

# Notice of annual general meeting

Notice is given that the 2011 Annual General Meeting of the Company will be held at 11.00 am on 28 July 2011 at Ladyfield House, Station Road, Wilmslow, Cheshire SK9 1BU for the purpose of considering and, if thought fit, passing the resolutions set out below. Resolutions 1 to 10 (inclusive) below will be proposed as ordinary resolutions and resolutions 11 to 16 (inclusive) below will be proposed as special resolutions.

## ORDINARY BUSINESS

1. To receive the audited accounts and the auditors' and Directors' Reports for the year ended 31 March 2011.
2. To approve the Board's Remuneration Report for the financial year ended 31 March 2011.
3. To declare a final dividend of 0.24 pence per ordinary share.
4. To re-elect David Hamilton as a Director.
5. To elect Martin Payne as a Director.
6. To re-appoint PricewaterhouseCoopers LLP as auditors.
7. To authorise the Directors to determine the auditors' remuneration.

## SPECIAL BUSINESS

### Ordinary resolution - to adopt the Norcros plc 2011 Approved Performance Share Plan

8. That:
  - (a) the rules of the Norcros plc 2011 Approved Performance Share Plan with HM Revenue & Customs Approved Schedule (APSP) described in the Annual Report and Accounts 2011 of which the notice containing this resolution forms part and in a form produced in draft to the meeting, and for the purposes of identification only, initialled by the chairman of the meeting, be and are hereby approved and adopted; and
  - (b) the Directors of the Company be and are hereby authorised to do all such things as may be necessary or desirable to carry the APSP into effect, including making any changes to the rules of the APSP as are necessary or desirable in order to obtain approval by HM Revenue & Customs.

### Ordinary resolution - to adopt the Norcros plc 2011 Deferred Bonus Plan

9. That:
  - (a) the rules of the Norcros plc 2011 Deferred Bonus Plan (Plan) described in the Annual Report and Accounts 2011 of which the notice containing this resolution forms part and in a form produced in draft to the meeting, and for the purposes of identification only, initialled by the chairman of the meeting, be and are hereby approved and adopted; and
  - (b) the Directors of the Company be and are hereby authorised to do all such things as may be necessary or desirable to carry the Plan into effect.

### Ordinary resolution - authority to allot shares

10. That the Directors are generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (Allotment Rights), but so that:
  - (a) the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £3,810,352, of which:
    - (i) one half may be allotted or made the subject of Allotment Rights in any circumstances; and
    - (ii) the other half may be allotted or made the subject of Allotment Rights pursuant to any rights issue (as referred to in the Financial Services Authority's listing rules) or pursuant to any arrangements made for the placing or underwriting or other allocation of any shares or other securities included in, but not taken up under, such rights issue;
  - (b) this authority shall expire on 27 October 2012 or, if earlier, on the conclusion of the Company's next Annual General Meeting;
  - (c) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted or Allotment Rights to be granted after such expiry; and
  - (d) all authorities vested in the Directors on the date of the notice of this meeting to allot shares or to grant Allotment Rights that remain unexercised at the commencement of this meeting are revoked.

## Notice of annual general meeting continued

### Special resolution – disapplication of pre-emption rights

11. That the Directors are empowered pursuant to Section 570 of the Companies Act 2006 to allot equity securities, as defined in section 560 of that Act, pursuant to the authority conferred on them by resolution 10 in the notice of this meeting or by way of a sale of treasury shares as if Section 561 of that Act did not apply to any such allotment, provided that this power is limited to:

- (a) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the Financial Services Authority's listing rules) or any other pre-emptive offer that is open for acceptance for a period determined by the directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and
- (b) the allotment of equity securities (other than pursuant to paragraph (a) above) with an aggregate nominal value of £288,663, and shall expire when the authority conferred on the directors by resolution 10 in the notice of this meeting expires, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry.

### Special resolution – authority to purchase own shares on market

12. That the Company is generally and unconditionally authorised pursuant to section 701 of the Companies Act 2006 to make market purchases (as defined in section 693 of that Act) of ordinary shares of 1p each in its capital, provided that:

- (a) the maximum aggregate nominal value of such shares that may be acquired under this authority is £577,326;
- (b) the minimum price (exclusive of expenses) which may be paid for such a share is its nominal value;
- (c) the maximum price (exclusive of expenses) which may be paid for such a share is the maximum price permitted under the Financial Services Authority's listing rules or, in the case of a tender offer (as referred to in those rules), 5% above the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange's Daily Official List) for the five business days immediately preceding the date on which the terms of the tender offer are announced;
- (d) this authority shall expire on 27 October 2012 or, if earlier, on the conclusion of the Company's next Annual General Meeting; and
- (e) before such expiry, the Company may enter into a contract to purchase shares that would or might require a purchase to be completed after such expiry.

### Special resolution – approval of the purchase of deferred shares

13. That the terms of, and the execution by or on behalf of the Company of, the proposed contract (a draft of which has been produced to the meeting and initialled by the chairman of the meeting for the purpose of identification only) between the Company and all of the holders of deferred shares of 9 pence each in the capital of the Company (Deferred Shares), pursuant to which the Company will purchase all of the Deferred Shares in issue, be and are hereby approved and authorised for the purposes of section 694 of the Companies Act 2006 and article 4.2(g)(ii) of the Articles of Association of the Company, but so that such approval and authority shall expire on 31 December 2011.

### Special resolution – amendments to the Articles of Association

14. That, subject to the resolution numbered 13 in the notice convening this Annual General Meeting having been passed and the contract which is referred to in that resolution having been entered into by (or on behalf) of the holders of the deferred shares and the Company, the Articles of Association of the Company be and are hereby amended as follows:

- (a) in article 1, by the deletion of the words "Deferred Share means deferred shares of 9 pence each in the capital of the Company";
- (b) by the deletion of the words "and Deferred Shares" in article 4.1; and
- (c) by the deletion of Article 4.2 in its entirety.

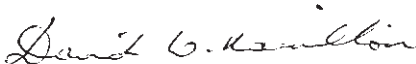
### Special resolution – cancellation of share premium account and capital redemption reserve

15. That:

- (a) the share premium account of the Company be cancelled; and
- (b) the capital redemption reserve of the Company which arises upon completion of the contract referred to in the resolution numbered 13 in the notice convening this Annual General Meeting be cancelled.

### Special resolution – calling of general meetings on 14 clear days' notice

16. That any general meeting of the Company which is not an Annual General Meeting may be convened by not less than 14 clear days' notice.



**D. W. Hamilton**  
Director and Company Secretary  
23 June 2011

**Registered office:**  
Ladyfield House  
Station Road  
Wilmslow  
Cheshire SK9 1BU

### Notes

1. A member who is entitled to attend and vote at the meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting.
2. The right of a member of the Company to vote at the meeting will be determined by reference to the register of members. A member must be registered on that register as the holder of ordinary shares of 1p each (ordinary shares) by 6.00 pm on 26 July 2011 in order to be entitled to attend and vote at the meeting as a member in respect of those shares.
3. A member wishing to attend and vote at the meeting in person should arrive prior to the time fixed for its commencement. A member that is a corporation can only attend and vote at the meeting in person through one or more representatives appointed in accordance with Section 323 of the Companies Act 2006, as amended. Any such representative should bring to the meeting written evidence of his appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment. Any member wishing to vote at the meeting without attending in person or (in the case of a corporation) through its duly appointed representative must appoint a proxy to do so. Forms for the appointment of a proxy that can be used for this purpose have been provided to members with this notice of Annual General Meeting. To be valid, a proxy appointment form must be completed in accordance with the instructions that accompany it and then be delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Capita Registrars, Proxy Department at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by 11.00 am on 26 July 2011. Alternatively, a member may appoint a proxy online by following the instructions for the electronic appointment of a proxy at [www.capitashareportal.com](http://www.capitashareportal.com). In order to be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received by the same time. Members who hold their shares in uncertificated form may also use "the CREST voting service" to appoint a proxy electronically, as explained below. Appointing a proxy will not prevent a member from attending and voting in person at the meeting should he so wish.
4. Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under Section 146 of the Companies Act 2006, as amended, (a "nominated person") may have a right under an agreement between him and that member to be appointed, or to have someone else appointed, as a proxy for the meeting. If a nominated person has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in note 1 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.
5. Voting on all resolutions will be conducted by way of a poll, rather than a show of hands. This is a more transparent method of voting as members' votes are counted according to the number of ordinary shares held. As soon as practicable following the meeting, the results of the voting at the meeting and the numbers of proxy votes cast for and against, together with the number of votes actively withheld in respect of, each of the resolutions will be announced via a Regulatory Information Service, and will also be placed on the Company's website: [www.norcros.com](http://www.norcros.com).
6. As at 20 June 2011 (being the latest practicable date prior to the printing of this document): (i) the Company's issued share capital consisted of 577,326,112 ordinary shares of 1p each carrying one vote each and 148,754,684 deferred shares of 9p each carrying no voting rights and (ii) the total voting rights in the Company were 577,326,112.
7. The draft contract referred to in resolution 13 is available for inspection at the Company's registered office by members for at least 15 days ending on 28 July 2011, and at the meeting.

## Notice of annual general meeting continued

8. Each member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting which, in accordance with Section 319A of the Companies Act 2006, as amended, and subject to some exceptions, the Company must cause to be answered. Information relating to the meeting which the Company is required by the Companies Act 2006, as amended, to publish on a website in advance of the meeting may be viewed at [www.norcros.com](http://www.norcros.com). A member may not use any electronic address provided by the Company in this document or with any proxy appointment form or in any website for communicating with the Company for any purpose in relation to the meeting other than as expressly stated in it.
9. It is possible that, pursuant to members' requests made in accordance with Section 527 of the Companies Act 2006, as amended, the Company will be required to publish on a website a statement in accordance with Section 528 of that Act setting out any matter that the members concerned propose to raise at the meeting relating to the audit of the Company's latest audited accounts. The Company cannot require the members concerned to pay its expenses in complying with those sections. The Company must forward any such statement to its auditors by the time it makes the statement available on the website. The business which may be dealt with at the meeting includes any such statement.
10. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer procedures described in "the CREST voting service" section of the CREST manual. CREST personal members or other to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a "CREST proxy appointment instruction") must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited (Euroclear), and must contain all the relevant information required by the CREST manual. To be valid, 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 be transmitted so as to be received by Capita Registrars (ID RA10), as the Company's "issuer's agent", by 11.00 am on 26 July 2011. After this time, any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on "Practical limitations of the system". In certain circumstances, the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.
11. Please note that the Company takes all reasonable precautions to ensure that no viruses are present in any electronic communication which it sends, but the Company does not accept responsibility for any loss or damage arising from the opening or use of any email or attachment sent by the Company, and the Company recommends that members subject all emails and attachments to virus checking procedures prior to opening or use. Any electronic communication received by the Company or Capita Registrars (including the lodgement of an electronic proxy form) which is found to contain any virus will not be accepted.

# Shareholder consultation paper

## Remuneration and incentives

### Background

Following a review by the Remuneration Committee of the Company (the "Committee") the Board proposes, after having fully consulted with the Company's major shareholders and receiving extremely helpful and constructive input, much of which has been incorporated, to introduce a new long-term incentive plan, namely the Norcros plc 2011 Approved Performance Share Plan (the "2011 APSP") with an HMRC-approved component.

The Committee also intends to adopt a new deferred share bonus plan, namely the Norcros plc 2011 Deferred Share Bonus Plan (the "2011 Bonus Plan") to operate in conjunction with the Company's existing bonus structure for certain of the Company's Executive Directors.

The Committee is of the opinion that the proposed 2011 APSP, together with other components of reward, provides an appropriate balance of fixed and variable remuneration at a market competitive level. It is also of the opinion that these new plans will ensure remuneration arrangements of the Executive Directors are aligned with those of shareholders and reinforce the Company strategy in motivating and retaining key individuals.

### Summary of Executive Directors' service contracts

Under the terms of a service contract entered into on 1 April 2011, Nick Kelsall is entitled to a base salary of £260,000 per annum with effect from 1 April 2011, the date on which he became Group Chief Executive of Norcros Group. In addition he is entitled to a pension contribution of 30% of base salary and, again with effect from 1 April 2011, an annual car allowance of £29,150. Mr Kelsall is also eligible to participate in annual bonus arrangements and any long-term incentive scheme and is eligible for life assurance, membership of a private medical expenses arrangement and permanent health insurance cover. Mr Kelsall's service contract is terminable on 12 months' notice to or from the Company.

Under the terms of a service contract entered into on 18 March 2011 Martin Payne, the new Group Finance Director, is entitled to a base salary of £180,000 per annum. In addition he is entitled to a pension contribution of 25% of base salary and an annual car allowance of £20,000. Mr Payne is also eligible to participate in annual bonus arrangements and any long-term incentive plan and is eligible for life insurance, membership of a private medical expenses arrangement and permanent health insurance cover. Mr Payne's service contract is terminable on 12 months' notice to or from the Company.

Under the terms of a service contract entered into on 14 June 2007 Joe Matthews is entitled to a base salary of £286,000 p.a. In addition he is entitled to a pension contribution of 25% of salary and an annual car allowance of £29,150. Mr Matthews is eligible for life assurance, membership of a private medical expenses arrangement and permanent health insurance cover. Mr Matthews will cease to be a Director of Norcros plc with effect from 31 July 2011 following the Company's AGM. Mr Matthews will participate in any bonus entitlement in respect of the year ending 31 March 2011 and also participate pro rata (i.e. to the extent of one third) in any bonus entitlement in respect of the year ended 31 March 2012. Mr Matthews will not participate in the new APSP.

Under the terms of a service contract entered into with effect from 1 April 2011 Mr Hamilton is entitled to a base salary of £100,000 p.a. He does not participate in any annual bonus arrangement or any long-term incentive plan nor is he entitled to any pension contribution but he does receive a car allowance of £19,850 p.a. Mr Hamilton is eligible for life assurance, membership of a private medical expenses arrangement and permanent health insurance cover.

### 2011 annual bonus structure

The Committee proposes to introduce the following annual bonus structure for eligible Executive Directors of the Company in 2011:

- target and maximum annual bonus opportunities of 25% and 100% (respectively) of base salary, determined wholly in terms of Group trading profit; and
- 50% of bonus amounts to be deliverable in the form of nil cost options over ordinary shares in the capital of the Company, the release of which will be deferred for three years.

The Committee intends to adopt the 2011 Bonus Plan to facilitate this new bonus structure.

# Shareholder consultation paper continued

## Remuneration and incentives

### The 2011 APSP

In order to align executive interest further with shareholders the Committee proposes the introduction of the 2011 APSP for key executives of the Company and its subsidiaries (the "Group"). The main terms of the APSP are summarised below. Awards made under the APSP will generally be made in the period following the announcement of the Company's full year results.

The 2011 APSP provides for the grant of performance shares in the form of nil cost options which will only vest on the satisfaction of demanding performance criteria over three years (subject to individual and overall limits). The 2011 APSP also allows for part of the Awards to be made under an HMRC-approved addendum, which provides for beneficial tax treatment for the Company and participants on an element of the award.

### Performance criteria

The vesting of Awards under the 2011 APSP will be subject to demanding performance criteria set by the Committee in respect of each performance period. 2011 Awards will vest, subject to achievement of targets based on the aggregate diluted benchmark earnings per share (EPS) for the three financial years 31 March 2012 to 31 March 2014. The Remuneration Committee considers that the measurement of performance in this way will focus participants' attention on generation of longer-term value over the performance period. The Committee further considers that this approach provides a performance condition over which there is line of sight for participants and which encourages the creation of shareholder value in each of the constituent years as opposed to focusing on relative growth from one point to another which does not take into account intermediate performance.

The Company is committed to setting demanding, but achievable, annual and long-term incentive performance targets. Performance targets are calculated to take account of a number of reference points which reflect internal and external expectations, including the latest internal forecasts, straight line profit growth consistent with median and upper quartile returns over the next three to five years and broker forecast data for the Company.

The Committee proposes diluted benchmark EPS as the performance measure to determine vesting of 2011 Awards as it believes diluted benchmark EPS, provided that it is tightly and clearly defined, remains the best (and best understood) measure of enhancing shareholder value. The Committee is committed to reviewing the possibility of introducing additional performance measures such as total shareholder return (TSR) and cashflow in advance of each APSP cycle. The Committee believes TSR lacks consistency at this time, given the extreme volatility over the past three years in the share price of both the Company and its sector peers and that cash flow, whilst a powerful tool of internal control, is less appropriate given the current low level of gearing and would add further definitional complexity.

Additionally, for Awards to vest on diluted benchmark EPS, the Committee must satisfy itself that the recorded diluted benchmark EPS is a genuine reflection of the underlying business performance of the Company over the performance period.

The Committee will retain discretion to adjust the targets in the event of any material acquisitions and other corporate events, in order to maintain the same level of challenge and objectivity and to ensure the proposals support the Company's ongoing strategy.

### Performance criteria: 2011 Awards

For the 2011 Awards the Committee proposes a three-year aggregate diluted benchmark EPS target for the period 2012–14 of 5.08p to 5.75p. At the lower end, this is equivalent to 10% compound annualised trading profit growth and at the upper end to 15% compound annualised growth. In summary, if over the three financial years ending 31 March 2012 to 31 March 2014 the aggregate diluted benchmark EPS is less than 5.08p there will be no vesting. 25% of the 2011 Awards will vest for aggregate diluted benchmark EPS of 5.08p rising on a straight line basis to full vesting for aggregate diluted benchmark EPS of 5.75p or higher.

### Change of control

In the event of a change of control, Awards will vest, pro rata, taking into account the time which has elapsed between the grant of the award and the change of control and the extent to which performance conditions have been satisfied in that period. In all other circumstances the Awards will normally lapse unless the Board determines otherwise.

### Good leavers

Awards will vest in the case of those participants who are good leavers, i.e. due to death in service or retirement on or after the age of 55, taking into account the time which has elapsed between the grant of that award and cessation of employment and the extent to which the performance conditions have been satisfied. In all other circumstances the Awards will normally lapse unless the Board determines.

### Claw back

The Remuneration Committee is committed to operating a claw back, where the accounts upon which the performance conditions are based are shown to be materially incorrect and intend to apply claw back to Awards so affected in such circumstances. The Remuneration Committee is also committed to monitoring market practice in this area and will actively consider whether the introduction of a broader claw back mechanism is something which might be appropriate for future Awards.

### Dilution limit

Generally, it is the intention that APSP Awards will be satisfied through the transfer or purchase of existing shares unless the Committee, in its discretion, feels that a new issue of shares would be more appropriate. In the event that Awards under the 2011 APSP are satisfied through a new issue of shares the Company will operate within the Association of British Insurers (ABI) guideline that dilution should be limited to 10% within ten years for all share-based incentive schemes.

### Extent of awards

Subject to shareholder approval it is anticipated that initial APSP Awards will be offered to key executives across the Group.

### Proposed Awards to the Company's Executive Directors

The Committee intends in normal circumstances to grant APSP Awards as a percentage of base salary restricted to an upper limit of 100%. However the Plan allows for up to 150% in exceptional circumstances. The proposed 2011 Awards to eligible Executive Directors are set out below:

	Base salary	2011 Awards
Nicholas Kelsall	£260,000	100%
Martin Payne	£180,000	100%

# Shareholder consultation paper continued

## Remuneration and incentives

### Adoption of Deferred Share Bonus Plan

As set out above, as part of the process of aligning executive and shareholder interest, the Committee has approved a 2011 Deferred Share Bonus Plan. Under the Deferred Share Bonus Plan, 50% of the eligible Executive Director's bonus that would otherwise have been payable in cash will be delivered in the form of nil cost option performance shares, to strengthen alignment with shareholders' interests. Awards under the Deferred Share Bonus Plan will normally vest at the end of a three-year period, subject to the Executive Director concerned not being dismissed for reasons that constitute gross misconduct. Other key employees participating in the APSP may be required to defer a portion of their annual bonus pursuant to the Deferred Share Bonus Plan.

### Employees' trust

The Committee has already established an Employee Benefit Trust (the "Trust") managed by professional trustees based in Jersey. The intention is that, where appropriate, the shares to be delivered under the APSP and the Deferred Plan will be sourced via market purchase through the Trust.

### Shareholding guidelines

The Committee has also adopted shareholding guidelines for Executive Directors of the Company. Executive Directors participating in the 2011 APSP and 2011 Bonus Plan will be expected to retain at least half, and other eligible executives 20%, of the shares vesting under these Plans (net of taxes) until such time, in either case, as a total personal shareholding derived from participating in the APSP and the deferred share Bonus Plan and equivalent to 100% of base salary has been achieved.

### Overseas participants

The Group operates in a number of jurisdictions outside the UK and it is intended that long-term incentive Awards should be able to be made, where appropriate, to key overseas employees. The Company will retain the ability to amend the 2011 APSP, or establish further share plans based on the 2011 APSP, but modified to take account of the local tax and legal position, provided that Awards under any such plans are treated as counting against the limits on individual and overall participation in the APSP.

### Resolutions

Resolutions proposed in relation to the adoption of the 2011 APSP and the 2011 Bonus Plan are on page 69 of the Notice of Meeting and the relative explanatory notes appear on page 23.