

# M&C SAATCHI

M&C SAATCHI PLC  
(the "Company")

## **NOTICE OF ANNUAL GENERAL MEETING**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

M&C SAATCHI plc  
(Incorporated and registered in England and Wales under number 05114893)

# NOTICE

This year's annual general meeting will be held at 36 Golden Square, London W1F 9EE on 18 June 2008 at 11.30am. You will be asked to consider, and if thought fit, pass the resolutions below. Resolutions 8, 9 and 10 will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

## **ORDINARY RESOLUTIONS**

### **REPORT AND ACCOUNTS 2007**

1. To receive the Company's annual accounts for the financial year ended 31 December 2007, together with the directors' report and the auditors' report on those accounts.

### **DIRECTORS' REMUNERATION REPORT 2007**

2. To approve the directors' remuneration report for the financial year ended 31 December 2007.

### **RE-APPOINTMENT AND REMUNERATION OF AUDITORS**

3. To reappoint BDO Stoy Hayward LLP as auditors to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which accounts are laid, and to authorise the directors to fix the remuneration of the auditors.

### **RE-ELECTION OF DIRECTORS RETIRING BY ROTATION**

4. To re-elect Lloyd Dorfman as a director retiring by rotation in accordance with the Company's articles of association.
5. To re-elect David Kershaw as a director retiring by rotation in accordance with the Company's articles of association.

### **DECLARATION OF DIVIDEND**

6. To declare a final dividend for the year ended 31 December 2007 of 2.75 pence per ordinary share payable to shareholders on the register at the close of business on 6 June 2008.

### **AUTHORITY TO ALLOT SHARES (A MAXIMUM OF 1/3 OF SHARE CAPITAL)**

7. THAT:
  - 7.1 the directors be generally and unconditionally authorised under section 80 of the Companies Act 1985 (the "1985 Act") to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £201,720;
  - 7.2 this authority shall expire (unless previously revoked by the Company) at the conclusion of the annual general meeting of the Company in 2009;
  - 7.3 the Company may make an offer or agreement before this authority expires which would or might require relevant securities to be allotted after it has expired and the directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding that this authority has expired; and
  - 7.4 all previous authorities to allot relevant securities, to the extent unused, be revoked.

## **SPECIAL RESOLUTIONS**

### **DISAPPLICATION OF PRE-EMPTION RIGHTS (A MAXIMUM OF 5% OF OUR SHARE CAPITAL)**

8. **THAT:**

- 8.1 subject to the passing of resolution 7, the directors shall have the power under section 95 of the 1985 Act to allot equity securities (as defined in section 94 of the 1985 Act) for cash under the authority conferred by resolution 7 as if section 89(1) of the 1985 Act did not apply to the allotment;
- 8.2 this power shall be limited to:
- 8.2.1 the allotment of equity securities in connection with an offer or issue of such securities to holders of ordinary shares of one pence each in the capital of the Company ("**Ordinary Shares**") on the register on a date fixed by the directors, whether by way of rights issue, open offer or otherwise, in proportion (as nearly as practicable) to their respective holdings of Ordinary Shares on that date or in accordance with the rights attached to them but subject to such exclusions and other arrangements as the directors may consider appropriate in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
- 8.2.2 the allotment (other than under paragraph 8.2.1 above) of equity securities having, in the case of relevant shares (as defined for the purposes of section 89 of the 1985 Act), a nominal amount or, in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £30,258;
- 8.3 this power shall cease to have effect when the authority given by resolution 7 is revoked or expires at the conclusion of the annual general meeting of the Company in 2009; and
- 8.4 the Company may make an offer or agreement before this authority expires which would or might require equity securities to be allotted after it expires and the directors may allot equity securities in pursuance of that offer or agreement notwithstanding that the authority has expired.

### **AUTHORITY TO PURCHASE OWN SHARES (A MAXIMUM OF 10% OF OUR SHARE CAPITAL)**

9. **THAT** the Company be, and it is hereby, generally and unconditionally authorised for the purpose of section 166 of the 1985 Act to make one or more market purchases (within the meaning of section 163(3) of the 1985 Act) of Ordinary Shares upon such terms and in such manner as the directors of the Company shall determine, provided that:
- 9.1 the maximum aggregate number of Ordinary Shares authorised to be purchased is 60,516 (being 10 percent of the Company's issued share capital as at 17 April 2008);
- 9.2 the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is £0.01 per share;
- 9.3 the maximum price (exclusive of expenses) which may be paid for an Ordinary Share cannot be more than an amount equal to 105 percent. of the average of the closing middle market price for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the day the Ordinary Share is purchased;
- 9.4 unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company to be held in 2009; and
- 9.5 the Company may make a contract or contracts to purchase Ordinary Shares under this authority prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

## **AMENDMENT OF COMPANY'S ARTICLES OF ASSOCIATION**

10. THAT with effect on and from 1 October 2008, the articles of association of the Company be amended by:
- 10.1 inserting the following new definition in article 2.1.1:  
"the 2006 Act the Companies Act 2006";
- 10.2 deleting the definition of "the Statutes" in article 2.1.1 and replacing it with the following:  
"the Statutes the 1985 Act, the Companies Act 1989, the 2006 Act, the Uncertificated Securities Regulations and every other act, statute, statutory instrument, regulation or order for the time being in force concerning companies and affecting the Company;"; and
- 10.3 deleting the existing articles 87, 88 and 89 and replacing them with the following new articles 87, 88 and 89:
- 87. Directors' interests**
- 87.1 A director who is in any way, whether directly or indirectly, interested in any proposed transaction or arrangement with the Company or any transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other directors to the extent required by, and in accordance with, section 177 or 182 of the 2006 Act (as applicable).
- 87.2 A director who is in any way, whether directly or indirectly, interested in any proposed transaction or arrangement with a subsidiary undertaking of the Company or any transaction or arrangement that has been entered into by a subsidiary undertaking of the Company shall declare the nature and extent of his interest to the other directors of the Company to the same extent, at the same time and in the same way as article 87.1 would require if the transaction or arrangement were with the Company.
- 87.3 Before any situation arises in which a director has, or can have, a direct or indirect interest or duty that conflicts or possibly may conflict with the interests of, or his duty to, the Company or any of its subsidiary undertakings (other than in relation to a transaction or arrangement with the Company or any of its subsidiary undertakings), he shall declare the nature and extent of his interest or duty to the other directors (at a meeting of the directors or by notice to the directors in accordance with section 184 or 185 of the 2006 Act or otherwise). If a declaration proves to be, or becomes, inaccurate or incomplete, a further declaration must be made in accordance with this article. A director need not declare an interest or duty under this article 87.3:
- 87.3.1 if the director is not aware of it or the situation in question (and, for this purpose, a director is treated as being aware of matters of which he ought reasonably to be aware);
- 87.3.2 if, or to the extent that, the other directors are already aware of it (and, for this purpose, the other directors are treated as aware of anything of which they ought reasonably to be aware); or
- 87.3.3 if, or to the extent that, it concerns terms of his service contract that have been or are to be considered by a meeting of the directors or by a committee of the directors appointed for the purpose under these articles.
- 87.4 Subject to the Statutes and compliance with articles 87.1 to 87.3 (as applicable):
- 87.4.1 a director may, notwithstanding his office, enter into, or otherwise be interested in, any transaction or arrangement with the Company (or any of its subsidiary undertakings) or in which the Company (or any of its subsidiary undertakings) is interested, either with regard to his tenure of any office or position in the management, administration or conduct of its business or as vendor, purchaser or otherwise;
- 87.4.2 a director may, notwithstanding his office, hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director for such period (subject to the Statutes) and upon such terms as the board may decide and may be paid such extra remuneration for so doing (whether by way of salary, commission, participation in profits or otherwise) as the board may decide, either in addition to or in lieu of any remuneration under any provision of these articles;

- 87.4.3 a director may, notwithstanding his office, be or become a member or director of, or hold any other office or place of profit under, or otherwise be interested in, any other company in which the Company may be interested. Subject to these articles, the board may cause the voting rights conferred by the shares in any company held or owned by the Company to be exercised in such manner in all respects as they think fit (including without limitation in relation to any resolution concerning the appointment of the directors or any of them as directors of, or the holders of any other office or place of profit with such company, fixing or varying the terms of any such appointment or the termination of any such appointment); and
- 87.4.4 a director, notwithstanding his office, may act by himself or by his firm in a professional capacity for the Company (except as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director and no director shall, by reason of his holding office as director (or of the fiduciary relationship established by his holding that office) be liable to account to the Company for any remuneration, profit or other benefit received by him as a result of any interest permitted by this article 87.4 (nor shall receipt of any such remuneration, profit or other benefit constitute a breach of his duty under section 176 of the 2006 Act) and no contract, transaction or arrangement shall be liable to be avoided by reason of any director having any interest permitted by this article 87.4.
- 87.5 For the purposes of articles 87.1 to 87.3 inclusive, an interest of a person who is connected with a director (within the meaning of section 252 of the 2006 Act) shall be treated as an interest of the director and, in relation to an alternate, an interest of his appointor shall be treated as an interest of the alternate in addition to any interest which the alternate otherwise has.
88. **Authorisation of conflicts of interest**
- 88.1 Any matter (a "**Relevant Matter**") which would otherwise constitute or give rise to a breach by a director of his duty under section 175 of the 2006 Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts or possibly may conflict with the interests of the Company (including a breach which would arise by virtue of his appointment as director) may be authorised by the directors to the fullest extent permitted by law in accordance with this article.
- 88.2 Any director may propose that a Relevant Matter be authorised by the directors. Such proposal and any authorisation given by the directors shall be effected in the same way as any other matter may be proposed to, and resolved upon, by the directors in accordance with the provisions of these articles, except that no such authorisation shall be effective unless:
- 88.2.1 the quorum requirement at any meeting at which the Relevant Matter is considered is met without counting the director concerned or any other interested director;
- 88.2.2 the Relevant Matter was agreed to without the director concerned or any other interested director voting (or would have been agreed to if their votes had not been counted); and
- 88.2.3 all relevant information known to the director concerned regarding the nature and extent of his interest or duty giving rise to the Relevant Matter has been declared to the other directors before such authorisation, to the extent required by article 87.3.
- The director concerned and any other interested director may, if the other directors so decide, be excluded from any board meeting while the Relevant Matter is under consideration. The directors may terminate or vary any authorisation given at any time.
- 88.3 In giving authorisation in accordance with this article 88, the directors may impose, vary or remove such terms and conditions as they may think fit from time to time (whether at the time of giving the authorisation or subsequently) including, without limitation:

88.3.1 applying to the director concerned a strict duty of confidentiality to the Company for any confidential information of the Company relating to the Relevant Matter (without prejudice to the director's general obligations of confidentiality); and

88.3.2 specifying that the director concerned shall be excluded from participation in discussion (whether at meetings of the board or otherwise), or receipt of documents or information, relating to the Relevant Matter.

The director concerned must act in accordance with any terms and conditions specified by the directors in accordance with this article.

88.4 If a Relevant Matter has been authorised by the directors in accordance with this article 88, then (subject to such terms and conditions, if any, as the directors may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation and the authorisations set out below), the director concerned shall be entitled, without breaching the general duties he owes to the Company by virtue of sections 171 to 177 of the 2006 Act:

88.4.1 to exclude himself from participation in discussion (whether at meetings of the board or otherwise), or receipt of documents or information, relating to the Relevant Matter; and/or

88.4.2 not to disclose to the Company, or use in relation to the Company's affairs, information which he obtains or has obtained otherwise than through his position as a director of the Company which relates to the Relevant Matter and which is confidential to a third party, where to do so would amount to a breach of confidence or breach of duty to the third party.

88.5 No director shall, by reason of his office as director of the Company (or by reason of the fiduciary relationship established by holding that office), be liable to account to the Company for any benefit which he derives from any Relevant Matter (nor shall receipt of any such benefit constitute a breach of his duty under section 176 of the 2006 Act) to the extent that the Relevant Matter has been authorised by the directors in accordance with this article 88 and no contract, transaction or arrangement shall be liable to be avoided by reason of any interest of a director to the extent that it has been so authorised.

88.6 For the purposes of article 88, a conflict of interest includes a conflict of interest and duty and a conflict of duties.

88.7 This article 88 does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company.

#### 89. **Directors' powers to vote**

89.1 A director shall not vote (or be counted in the quorum at a meeting) in respect of any resolution concerning his own appointment (including fixing or varying the terms of appointment), or the termination of his own appointment, as the director of, or the holder of any other office or place of profit with, the Company or any undertaking in which the Company is interested but, where proposals for such resolutions relate to two or more directors, those proposals may be divided and a resolution may be put in relation to each director separately and in such case each of the directors concerned (if not otherwise debarred from voting) shall be entitled to vote (and be counted in the quorum) in respect of each resolution, except that concerning him.

89.2 Subject to article 89.1 and except as otherwise provided in these articles, a director shall not vote (or be counted in the quorum) in respect of any transaction or arrangement or any other proposal in which he has an interest which (together with any interest of any person connected with him, within the meaning of section 252 of the 2006 Act) may reasonably be regarded as likely to give rise to a conflict of interest and, if he purports to do so, his vote shall not be counted.

- 89.3 The prohibition in articles 89.1 and 89.2 shall not apply and a director may (unless otherwise prohibited under these articles) vote and be counted in the quorum in respect of any resolution concerning any of the following matters:
- 89.3.1 any transaction, arrangement or proposal in which he is interested by virtue of an interest in shares, debentures or other securities of the Company or otherwise in or through the Company;
  - 89.3.2 the giving of any guarantee, security or indemnity in respect of:
    - 89.3.2.1 money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings; or
    - 89.3.2.2 a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility (in whole or in part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
  - 89.3.3 any arrangement, transaction or proposal concerning the issue or offer of shares, debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase, in respect of which he is or may be entitled to participate in his capacity as a holder of any such securities or as an underwriter or sub-underwriter;
  - 89.3.4 any transaction, arrangement or proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he (together with persons connected with him, within the meaning of section 252 of the 2006 Act) does not hold an interest (as that term is used in Part 22 of the 2006 Act) representing one percent, or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company;
  - 89.3.5 any contract or arrangement for the benefit of employees of the Company or of any of its subsidiary undertakings which does not accord to him any privilege or benefit not generally accorded to the employees to whom the contract or arrangement relates;
  - 89.3.6 the purchase or maintenance of insurance either for or for the benefit of any director or persons who include directors;
  - 89.3.7 the giving of any indemnity against liability incurred by him in connection with his duties, powers or office in relation to the Company or any of its subsidiary undertakings, where all other directors are also offered indemnities on substantially the same terms; and
  - 89.3.8 any contract, arrangement or proposal relating to the funding of expenditure incurred by him in defending proceedings in connection with his duties, powers or office in relation to the Company or any of its subsidiary undertakings (or enabling him to avoid incurring such expenditure), where all other directors are also offered a contract, arrangement or proposal on substantially the same terms.<sup>1</sup>
- 89.4 Subject to the Statutes, the Company may by ordinary resolution suspend or relax the restrictions in articles 89.1 or 89.2 to any extent or ratify any transaction or other arrangement not duly authorised by reason of a contravention of those articles.
- 89.5 If any question arises at any meeting as to whether an interest of a director may reasonably be regarded as likely to give rise to a conflict of interest or as to the entitlement of any director to vote, and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting (or, if the director concerned is the chairman, to the other directors at the meeting) and his ruling in relation to any director other than himself (or, as the case may be, the ruling of the majority of the other directors in relation to the chairman) shall be final and conclusive, except in a case where the nature or extent of the interest of the director concerned, so far as known to him, have not been declared to the directors as required by these articles.

89.6 For the purposes of this article 89:

89.6.1 an interest of a person who is connected with a director (within the meaning of section 252 of the 2006 Act) shall be treated as an interest of the director and, in relation to an alternate, an interest of his appointor shall be treated as an interest of the alternate in addition to any interest which the alternate otherwise has;

89.6.2 references to a conflict of interest include a conflict of interest and duty and a conflict of duties;

89.6.3 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and

89.6.4 references to a contract or transaction include any proposed contract or transaction and any arrangement (whether or not constituting a contract).

By order of the Board

**Andy Blackstone**

Company Secretary

17 April 2008

Registered Office: 36 Golden Square, London W1F 9EE

Registered in England and Wales No. 05114893

**Notes to members:**

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A 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. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Computershare Investor Services PLC on 0870 889 4044.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Computershare Investor Services PLC The Pavilions, Bridgwater Road Bristol BS99 6ZZ no later than 11.30 am on 16 June 2008. A form of proxy is enclosed with this notice.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 6 below) will not prevent a shareholder attending the annual general meeting and voting in person if he/she wishes to do so.
4. To be entitled to attend and vote at the annual general meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at Computershare Investor Services PLC The Pavilions, Bridgwater Road Bristol BS13 8AE on 11.30 am on 16 June 2008 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited, (the operator of the CREST system), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent, Computershare Investor Services PLC (CREST ID 3RA50) not less than 48 hours before the time fixed for holding the 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 Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. 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.
9. 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 ([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.