

## **Ceres Power Holdings plc** (the 'Company')

### **Notice of Annual General Meeting**

Notice is hereby given that the Annual General Meeting of Ceres Power Holdings plc for the year 2008/9 will be held at Macfarlanes LLP, 20 Cursitor Street, London, EC4A 1LT on Friday 4 December 2009 at 10.30 a.m. for the following purposes:

#### **AGENDA**

##### **Ordinary business**

To resolve as ordinary resolutions:

1. To receive and consider the accounts of the Company for the financial year ended 30 June 2009, together with the reports of the Directors of the Company (the 'Board') and auditors of the Company on those accounts.
2. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company, to hold office until the conclusion of the next Annual General Meeting and to authorise the Board, through the Audit Committee, to fix their remuneration.
3. To elect John Nicholas as a Director of the Company.
4. To re-elect Peter Bance, who is retiring by rotation, as a Director of the Company.
5. That in place of the authorities granted at the Company's last AGM, the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company:
  - 5.1 to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Relevant Securities'), up to a maximum aggregate nominal amount of £1,117,472; and further
  - 5.2 to allot Relevant Securities comprising equity securities (within the meaning of section 560(1) of the Act) up to an aggregate nominal amount of £1,117,472 in connection with an offer by way of a rights issue in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of ordinary shares, but subject to such exclusions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange,

for a period expiring (unless previously revoked, varied or renewed) on 4 March 2011 or, if sooner, the end of the next Annual General Meeting of the Company, but in each case the Company may make an offer or agreement which would or might require Relevant Securities to be allotted after this authority expires and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if this authority had not expired.

##### **Special business**

To resolve as special resolutions:

6. That subject to the passing of Resolution 5 above and in place of the powers granted at the Company's last AGM, the Directors be generally empowered pursuant to section 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash, pursuant to the authority conferred by Resolution 5 as if section 561(1) of the Act did not apply to such allotment, provided that this power shall expire on 4 March 2011 or, if sooner, the end of the next Annual General Meeting of the Company. This power shall be limited to the allotment of equity securities:
  - 6.1 in connection with an offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement save that in the case of an allotment pursuant to the authority conferred by paragraph 5.2 of Resolution 5, such offer shall be by way of rights issue only) in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of ordinary shares but subject to such exclusions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;
  - 6.2 in connection with the grant of options to subscribe for shares in the Company and the allotment of such shares pursuant to the exercise of options granted, under the terms of any share option scheme adopted or operated by the Company including the CHP Project Bonus Plan; and

6.3 otherwise than pursuant to paragraph 6.1 and 6.2 up to an aggregate nominal amount of £167,620,

but the Company may make an offer or agreement which would or might require equity securities to be allotted after this power expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if in the first paragraph of this resolution the words 'pursuant to the authority conferred by Resolution 5' were omitted.

7. That:

7.1 the Articles of Association of the Company be amended by deleting all the provisions of the Company's memorandum of association which, by virtue of section 28 of the Act, are to be treated as part of the Company's Articles of Association; and

7.2 the Articles of Association produced to the meeting and initialled by the Chairman for the purpose of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the entire exclusion of, the existing Articles of Association.

Dated: 30 October 2009

Registered office:

Unit 18,  
Denvale Trade Park,  
Haslett Avenue East,  
Crawley, RH10 1SS

By order of the Board

Company Secretary

#### Notes

1. Only holders of ordinary shares are entitled to attend and vote at this Meeting. A member entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the Meeting and at any adjournment of it. Such a member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
2. A form of proxy is enclosed. A member may only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. The appointment of a proxy will not prevent a shareholder from subsequently attending and voting at the Meeting in person.
3. To be valid, a form of proxy, duly completed, signed or sealed (as appropriate) and dated, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be returned to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 7NH, so as to arrive no later than 10.30 a.m. on 2 December 2009 or not less than 48 hours before the time of any adjourned meeting or the taking of a poll at which the person named in the form of proxy proposes to vote.
4. The form of proxy must be executed by the shareholder or his or her attorney duly authorised in writing and (in the case of an individual) must be signed by the individual or his or her attorney duly authorised in writing or (in the case of a corporation) either executed under its common seal or signed on its behalf by a duly authorised officer or attorney of the corporation.
5. In the case of joint registered holders, the signature of one holder will be accepted and the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority will be determined by the order in which the names stand on the register of shareholders of the Company in respect of the relevant joint holding.
6. The Company pursuant to Regulation 41 of the Uncertified Securities Regulations 2001 specifies that only those shareholders registered on the register of shareholders of the Company as of 10.30 a.m. on 2 December 2009 or, in the event of the Annual General Meeting is adjourned, on the register of shareholders not less than 48 hours before the time of the adjourned meeting(s), shall be entitled to attend or vote in respect of the shareholding registered in the name at the relevant time. Changes to entries on the register of the shareholders after 10.30 a.m. on 2 December 2009, or in the event that the Annual General Meeting is adjourned, less than 48 hours before the time of any adjourned meeting(s), shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

## **Information on Resolution 7 to be Proposed at the AGM**

Enclosed with this document is a notice convening the Annual General Meeting of Ceres Power Holdings plc (the 'Company') for Friday 4 December 2009. This explanatory note gives further information on resolution 7 set out in that notice.

### **Resolution 7 – deletion of provisions of the memorandum of association which are treated as part of the Articles of Association and adoption of new Articles of Association**

Under the Companies Act 2006 (the '2006 Act') the objects clause and all other provisions which are contained in the Company's memorandum of association already in existence at 1 October 2009 are deemed to be contained in the Company's Articles of Association but the Company can remove these provisions by resolution of the Company.

Further the 2006 Act states that unless a company's Articles of Association provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum of association which, by virtue of the 2006 Act, are treated as forming part of the Company's Articles of Association as of 1 October 2009.

It is proposed to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Current Articles') primarily to take account of the implementation of the last parts of the 2006 Act.

The principal changes introduced in the New Articles are summarised in the Appendix. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the 2006 Act, have not been noted in the Appendix.

## Appendix

### Explanatory Notes of Principal Changes to the Company's Articles of Association

#### 1. **Articles which duplicate statutory provisions**

Provisions in the Current Articles which replicate provisions contained in the 2006 Act are in the main removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Certain examples of such provisions include provisions as to the form of resolutions, the variation of class rights and the requirement to keep accounting records. The main changes made to reflect this approach are detailed below.

#### 2. **Variation of class rights**

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the 2006 Act. The relevant provisions have therefore been removed in the New Articles.

#### 3. **Conflicts of interest**

The 2006 Act sets out Directors' general duties which largely codify the existing law but with some changes. Under the 2006 Act a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a Director of another company or a trustee of another organisation. The 2006 Act allows Directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. The 2006 Act also allows the Articles of Association to contain other provisions for dealing with Directors' conflicts of interest to avoid a breach of duty. The New Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at Board meetings and availability of Board papers to protect a Director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors.

#### 4. **The Company's objects**

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and Articles of Association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act the objects clause and all other provisions which are contained in the memorandum of a company already in existence at 1 October 2009 are deemed to be contained in the company's articles of association but the company can remove these provisions by shareholder resolution.

Further the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are treated as forming part of the Company's Articles of Association as of 1 October 2009. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

#### 5. **Authorised share capital and unissued shares**

The 2006 Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

#### 6. **Redeemable shares**

Under the 1985 Act, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The 2006 Act enables Directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the Directors would need shareholders' authority to issue new shares in the usual way.

7. **Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital**  
Under the 1985 Act, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the 2006 Act a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.
8. **Provision for employees on cessation of business**  
The 2006 Act provides that the powers of the Directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the Directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the Directors may exercise this power.
9. **Voting by corporate representatives**  
The New Articles do not contain provisions in the Current Articles dealing with voting by corporate representatives on the basis that these are dealt with in the 2006 Act.
10. **The Company's power to allot and issue shares**  
The New Articles contain a statement of the Company's power to issue shares in order to satisfy section 545 of the 2006 Act.
11. **Share certificates**  
The procedure for issuing share certificates has been simplified in the New Articles.
12. **Evidence of forfeiture, surrender or sale to satisfy a lien**  
Pursuant to the Current Articles, the Directors need to give a statutory declaration as evidence that a share has been properly forfeited, surrendered or sold (as the case may be). Pursuant to the New Articles the requirement for a statutory declaration has been replaced by the requirement for the Directors to make an entry in the Directors' minute book stating that the shares have been properly forfeited, surrendered or sold (as the case may be).
13. **Closure of the register of members**  
The Current Articles grant the Directors the power to suspend the registration of transfers of shares at any time and for any period (not exceeding 30 days in any year). The section of the 1985 Act that allowed the Directors to do this has now been repealed by the 2006 Act and, therefore, this power has been removed from the New Articles.
14. **Requisition of general meetings**  
The New Articles contain a new provision whereby, if, at any time, there shall not be present in the United Kingdom and capable of acting sufficient Directors to form a quorum, the Directors in the United Kingdom capable of acting, or if there shall be no such Directors then any two members, may convene a general meeting.
15. **Adjournment of general meetings**  
The New Articles contain a new provision which grants the Chairman the power to adjourn a general meeting without the consent of the meeting in certain limited circumstances (for example, where the number of persons wishing to attend cannot be conveniently accommodated in the place appointed for the meeting).
16. **General meetings at more than one place**  
The New Articles contain a new provision which allows the Directors to resolve to enable persons entitled to attend a general meeting to do so at a satellite meeting place anywhere in the world.
17. **Postponement of general meetings**  
The New Articles contain a new provision which allows the Directors at any time after the giving of notice of a general meeting, but before the meeting is held, to postpone a general meeting and/or change the venue for the general meeting.
18. **Amendments to ordinary resolutions**  
Pursuant to the New Articles, in relation to a resolution proposed as an ordinary resolution, no amendment to it (other than an amendment to correct a patent error) may be considered or voted upon unless either at least 48 hours prior to the time appointed for holding the meeting or adjourned meeting at which such ordinary resolution is to be proposed notice in writing of the terms of the amendment and intention to move the same has been lodged at the registered office of the Company or the chairman in his discretion decides that it may be considered or voted upon.
19. **Subsidiaries**  
The New Articles give the Directors an express power to arrange that any branch of the business carried on by the Company or any other business in which the Company may be interested be carried on as or through one or more subsidiaries.
20. **Bonds, debentures etc.**  
The New Articles provide that any debentures or other securities issued or to be issued by the Company shall be under the control of the Directors, who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

21. **Capitalisation of reserves in relation to option adjustment**

The New Articles contain a provision whereby, if an adjustment is made to the option price payable by an option holder under any employees' share scheme which results in the adjusted price per share payable on the exercise of any option in respect of any share being less than the nominal value of such share (the 'adjusted price'), the Directors may upon the allotment of any share in respect of and following the exercise of the relevant option (the 'New Share') capitalise any sum standing to the credit of any of the Company's reserve accounts which is available for distribution (excluding any share premium account, capital redemption reserve or other undistributable reserve). This may be done by appropriating such sum to the option holders concerned and applying such sum on their behalf in paying up in full an amount equal to the difference between the adjusted price and the nominal value of the New Share.

22. **Scrip dividends**

The New Articles contain new provisions in relation to scrip dividends. Subject to approval by the Company in general meeting, and subject to the New Articles, the Directors may at their discretion resolve that the members will have the option to elect to receive in lieu of any dividend on any shares in the capital of the Company (or part of it) an allotment of additional ordinary shares in the capital of the Company credited as fully paid. The New Articles set out detailed provisions dealing with the procedure for issuing scrip dividends.

23. **Deemed service**

In the Current Articles, documents delivered by the Company to its members if delivered by first class post are deemed served 48 hours after posting. This period has been reduced to 24 hours in the New Articles.

24. **Failure to notify contact details**

The New Articles contain a new provision whereby, if the Company sends two consecutive documents or pieces of information to a member over a period of not less than 12 months and each of them is returned undelivered, or the Company receives notification that neither of them has been delivered, that member ceases to be entitled to receive documents or information from the Company.

25. **General**

Generally the opportunity has been taken to bring clearer language into the New Articles, to augment sections of the Current Articles where they require clarification and to re-order the Current Articles to make them more accessible.



