 and the conclusion of the Annual General Meeting of the Company held in 2011.

### **Resolution 16: Purchase of own shares**

Resolution 16 would give the Company the right to make market purchases of its own shares.

The authority in respect of 14,486,572 ordinary shares (10% of the Company's ordinary share capital in issue (excluding treasury shares) at 31 July 2010 and 7 October 2010 (the latest practicable date prior to the publication of this letter)) will expire at the earlier of 18 February 2012 and the conclusion of the Annual General Meeting to be held in 2011. The resolution specifies the maximum and minimum prices at which shares may be bought. Share purchases would only be made where the Directors believed that they were in the best interests of the Company, would promote the success of the Company and would enhance earnings per share, taking into account other available investment opportunities and the overall financial position of the group. Shares purchased under this authority become treasury shares which the Company can cancel or hold for sale for cash or use to meet the obligations under the Company's employee share schemes.

The total number of rights and options to subscribe for equity shares outstanding at 7 October 2010 related to 6,914,715 ordinary shares, representing 4.77% of the Company's ordinary share capital in issue (excluding treasury shares). If the full authority to purchase shares (both the existing authority and that sought at the 2010 Annual General Meeting) were to be used then those rights and options to subscribe for equity shares would represent 5.95% of the Company's issued share capital (excluding treasury shares) at 7 October 2010.

### **Resolution 17: Notice of general meetings**

Resolution 17 would allow the Company to hold general meetings on 14 clear days' notice. Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 clear days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (AGMs will continue to be held on at least 21 clear days' notice.)

Until the coming into force of the Shareholders' Rights Regulations on 3 August 2009, the Company was able to call general meetings other than an annual general meeting on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, Resolution 17 seeks such approval. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

Note that the changes to the Companies Act 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. The Company is in compliance with this requirement.

