

04 December 2014

Dear Shareholder

I am enclosing a notice for an extraordinary general meeting to be held on 31 December 2014 at 18 Athol Street, Douglas, Isle of Man, IM1 1JA, proposing a special resolution to amend article 15 of the articles of association of the Company as more particularly described in the attached notice (the “Resolution”).

The rationale for proposing the Resolution is as a result of new legislation¹ which the Isle of Man has recently introduced enabling companies incorporated under the Companies Act 2006 to retain shares bought back by the Company as treasury shares without the prior requirement to cancel those shares on repurchase. Treasury shares can be held and transferred by the Company.

The Directors are of the opinion that it would be of benefit to the existing shareholders for them to have this ability and flexibility as, in particular, it could potentially reduce the dilutive effect which may occur when the loan stock holders are able to convert their loan stock into shares in March 2015.

The new legislation requires the Directors to ensure that prior to the buy back of shares the Company satisfies the solvency test and will continue to do so immediately following the purchase. Satisfaction of this test means that:

1. the Company is able to pay its debts as they fall due in the normal course of business; and
2. the value of the Company’s assets exceeds the value of its liabilities.

It should be noted that the Company cannot exercise any rights in respect of those treasury shares which means that the Company cannot vote or receive dividends in respect of those shares.

The Resolution will delete the current article 15 in its entirety and replace it with wording which takes into account the new enabling power to buy back and hold shares as treasury shares and which reflects the wording of sections 53-54 of the Companies Act 2006 (which gives authority to the Directors to make an offer to one or more shareholders to buy back shares in certain circumstances).

Voting

A form of proxy for your use is enclosed and you are requested to complete it in accordance with the instructions set out on the form and return it to Computershare, the address of whom is shown both on the notice of the meeting and on the form of proxy, to arrive no later than 48 hours before the time of the meeting

¹ Companies Act 2006 (Treasury Share) Regulations 2014.

Recommendation

The Directors consider that the Resolution to be put to the Extraordinary General Meeting is in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolution as they intend to do in respect of their own beneficial holdings amounting, in aggregate, to 6,886,375 shares, representing 12.9 per cent. of the issued share capital.

Yours faithfully



Elizabeth A Plummer
Company Secretary