



## RM plc

New Mill House, 183 Milton Park, Abingdon, Oxfordshire, OX14 4SE

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

**If you are in any doubt about the action you should take, you should immediately consult your independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold your shares in RM plc, please hand this document and the accompanying form of proxy to the purchaser, stockbroker or other agent through whom the sale was effected, for transmission to the purchaser.**

18 December 2007

Dear Shareholder,

I have pleasure in enclosing a copy of the Report and Accounts for 2007 and Notice of the AGM of the Company to be held at 2.00 pm on 21 January 2008 at 140 Milton Park, Abingdon, Oxon OX14 4RS. I hope that as many members of the Company as possible will be able to attend.

The Company is seeking your consideration and approval of the matters set out below:

### **Ordinary business**

#### ***Routine business***

The routine business of the AGM includes the consideration of the Company's Report and Accounts, the proposal to pay a final dividend of 4.3p per share and proposals to re-appoint Deloitte & Touche LLP as the Company's auditors and to authorise the Directors to fix the remuneration of the auditors.

#### ***Re-election of Directors***

Three Directors, Bryan Carsberg, John Windeler and Tim Pearson, are retiring and offering themselves for re-election as, under the Articles of Association, one third of all Directors are required to retire each year. Biographical details for each of these Directors are contained in the Annual Report and Accounts.

The Combined Code on Corporate Governance requires the Board to set out why they believe a Non-Executive Director should be re-elected (Code Provision A.7.2). Bryan Carsberg was appointed as a Non-Executive Director in September 2002 and re-appointed in September 2007; his appointment is governed by a fixed-term letter of appointment and runs until September 2010. He is retiring and offering himself for re-election as required under the Group's Articles of Association. John Windeler was appointed as a Non-Executive Director in October 2002 and re-appointed in October 2005; his appointment is governed by a fixed-term letter of appointment and runs until October 2008. He is retiring and offering himself for re-election as required under the Group's Articles of Association. The Board believes that both Non-Executive Directors' contribution and commitment as Independent Non-Executive Directors are beneficial to the Group. As Chairman, I confirm that their performances continue to be effective and to demonstrate their commitment to their roles.

### **Special business**

#### ***The Board report on remuneration***

In accordance with Section 439 of the Companies Act 2006 (the "2006 Act") and the Combined Code on Corporate Governance, as published by the Financial Reporting Council, your Board is asking for your approval of the Board Report on Remuneration, as set out in the Company's Report and Accounts for the year ended 30 September 2007.

#### ***Issues and repurchases of ordinary shares***

The notice includes two special resolutions renewing the Directors' authority to increase the issued share capital and a special resolution authorising the Company to make market purchases of its shares.

The first special resolution, Resolution 9, renews the authority granted to the Directors by Article 9 of the Company's Articles of Association to allot new shares. Resolution 9 is in accordance with Section 80 of the Companies Act 1985 (the "Act") and renews the Directors' authority to allot ordinary shares in the capital of the Company up to a nominal amount of £617,670 (the "Section 80 amount"), being 33.33% of the issued ordinary share capital at 19 November 2007.

The second special resolution, Resolution 10, disapplies Section 89 of the Act, in accordance with Section 95 of the Act, so as to renew the Directors' authority under Article 9 of the Company's Articles of Association to allot further shares for cash (a) by way of a rights issue (as defined in the Company's Articles of Association) and (b) otherwise than by way of a rights issue, up to an aggregate nominal amount of £92,660 (the "Section 89 amount"), being 5% of the nominal value of the Company's issued ordinary share capital on 19 November 2007.

Both these authorities will expire on the date of the next AGM or on 21 April 2009 whichever is the earlier. It is worth noting that Section 80 of the Act will be repealed and replaced by Clauses 549 to 551 of the 2006 Act. Where an authority has been given under Section 80 of the Companies Act 1985 when the Companies Act 2006 comes into force the authority will continue until it expires. These provisions of the Companies Act 2006 are not expected to come in to force until 1 October 2009.

I must stress that, at present, your Directors have no current intention of using these powers.

The third special resolution, Resolution 11, authorises the Company to make market purchases of up to 10% of its issued ordinary share capital at 19 November 2007 (i.e. 9,265,982 ordinary shares). This authority will expire on the date of the next AGM or on 21 April 2009 whichever is the earlier. The share repurchases made to date under the authorities granted by shareholders have enhanced pre-exceptional earnings per share to the benefit of all shareholders. The Board believes that it would be appropriate to have the option to use a proportion of the Company's cash resources to make further market repurchases of ordinary shares. The minimum price which may be paid for each share is the nominal value and the maximum price which may be paid for a share is an amount equal to 5% above the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased.

The Company will only exercise the authority granted by the proposed resolution where the Board reasonably believes that repurchasing its shares will increase earnings per share (unless the Company intends to hold the shares as treasury shares) and is in the best interests of shareholders generally. The maximum number of shares which may be purchased is 9,265,982 and the minimum price which may be paid for each share is the nominal value. The number of options to subscribe for equity shares that are outstanding at 19 November 2007 is 5,710,693, being 6.17% of the issued ordinary share capital at that date and 6.85% of the issued ordinary share capital at that date if the authority to make market purchases set out above were used in full, in both cases excluding treasury shares. The Company has no warrants to subscribe for equity shares that are outstanding at 19 November 2007.

Any shares purchased by the Company will be cancelled and the number of shares reduced accordingly (unless the Company holds the shares as treasury shares). The number of treasury shares held by the Company at 19 November 2007 is 38,636, being 0.042% of the issued ordinary share capital (excluding treasury shares), which for accounting purposes is immaterial.

#### **Action to be taken**

Please note that we have asked you to complete and return any proxies to our Registrars, Capita Registrars, and not directly to the Company. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service should refer to note 3 of the Notice of AGM set out on page 4 of this document.

#### **Recommendation**

Your Directors consider that the above proposals are in the best interests of RM plc and its shareholders and recommend that you vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings.

Yours sincerely



**John Leighfield**  
Chairman

# Notice of Annual General Meeting

Notice is hereby given that the AGM of RM plc will be held at 140 Milton Park, Abingdon, Oxfordshire OX14 4RS at 2.00 pm on 21 January 2008 to consider and, if thought fit, pass the following resolutions:

## **Ordinary resolutions**

### **Ordinary business**

1. To receive and consider the Company's accounts and the reports of the Directors and Auditors for the year ended 30 September 2007.
2. To declare a dividend.
3. To re-elect Bryan Carsberg as a Director.
4. To re-elect John Windeler as a Director.
5. To re-elect Tim Pearson as a Director.
6. To re-appoint Deloitte & Touche LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
7. To authorise the Directors to fix the remuneration of the auditors.

### **Special business**

8. To approve the Board Report on Remuneration contained in the Company's Annual Report and Accounts for the year ended 30 September 2007.

### **Special resolutions**

9. That the authority and power conferred on the Directors by Article 9 of the Company's Articles of Association be renewed for the period ending on the date of the AGM in 2009 or 21 April 2009, whichever is the earlier, and for such period the Section 80 amount shall be £617,670.
10. That the authority and power conferred on the Directors by Article 9 of the Company's Articles of Association be renewed for the period ending on the date of the AGM in 2009 or 21 April 2009, whichever is the earlier, and for such period the Section 89 amount shall be £92,660.
11. That the Company be and is hereby unconditionally and generally authorised for the purpose of Section 166 of the Companies Act 1985 to make market purchases (as defined in Section 163 of that Act) of Ordinary Shares of 2p each in the capital of the Company provided that:
  - (a) the maximum number of shares which may be purchased is 9,265,982;
  - (b) the minimum price which may be paid for each share is the nominal value thereof;
  - (c) the maximum price which may be paid for a share is an amount equal to 5% above the average of the middle market quotations of the Company's Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and
  - (d) this authority shall expire at the conclusion of the next AGM, or 21 April 2009, whichever is earlier (except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to such time.

By order of the Board,

### **A.J. Robson**

Secretary  
18 December 2007

### **Registered Office:**

New Mill House  
183 Milton Park  
Abingdon  
Oxfordshire  
OX14 4SE

**Notes:**

1. A member entitled to attend and vote is entitled to appoint a proxy (or proxies) to attend and vote instead of that member. A proxy need not be a member of the Company. A form of proxy is enclosed. The appointment of a proxy will not prevent a Shareholder from subsequently attending and voting at the meeting in person.
2. To be effective the instrument appointing a proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be deposited at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.
3. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting (and any adjournment thereof) by following 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) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it relates to the appointment of a proxy or to 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 (ID"RA10") by the latest time(s) for receipt of proxy appointments specified in, or in a note to, 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 the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that CRESTCo 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, to procure that his CREST sponsor or voting service provider takes) 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.

4. In accordance with Section 325 of the 2006 Act, the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the 2006 Act. Persons nominated to receive information rights under Section 146 of the 2006 Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149(2) of the 2006 Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
5. Copies of the register of Directors' interests in the share capital of the Company and all contracts of service under which Directors of the Company are employed by the Company or any of its subsidiaries are available for inspection at the Company's registered office during business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until the conclusion of the AGM and will also be available for inspection at the place of the meeting from fifteen minutes before it is held until its conclusion.
6. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those Shareholders entered on the Company's register of members at 2.00 pm on 19 January 2008 or, if the meeting is adjourned, on the Company's register of members 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the Company's register of members after 2.00 pm on 19 January 2008 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

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