

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

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your shares in Interserve Plc, please forward this document, together with the accompanying form of proxy, as soon as practicable 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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*(Registered in England No. 88456)*

## **Notice of Annual General Meeting 2009**

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As a member of the Company, you are entitled, notwithstanding any provision to the contrary in the Articles of Association of the Company, to appoint another person as your proxy to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting of the Company.

This document should be read in conjunction with the Annual Report and Financial Statements of the Company for the year ended 31 December 2008.

Dear Shareholder

I have pleasure in sending you the Notice of this year's Annual General Meeting ("AGM") which will be held at the offices of JPMorgan Cazenove, London on Tuesday, 12 May 2009 at 10.00 am.

Information relating to the meeting is set out in this Notice of Meeting and at times the Notice may be cross-referenced to the Annual Report and Financial Statements for the year ended 31 December 2008.

The AGM affords the Board an opportunity to communicate with its shareholders and to respond to shareholder questions. The Board positively encourages shareholder participation either through attending the AGM in person or voting by proxy on the resolutions.

Resolutions 1 to 9 are standard matters that are dealt with at every AGM. Resolutions 4 to 7 relate to the election and re-election of directors. Tim Jones, David Trapnell and myself are retiring by rotation in accordance with the Company's Articles of Association and are seeking re-election. I can confirm that, following formal performance evaluation, the Board continues to regard the performance of each director standing for re-election as effective and is satisfied that each of them contributes valuable skills and judgement to the Board and demonstrates a high level of commitment to the role. David Thorpe is standing for election following his appointment to the Board in January 2009. In view of the fact that Mr Thorpe was only recently appointed, his performance has not yet been re-evaluated. He is committed to the role, however, and the Board believes he will make a valuable contribution to the continuing strategic development of the Group. In the Board's view, Mr Trapnell, Mr Thorpe and myself all meet the criteria for independence as specified in the Combined Code. Biographical details for each of the directors standing for election and re-election are set out in Appendix I to this Notice on page 14.

Resolutions 10, 14, 15 and 16 are similar to resolutions that shareholders passed at last year's AGM and are likely to be included every year because they enable the Board to take advantage of business opportunities as they arise.

In addition to the usual business dealt with at the AGM, Resolutions 11 and 12 deal with the establishment of a new Sharesave Scheme and Share Incentive Plan. These are standard HM Revenue & Customs approved all-employee plans and are being introduced in support of one of our goals of being the Employer of Choice, to provide an opportunity for employees to share in the success of the Group and to encourage employee share ownership throughout the Group. Further details can be found on page 11 of the explanatory notes and the main terms of the plans can be found in Appendix II to this Notice on pages 15 to 18.

In view of new guidance issued by the Association of British Insurers on the approval of authorities to allot shares and in order to ensure that the Company has sufficient authorised share capital to allow any additional authority to allot shares to be used, authority is sought by Resolution 13 to increase the Company's authorised share capital to £21,000,000. Further details are contained on page 11.

Finally, Resolution 17 will be proposed to approve the holding of general meetings, other than AGMs, on 14 clear days' notice. Further details can be found on page 13.

If you are unable to attend the meeting in person, your vote is still important. You may vote either by completing, signing and returning the enclosed form of proxy, or by registering your proxy vote electronically by logging on to our Registrars' website (see note 3 on page 7 for instructions). We are also able to offer CREST members the option to register their votes electronically through the CREST electronic proxy appointment service. For further details, please see note 5 on page 7.

The Board believes that the proposals described in this Notice are in the best interest of the Company and its shareholders as a whole and recommend you give them your support by voting in favour of the resolutions as the directors intend to do themselves in respect of their own holdings.

Yours faithfully



Lord Blackwell  
Chairman

7 April 2009

## Notice of Annual General Meeting

Notice is hereby given that the one-hundred-and-third Annual General Meeting of Interserve Plc (the "Company") will be held at the offices of JPMorgan Cazenove Limited, 20 Moorgate, London EC2R 6DA, on Tuesday, 12 May 2009 at 10.00 am for the transaction of the following business:

### ORDINARY BUSINESS

The following Resolutions 1 to 9 will be proposed as Ordinary Resolutions:

#### *Resolution 1*

To receive and consider the accounts and balance sheets, and the reports of the directors and the auditors for the year ended 31 December 2008.

#### *Resolution 2*

To declare a final dividend.

#### *Resolution 3*

To approve the directors' remuneration report for the year ended 31 December 2008.

#### *Resolution 4*

To re-elect Lord Blackwell who retires from the Board by rotation.

#### *Resolution 5*

To re-elect Mr T C Jones who retires from the Board by rotation.

#### *Resolution 6*

To re-elect Mr D A Trapnell who retires from the Board by rotation.

#### *Resolution 7*

To re-elect Mr D A Thorpe who retires from the Board in accordance with the Company's Articles of Association.

#### *Resolution 8*

To re-appoint Deloitte LLP (formerly Deloitte & Touche LLP) as auditors of the Company in pursuance of a recommendation by the Audit Committee, to hold office until the conclusion of the next general meeting at which financial statements are laid before the Company.

#### *Resolution 9*

To authorise the directors, acting through the Audit Committee, to determine the remuneration of the auditors.

### SPECIAL BUSINESS

The following Resolutions 10 to 14 will be proposed as Ordinary Resolutions:

#### *Resolution 10*

THAT, in accordance with section 366 of the Companies Act 2006, the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect, be and are hereby generally and unconditionally authorised to:

- (a) make political donations to political parties or independent election candidates not exceeding £50,000 in total;
- (b) make political donations to political organisations other than political parties not exceeding £50,000 in total; and

(c) incur political expenditure not exceeding £50,000 in total,

provided that the aggregate amount of any such donation or expenditure made and incurred by the Company and its subsidiaries shall not exceed £50,000 during the period beginning with the date of the passing of this resolution up to and including the conclusion of the Annual General Meeting in 2010. For the purposes of this resolution, the terms “political donations”, “political parties”, “independent election candidates”, “political organisations” and “political expenditure” have the meanings set out in sections 363 to 365 of the Companies Act 2006.

#### *Resolution 11*

THAT the Interserve Sharesave Scheme 2009 (the “Sharesave Scheme”), the principal terms of which are summarised in Appendix II to this Notice and the draft rules of which are produced to the Annual General Meeting and signed by the Chairman for the purposes of identification, be approved and the directors be authorised to:

- (a) do all such things as they may consider necessary or expedient to implement the Sharesave Scheme, including making such amendments as may be necessary to take account of the requirements of HM Revenue & Customs and/or to obtain such other approvals as the directors may consider necessary or desirable and to adopt the Sharesave Scheme as so amended;
- (b) establish schedules to the Sharesave Scheme and/or further schemes for the benefit of employees outside the UK, based on the Sharesave Scheme but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such schedules or further schemes are treated as counting against the limits on individual or overall participation in the Sharesave Scheme; and
- (c) vote and be counted in the quorum at any meeting at which any matter concerned with the Sharesave Scheme is considered (except that a director may not be counted in the quorum or vote on their own participation) and any prohibition on voting contained in the Articles of Association of the Company be relaxed.

#### *Resolution 12*

THAT the Interserve Share Incentive Plan 2009 (the “SIP”), the principal terms of which are summarised in Appendix II to this Notice and the draft rules of which are produced to the Annual General Meeting and signed by the Chairman for the purposes of identification, be approved and the directors be authorised to:

- (a) do all such things as they may consider necessary or expedient to implement the SIP, including making such amendments as may be necessary to take account of the requirements of HM Revenue & Customs and best practice and/or to obtain such other approvals as the directors may consider necessary or desirable and to adopt the SIP as so amended;
- (b) establish schedules to the SIP and/or further schemes for the benefit of employees outside of the UK, based on the SIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such schedules or further schemes are treated as counting against the limits on individual or overall participation in the SIP; and
- (c) vote and be counted in the quorum at any meeting at which any matter concerned with the SIP is considered (except that a director may not be counted in the quorum or vote on their own participation) and any prohibition on voting contained in the Articles of Association of the Company be relaxed.

#### *Resolution 13*

THAT the authorised share capital of the Company be increased to £21,000,000 by the creation of an additional 60,000,000 ordinary shares of 10p each.

#### *Resolution 14*

THAT, in substitution for all existing authorities, the directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot:

- (a) relevant securities (within the meaning of section 80 of the Companies Act 1985) up to an aggregate nominal amount of £4,166,795; and
- (b) equity securities (within the meaning of section 94 of the said Act) in connection with a rights issue in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to the respective numbers of shares held by them up to an aggregate nominal amount of £8,333,591 (including within such limit any shares issued under (a) above);

provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company in 2010, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

**The following Resolutions 15 to 17 will be proposed as Special Resolutions:**

#### *Resolution 15*

THAT, in substitution for all existing powers and subject to and conditionally upon the passing of Resolution 14, the directors be and they are hereby empowered pursuant to section 95(1) of the Companies Act 1985 to allot equity securities (within the meaning of section 94(2) of the said Act) for cash pursuant to the authority conferred by that resolution and/or to sell relevant shares (as defined in section 94(5) of that Act) held by the Company as treasury shares (within the meaning of section 162A of that Act) for cash (as defined in section 162D of that Act), or partly in one way and partly in the other, in each case as if section 89(1) of the said Act did not apply to any such allotment, PROVIDED that the power hereby conferred shall be limited:

- (a) to the allotment of equity securities (but in the case of an allotment under paragraph (b) of Resolution 14, by way of a rights issue only) in connection with a rights issue, open offer or any other pre-emptive offer of equity securities in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to their holdings of such shares subject to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements, statutory restrictions or legal or practical problems under or resulting from the application of the laws of any territory or the requirements of any recognised regulatory body or stock exchange in any territory; and
- (b) to the allotment of equity securities pursuant to the authority granted by paragraph (a) of Resolution 14 and/or a sale of relevant shares held by the Company as treasury shares (in each case otherwise than in the circumstances set out in paragraph (a) of this Resolution 15) up to an aggregate nominal amount of £625,081;

and shall expire at the conclusion of the Annual General Meeting of the Company in 2010, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the directors may allot equity securities, or sell treasury shares, in pursuance of such offer or agreement as if the power conferred hereby had not expired.

*Resolution 16*

THAT the Company be and is hereby generally and unconditionally authorised to make market purchases (as defined in section 163 of the Companies Act 1985) of its ordinary 10p shares provided that:

- (a) the Company does not purchase under this authority more than 12,501,637 ordinary shares;
- (b) the Company does not pay less than the nominal value for each share;
- (c) the Company does not pay more for each share than an amount equal to the higher of:
  - (i) 105 per cent of the average of the middle market price of an ordinary share according to the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date on which the Company agrees to buy the shares concerned; and
  - (ii) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;
- (d) this authority shall expire at the conclusion of the Annual General Meeting of the Company in 2010; and
- (e) the Company may agree before the authority terminates under (d) above to purchase ordinary shares where the purchase will or may be executed after the authority terminates (either wholly or in part). The Company may complete such a purchase even though the authority has terminated.

*Resolution 17*

THAT a general meeting of the Company (other than an Annual General Meeting) may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company in 2010.

By order of the Board



T Bradbury  
Company Secretary

Registered Office:  
Interserve House  
Ruscombe Park  
Twyford  
Reading  
Berkshire  
RG10 9JU

7 April 2009

## Notes

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the Annual General Meeting is 5.30 pm on Sunday, 10 May 2009. If the meeting is adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 48 hours before the date and time fixed for the adjourned meeting. Changes to entries on the register of members after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, speak and vote on his behalf at the Annual General Meeting convened by this Notice. A member 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 member. A proxy need not be a member of the Company.
3. A form of proxy is enclosed for use by members. To be valid it should be completed and deposited with the Company's registrars, Capita Registrars (Proxies), PO Box 25, Beckenham, Kent BR3 4BR not later than 48 hours before the time fixed for holding the meeting (or any adjourned meeting). You may also deliver by hand to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU during normal business hours within the time specified above. You may register your proxy electronically using The Share Portal service at [www.capitashareportal.com](http://www.capitashareportal.com). If you are not already registered for The Share Portal, you will need your Investor Code shown on your form of proxy. Once registered you will immediately be able to vote. An appointment of a proxy submitted in electronic form must be received by Capita Registrars not later than 48 hours before the time fixed for holding the meeting (or adjourned meeting). Completion and submission of an instrument appointing a proxy will not preclude a member from subsequently attending and voting in person at the meeting.
4. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who has also been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("Nominated Persons"). Nominated Persons may have a right under an agreement with a registered shareholder holding the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 12 May 2009 and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting 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.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or 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 Company's agent, Capita Registrars (ID number RA10), by the latest time(s) for receipt of proxy appointments specified in the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars are 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.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that EUI does not make available special procedures in CREST for any particular messages. 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(s), 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.

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.

6. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on Proxies and Corporate Representatives at General Meetings ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.
7. As at 27 March 2009 (being the last business day prior to the publication of this Notice), the Company's issued share capital comprised 125,016,372 ordinary shares, carrying one vote each. Therefore, the total number of voting rights in the Company as at 27 March 2009 was 125,016,372.
8. Copies of the following documents are available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted), and will also be available at the place of the Annual General Meeting on 12 May 2009 from at least 15 minutes prior to the appointed time for the meeting until the meeting is concluded or adjourned:
  - (a) the Memorandum and Articles of Association;
  - (b) the service contracts of the executive directors, together with the terms and conditions of appointment of the non-executive directors and those of the Group Chairman; and
  - (c) this Notice and the documentation made available to shareholders using electronic communication, including the financial statements and the reports of the directors and auditors for the year ended 31 December 2008.

A copy of the draft rules of the Interserve Sharesave Scheme 2009 and the Interserve Share Incentive Plan 2009 will also be available for inspection at the offices of Hewitt New Bridge Street, 6 More London Place, London SE1 2DA during normal business hours on any weekday (Saturdays and public holidays excepted) until the close of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

### **INVITATION TO ACCESS SHAREHOLDER DOCUMENTS ELECTRONICALLY**

As an alternative to receiving documentation through the post, the Company offers shareholders the option to receive by email a notification that shareholder documents (including the Annual Report and Financial Statements, Half-yearly Reports and Notices of Shareholder Meetings) are available for access on the Company's website. If you wish to make such an election you should register online at Capita Registrars' website at [www.capitashareportal.com](http://www.capitashareportal.com).

If you have already made such an election you need take no further action. Registration is entirely voluntary and you may request a hard copy of the shareholder documents or change your election at any time.

Please note that any electronic address provided in this Notice of Meeting to communicate with the Company may not be used for any purpose other than that expressly stated.

## Explanatory Notes for Shareholders

Resolutions 1 to 14 are proposed as Ordinary Resolutions. This means that for each of these 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. For each of these resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### *Resolution 1 (Annual Report and Financial Statements 2008)*

The directors are required to present to the Annual General Meeting the accounts and balance sheets, and reports of the directors and auditors for the year ended 31 December 2008. They are contained in the Company's Annual Report and Financial Statements 2008.

### *Resolution 2 (Declaration of final dividend)*

The Company paid an interim dividend of 5.3p per share on 27 October 2008. The directors recommend a final dividend of 11.7p per share bringing the total dividend for the year to 17.0p per share. Subject to approval by the members, the final dividend will be paid on 5 June 2009 to shareholders on the register at close of business on 24 April 2009.

### *Resolution 3 (Directors' remuneration report)*

The Directors' Remuneration Report Regulations 2002 introduced a new statutory disclosure and shareholder approval regime for directors' remuneration. A copy of the directors' remuneration report is contained in the Annual Report and Financial Statements 2008.

### *Resolutions 4 to 7 (Directors retiring by rotation)*

Under the Company's Articles of Association, one-third of the directors are required to retire by rotation at each AGM. The directors to retire are those who have been longest in office since their election or last re-election. Under this formula three directors are required to retire at this year's AGM – Lord Blackwell, Mr T C Jones and Mr D A Trapnell - and they are listed in Resolutions 4 to 6.

The Company's Articles of Association also require any director appointed by the Board to retire at the AGM following appointment (Resolution 7).

Information about the directors who are proposed by the Board for re-election is set out in Appendix I to this Notice.

### *Resolution 8 (Re-appointment of auditors)*

At the AGM held on 14 May 2008, Deloitte LLP (formerly Deloitte & Touche LLP) were re-appointed as auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts were laid. This resolution proposes the re-appointment of Deloitte LLP.

### *Resolution 9 (Auditors' remuneration)*

In accordance with standard practice, this resolution gives authority to the directors to determine the auditors' remuneration.

*Resolution 10*

*(Authority to make political donations/incur political expenditure)*

This resolution seeks to renew the authority granted at the 2008 AGM to make political donations to political parties, other political organisations and independent election candidates, or to incur political expenditure, capped at £50,000.

It is not the Company's policy to make political donations of this type and it has no intention of using the authority sought by this resolution for this purpose. This policy is strictly adhered to and there is no intention to change it. However, the definitions used in the Companies Act 2006 (the "2006 Act") for "political donation" and "political expenditure" are very broad, which may have the effect of covering a number of normal business activities that would not be considered political donations or political expenditure in the usual sense. These could include support for bodies engaged in law reform or governmental policy review, or involvement in seminars and functions that may be attended by politicians. To avoid any possibility of inadvertently contravening the 2006 Act, the directors are again seeking shareholder authority to ensure that the Company acts within the provisions of current UK law when carrying out its normal business activities.

*Resolution 11*

*(Proposed Interserve Sharesave Scheme 2009 (the "Sharesave Scheme"))*

The Company's previous sharesave scheme expired in June 2007. Resolution 11 is an ordinary resolution to seek approval to introduce a new Sharesave Scheme to replace the previous scheme in support of one of our goals of being the Employer of Choice and to encourage employee share ownership. The Sharesave Scheme is similar to the previous scheme, although it has been updated to reflect current HM Revenue & Customs requirements. The main terms of the Sharesave Scheme are summarised in Appendix II to this Notice.

*Resolution 12*

*(Proposed Interserve Share Incentive Plan 2009 (the "SIP"))*

The Company is seeking to introduce a new HM Revenue & Customs approved all-employee share incentive plan in support of our Employer of Choice goal and to encourage employee share ownership. It is currently envisaged that the Company will offer the "partnership shares" element to employees under the SIP. The main terms of the SIP are summarised in Appendix II to this Notice.

*Resolution 13*

*(Increase in the Company's authorised share capital)*

This resolution seeks to increase the Company's authorised share capital from £15,000,000 to £21,000,000 by the creation of an additional 60,000,000 ordinary shares of 10p each, which represents a 40 per cent increase in the authorised share capital. The directors have no present intention of issuing new shares but this resolution is being proposed to ensure that the Company has sufficient authorised share capital to allow the authorities sought by Resolutions 14 and 15 to be exercised if appropriate in the future (please see the explanatory notes below for further details). With effect from 1 October 2009, the 2006 Act will abolish the requirement for a company to have an authorised share capital, although any such provision contained in a company's memorandum or articles of association will operate as a deemed restriction upon the issue of shares above that number. Given this and other changes due to be implemented by the 2006 Act, the Company is likely to seek authority to make further changes to update its Articles of Association at the 2010 AGM. In the meantime, the directors consider it appropriate that the Company should have sufficient authorised share capital to continue to operate in an efficient and timely manner.

*Resolution 14  
(Authority to allot shares)*

The Companies Act 1985 (the “1985 Act”) provides that the directors may not allot shares unless empowered to do so by the shareholders. Accordingly, in line with the Company’s usual procedure, which is also standard practice amongst other public companies, this resolution seeks authority for the directors to issue shares (within the limits of the existing authorised share capital) until the conclusion of next year’s AGM.

Guidelines issued by the Association of British Insurers (the “ABI”) previously stated that the authority to allot shares should not exceed an amount equal to one-third of a company’s existing issued share capital. The ABI has recently relaxed these guidelines and will now permit a request for a general authority to allot shares equal to one-third of a company’s issued share capital plus an additional authority to allot a further one-third (i.e. two-thirds in all) provided that:

- the additional one-third will only be allotted pursuant to a fully pre-emptive rights issue;
- the authority to allot is valid for only one year; and
- if the rights issue exceeds one-third of a company’s issued share capital and the proceeds raised on the rights issue represent more than one-third of its market capitalisation before the rights issue, then the company will be required to put its whole board up for re-election the following year.

It is accordingly proposed that the directors be granted general authority at any time prior to the next AGM of the Company to allot shares up to an aggregate nominal value of £4,166,795 and up to an aggregate nominal value of £8,333,591 where the allotment is in connection with an offer by way of rights issue (such amount to be reduced by the nominal amount of any relevant securities issued under the authority conferred by the first part of this resolution). These amounts represent approximately one-third and two-thirds, respectively, of the Company’s issued share capital as at 11 March 2009 (the latest practicable date prior to the publication of this Notice). The directors have no current plans to make use of this authority, other than the issue of shares pursuant to employee share schemes; however, the authority gives directors the flexibility in relation to future share issues, including any issues necessary to finance appropriate business opportunities, should they arise. The Company has no treasury shares in existence.

*Resolution 15  
(Disapplication of pre-emption rights)*

Under section 89 of the 1985 Act, if the directors wish to allot unissued shares for cash (other than pursuant to an employee share scheme) they must first offer them to existing shareholders in proportion to their holdings (a pre-emptive offer). There may be occasions, however, when the directors will need the flexibility to take advantage of business opportunities as they arise and this cannot be done under the 1985 Act unless shareholders have first waived their pre-emption rights.

Resolution 15, which will be proposed as a special resolution, renews the directors’ authority granted at the 2008 AGM to allot shares for cash other than by way of rights to existing shareholders up to an aggregate nominal amount of £625,081. By restricting such authority to an aggregate nominal value of no more than 5 per cent of the Company’s issued share capital (as at 11 March 2009, being the latest practicable date prior to the publication of this Notice), the Company will be in compliance with the Pre-Emption Group’s Statement of Principles (the “Principles”). This power will provide the directors with the flexibility to take advantage of business opportunities as they arise. Shareholders should note that the Listing Rules of the Financial Services Authority do not require shareholders’ specific approval for each issue of shares for cash on a non pre-emptive basis to the extent that under section 95 of the 1985 Act the provisions of section 89 are disapplied generally. If given, this authority will expire on the date of the next AGM of the Company.

The Company intends to adhere to the provisions in the Principles which request that in any rolling three-year period a company may not make non pre-emptive issues for cash or equity securities exceeding 7.5 per cent of the company’s issued share capital without prior consultation with shareholders.

The requirements of the 1985 Act (section 89), as outlined above, will also apply to the sale by the Company of any shares it holds as treasury shares under The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the “Treasury Shares Regulations”). The authority sought and limits set by this resolution will apply also to the sale of treasury shares.

#### *Resolution 16*

*(Authority to purchase own shares)*

With the authority of the shareholders in general meeting, the Company is empowered by its Articles of Association to purchase its own shares subject to the provisions of the statutes. Although the directors have no immediate plans to do so, they believe it is prudent to seek general authority from shareholders to be able to act if circumstances were to arise in which they considered such purchases to be desirable. This power will only be exercised if and when, in the light of market conditions prevailing at that time, the directors believe that such purchases would increase earnings per share and would be for the benefit of shareholders generally.

This special resolution specifies the maximum number of shares which may be acquired (approximately 10 per cent of the Company’s issued share capital) and the maximum and minimum prices at which they may be bought.

Any shares purchased under this authority will, unless the directors determine that they are to be held as treasury shares, be cancelled and the number of shares in issue will be reduced accordingly.

The Treasury Shares Regulations will allow shares purchased by the Company out of distributable profits to be held as treasury shares, which may then be cancelled, sold for cash or used to meet the Company’s obligations under its employee share schemes. The authority sought by this resolution is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Treasury Shares Regulations.

Options and awards over 4,386,792 ordinary shares were outstanding as at 11 March 2009 (the latest practicable date prior to the publication of this Notice). This represents 3.51 per cent of the Company’s issued share capital at that date. If the Company bought back the maximum number of shares permitted by this resolution and cancelled them, then the total number of options and awards outstanding at that date would represent 3.90 per cent of the issued share capital thereby reduced. The Company has no warrants to subscribe for ordinary shares outstanding and no ordinary shares held in treasury.

#### *Resolution 17*

*(Notice period for general meetings)*

This resolution will be proposed as a special resolution to approve the holding of general meetings, other than AGMs, on 14 clear days’ notice. Although the 2006 Act and the Company’s Articles of Association already permit this, regulations are due to come into force on 3 August 2009 to implement the EU Shareholder Rights Directive into UK law which, as currently drafted, will require the passing of an annual shareholder resolution to authorise such a notice period. Without the passing of such a resolution, the minimum notice period under the regulations would be 21 days. Although the final form of the regulations may not be known before the AGM, the Department for Business, Enterprise and Regulatory Reform (“BERR”) has advised listed companies that they can pass the enabling resolution in advance of the regulations being finalised. The directors consider it to be in the best interest of shareholders to pass this resolution in order to prevent the Company from being constrained by the regulations implementing the Directive. This authority, if given, will expire on the date of the next AGM of the Company and is likely to be proposed for renewal at each subsequent AGM.

**Your directors believe that the proposals in Resolutions 1 to 17 are in the best interests of both the Company and its shareholders. Accordingly, the directors unanimously recommend that you vote in favour of all these resolutions, as they intend to do in respect of their own beneficial holdings.**

## APPENDIX I

### Biographies of directors standing for re-election

#### **Norman Blackwell (Lord Blackwell)<sup>13</sup>**

*Chairman*

Norman was appointed Chairman of Interserve in January 2006 having joined the Group as a non-executive director the previous September. His other business interests include non-executive directorships at Standard Life and SEGRO (formerly Slough Estates). He is also a board member of both the Office of Fair Trading and the Centre for Policy Studies.

A former partner of McKinsey & Company, Norman was Head of the Prime Minister's Policy Unit from 1995-1997 and was appointed a life peer in 1997. His past business roles have included Director of Group Development at NatWest Group, non-executive director of Dixons Group and an adviser to KPMG. Norman, 56, chairs the Nomination Committee.

#### **Tim Jones**

*Group Finance Director*

Tim joined Interserve as Group Finance Director in August 2003. He was previously Novar's Group Director of Financial Operations. Prior to joining Novar in 2001, Tim spent six years in a variety of senior financial positions at Exel, both in the UK and overseas. Having qualified as an accountant Tim's early career was in corporate finance and acquisitions. He is 45.

#### **David Trapnell<sup>123</sup>**

*Non-executive director*

David became a non-executive director of Interserve in July 2003. Previous roles include non-executive director and Chairman of the Audit Committee at The Royal Mint, Group Chief Executive of Marley and Vice-President of the Construction Products Association. David, 64, chairs the Remuneration Committee.

#### **David Thorpe<sup>123</sup>**

*Non-executive director*

David joined Interserve as a non-executive director in January 2009. He is Chairman of the Racecourse Association, non-executive Chairman of Clinical Solutions and a non-executive director of The Innovation Group. David's executive career included a decade at Electronic Data Systems (EDS), which culminated in his becoming President of EDS Europe, and senior leadership roles at Bull Information Systems. Previous non-executive roles include VT Group, Anite and Tunstall Holdings. He is 59.

<sup>1</sup> Member of the Nomination Committee

<sup>2</sup> Member of the Audit Committee

<sup>3</sup> Member of the Remuneration Committee

## APPENDIX II

### Summary of the principal terms of the Interserve Sharesave Scheme 2009 (the “Sharesave Scheme”) and the Interserve Share Incentive Plan 2009 (the “SIP”) (together, the “Plans”)

This Appendix describes the unique features of each of the Plans and then describes those features which are common to both Plans.

#### Principal terms of the Sharesave Scheme

##### ***Eligibility***

Employees and full-time directors of the Company and any designated participating subsidiary who are UK resident tax payers are eligible to participate. The board of directors of the Company (the “Board”) may require employees to have completed a qualifying period of employment of up to five years before the grant of options. The Board may also allow other employees to participate.

##### ***Grant of options***

Options can only be granted to employees who enter into HM Revenue & Customs (“HMRC”) approved savings contracts, under which monthly savings are normally made over a period of three or five years. Options must be granted within 30 days (or 42 days if applications are scaled back) of the first day by reference to which the option price is set. The number of ordinary shares in the Company (“Shares”) over which an option is granted will be such that the total option price payable for those Shares will correspond to the proceeds on maturity of the related savings contract.

##### ***Individual participation***

Monthly savings by an employee under all savings contracts linked to options granted under any sharesave scheme may not exceed the statutory maximum (currently £250). The Board may set a lower limit in relation to any particular grant.

##### ***Option price***

The price per Share payable upon the exercise of an option will not be less than the higher of: (i) 80 per cent of the average middle-market quotation of a Share on the London Stock Exchange on the five dealing days preceding a date specified in an invitation to participate in the Sharesave Scheme (or such other day or days as may be agreed with HMRC); and (ii) if the option relates only to new issue Shares, the nominal value of a Share.

The option price will be determined by reference to dealing days which fall within six weeks of the announcement by the Company of its results for any period or at any other time when the Board considers there to be exceptional circumstances which justify offering options under the Sharesave Scheme.

##### ***Exercise of options***

Options will normally be exercisable for a six month period from the third, fifth or seventh anniversary of the commencement of the related savings contracts. Earlier exercise is permitted, however, in the following circumstances:

- following cessation of employment by reason of death, injury, disability, redundancy, retirement on reaching age 60 (or any other age at which the employee is bound to retire under his terms of employment) or the business or company that the employee works for ceasing to be part of the Company’s group;
- when an employee reaches 60; and
- in the event of a takeover, amalgamation, reconstruction or winding-up of the Company, except in the case of an internal corporate reorganisation when the Board may decide to exchange existing options for equivalent new options over shares in a new holding company.

Except where stated above, options will lapse on cessation of employment or directorship with the Company’s group.

Shares will be allotted or transferred to participants within 30 days of exercise.

### ***Variation of capital***

If there is a variation in the Company's share capital then the Board may, subject to HMRC approval, make such adjustment as it considers appropriate to the number of Shares under option and the option price.

### **Principal terms of the SIP**

#### ***Elements comprising the SIP***

The SIP comprises the following three elements and the Board may decide which element to offer to eligible employees:

- (a) **"Free Shares"** which are free Shares which may be allocated to an employee.

The market value of Free Shares allocated to any employee in any tax year may not exceed £3,000 or such other limit as may be permitted by the relevant legislation. Free Shares may be allocated to employees equally, on the basis of salary, length of service or hours worked, or on the basis of performance, as permitted by legislation.

- (b) **"Partnership Shares"** which are Shares an employee may purchase out of his pre-tax earnings.

The market value of Partnership Shares which an employee can agree to purchase in any tax year may not exceed £1,500 (or 10 per cent of the employee's salary, if lower), or such other limit as may be permitted by the relevant legislation. The funds used to purchase Partnership Shares will be deducted from the employee's pre-tax salary. Salary deductions may be accumulated over a period of up to 12 months and then used to buy Shares at the lower of the market value of the Shares at the start and at the end of the accumulation period.

- (c) **"Matching Shares"** which are free Shares which may be allocated to an employee who purchases Partnership Shares.

The Board may allocate Matching Shares to an employee who purchases Partnership Shares up to a maximum of two Matching Shares for every one Partnership Share purchased (or such other maximum ratio as may be permitted by the relevant legislation). The same Matching Share ratio will apply to all employees who purchase Partnership Shares under the SIP on the same occasion.

### ***Eligibility***

Employees of the Company and any designated participating subsidiary who are UK resident taxpayers are eligible to participate. The Board may allow non-UK tax resident taxpayers to participate. The Board may require employees to have completed a qualifying period of employment of up to 18 months in order to be eligible to participate. All eligible employees must be invited to participate.

### ***Retention of Shares***

The trustee of the SIP trust will award Free Shares and Matching Shares to employees and hold those Shares on behalf of the participants. Free Shares and Matching Shares must usually be retained by the trustee of the SIP trust for a period of between three and five years after award. The trustee will acquire Partnership Shares on behalf of participants and hold those Shares on behalf of the participants. Employees can withdraw Partnership Shares from the SIP trust at any time.

The Board may decide that awards of Free Shares and/or Matching Shares will be forfeit if participants cease to be employed by a company in the Company's group within three years from the grant of those awards unless they leave by reason of death, injury, disability, redundancy, retirement on or after reaching 60, or if the business or company for which they work ceases to be part of the Company's group. In any of those cases, the participants will be required to withdraw their Shares from the SIP.

If an employee ceases to be employed by the Company's group at any time after acquiring Partnership Shares, he will be required to withdraw the shares from the SIP trust.

### ***Corporate events***

In the event of a general offer being made to shareholders, participants will be able to direct the trustees how to act in relation to their Shares. In the event of a corporate reorganisation, any Shares held by participants may be replaced by equivalent shares in a new holding company.

### ***Dividends on shares held by the trustee of the SIP***

Any dividends paid on Shares held by the trustee of the SIP on behalf of participants may be either used to acquire additional Shares for employees (“Dividend Shares”) or distributed to participants.

### ***Rights attaching to shares acquired under the SIP***

An employee will be treated as the beneficial owner of Shares held on his behalf by the trustee of the SIP.

### ***Variation of capital***

In the case of a variation of share capital of the Company, Shares held in the SIP will be treated in the same way as other Shares. In the event of a rights issue, participants will be able to direct the trustees of the SIP how to act on their behalf.

## **Principal terms common to the Plans**

### ***Operation***

The operation of the Plans will be supervised by the Board. The Plans will be approved by HMRC in order to provide tax advantages to UK employees.

### ***Grant of options/awards***

Options/awards made under the Plans are not transferable other than to the participant’s personal representatives in the event of his death.

Benefits received under the Plans will not be pensionable.

An option/award may not be granted more than ten years after shareholder approval of the Plans.

### ***Overall plan limits***

The Plans may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 10 per cent of the issued ordinary share capital of the Company under the Plans and any other employee share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purposes of these limits unless the institutional investors decide that they need not count.

### ***Rights attaching to Shares***

Any Shares allotted under the Plans will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

### ***Alterations to the Plans***

The Board may amend the provisions of the Plans in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant’s entitlement to, and the terms of, the Shares to be acquired and the adjustment of options/awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company’s group.

No alteration to a key feature of the Plans may be made without prior HMRC approval.

***Overseas plans***

The shareholder resolutions to approve the Plans will allow the Board, without further shareholder approval, to establish schedules to the Plans and/or to establish further plans for overseas territories, any such schedules and/or plans to be similar to the Plans, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further schedules and/or plans are treated as counting against the limits on individual and overall participation in the Plans.



