



# Johnston Press plc

Printers and Publishers *Established 1767*

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## **CIRCULAR TO SHAREHOLDERS**

ANNUAL GENERAL MEETING 2010

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**This document is important.**

If you are in any doubt about its contents you should consult your independent financial advisor authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Johnston Press plc, please forward this document and Form of Proxy to the Purchaser or transferee or to the stockbroker, bank or other agent through whom the sale was effected for transmission to the purchaser or transferee.



# Johnston Press plc

Printers and Publishers *Established 1767*

## Directors:

I S M Russell CBE (Chairman)	M A King
J A Fry (Chief Executive)	A R Marshall
S R Paterson	M A Pain
D Cammiade	C A Rhodes
P E B Cawdron	G M Iddison
F P M Johnston CBE	

22 March 2010

To: The holders of Ordinary Shares of 10p each ("**Ordinary Shares**"), and, for information purposes only, the holders of 13.75 per cent Cumulative Preference Shares of £1 each ("**Preference Shares**") and 13.75 per cent 'A' Cumulative Preference Shares of £1 each ("**A' Preference Shares**")

Dear Shareholder

The purpose of this letter is to provide some explanatory information about the business to be proposed at our Annual General Meeting to be held in The Boardroom, The Caledonian Hilton Hotel, Princes Street, Edinburgh on Friday 30 April 2010 at 12.00 noon. The Notice of the Annual General Meeting is contained on page 91 of the Annual Report and Accounts.

At the meeting a number of items of ordinary business will be proposed, relating to the approval of the Annual Report and Accounts, the Report of the Remuneration Committee, the election of directors and the re-appointment of the auditors and approval of their remuneration. Additionally, a number of items of special business will also be proposed. Resolution 10 will be proposed as an ordinary resolution, while resolutions 11 to 14 will be proposed as special resolutions requiring a majority of not less than 75% of votes cast at the Annual General Meeting.

The first item of special business (Resolution 10) is an ordinary resolution to renew the directors' authority to allot shares in the Company. Part (i) of this resolution seeks authority to allot shares up to a maximum nominal amount of £21,322,533 representing 33.33% of the existing issued ordinary share capital of the Company and is very similar to resolutions proposed in previous years. The second part of Resolution 10 is a new power and seeks authority to allot a further 33.33% of the existing ordinary share capital of the Company. In accordance with recommended best practice this additional authority will be applied to fully pre-emptive rights issues only and the authorisation will be valid for one year only. The directors have no current intention to allot shares except in connection with employee share schemes and this authority, if approved, will expire at the Annual General Meeting in 2011.

Resolution 11 relates to the directors' power to allot equity securities for cash without the statutory pre-emption provisions of the Companies Act 2006 applying. In accordance with best practice guidelines, this authority is limited to allotments representing in total up to an aggregate nominal value of £3,198,699 (or 5% of the Company's existing ordinary share capital).

The third item of special business is the renewal of the authority of the Company to purchase its own ordinary shares as permitted under its Articles of Association. Resolution 12 will, if passed, give authority to make such purchases in the market. The directors have no immediate intention of using such authority and would do so only if they considered it to be in the best interests of shareholders generally and that an improvement in earnings per share would result. This resolution specifies the maximum number of ordinary shares which may be purchased (representing approximately 10% of the Company's existing issued ordinary share capital) and the minimum and maximum prices at which they may be bought, reflecting the requirements of the Companies Act 2006 and of the Financial Services Authority.

The amendments to the Company's constitution proposed in Resolution 13 reflect the full implementation of the provisions of the Companies Act 2006 and the implementation of the Shareholder Rights Directive in the United Kingdom in August 2009 and, as the amendments proposed do not affect the class rights of the holders of the Preference Shares or the 'A' Preference Shares, only the holders of the Ordinary Shares are entitled to vote on the proposals. Part (i) of Resolution 13 proposes the deletion of all the provisions of the Memorandum of Association of the Company which, by virtue of the Companies Act 2006 are to be treated as provisions of the Articles of Association of the Company. Part (ii) of this Resolution proposes the adoption of new Articles of Association of the Company in substitution for, and to the exclusion of the existing Articles of Association with effect from the conclusion of the forthcoming Annual General Meeting.

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An explanation of the principal proposed amendments to the Articles of Association is set out in the appendix to this letter and the form of the new Articles, together with a copy of the existing Memorandum and Articles of Association marked to show the changes being proposed in Resolution 13, can be viewed on the Company's website - <http://www.johnstonpress.co.uk/jpplc/>. It should be noted that the explanatory notes in the Appendix only cover those changes proposed to the Articles of Association which are considered to be material in the ways in which the new Articles differ from the existing Articles. Where more minor or drafting amendments have been made, these have not been detailed. A copy of the proposed new Articles of Association of the Company and a copy of the existing Memorandum and Articles of Association marked to show the changes being proposed in Resolution 13 will also be available for inspection at the registered office of the Company and at the offices of Computershare Investor Services PLC, 2nd Floor, Vintners' Place, 68 Upper Thames Street, London EC4V 3BJ, from 22 March 2010 until the time of the AGM.

The final Resolution which will be proposed at the Annual General Meeting will be to permit the Company to call General Meetings (other than Annual General Meetings) on not less than 14 days' clear notice as permitted by the Companies Act 2006. Although no such meetings are currently planned, the directors believe that having authority to do so may, in some circumstances, assist with the efficient discharge of the Company's business. The Company intends to continue to provide as much notice as practicable of General Meetings and would normally use this authority only where it would be to the advantage of shareholders as a whole.

Your directors consider that the proposed resolutions to be considered at the Annual General Meeting are in the best interests of the Company and the shareholders as a whole. Your directors unanimously recommend that you vote in favour of the proposed resolutions, as they intend to do in respect of their own beneficial shareholdings in the Company.

Yours sincerely



IAN S M RUSSELL  
Chairman

#### **Inspection of documents**

The following documents will be available for inspection at the registered office of the Company from 22 March 2010 until the time of the AGM and at the Caledonian Hilton Hotel, Princes Street, Edinburgh from 15 minutes before the AGM until it ends:

- Copies of the Executive Directors' service contracts
- Copies of the letters of appointment of the Non-Executive Directors
- A copy of the proposed new Articles of Association of the Company, and
- A copy of the existing Memorandum and Articles of Association marked to show the changes being proposed in Resolution 13

In addition, copies of the proposed new Articles of Association of the Company and the existing Memorandum and Articles of Association marked to show the changes proposed in Resolution 13 will be available for inspection from 22 March 2010 until the conclusion of the AGM at the offices of Computershare Investor Services PLC, 2nd Floor, Vintners' Place, 68 Upper Thames Street, London EC4V 3BJ.

# Appendix

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

In these explanatory notes the Company's existing articles of association are referred to as the "Current Articles" and the draft articles of association, proposed to be adopted by special resolution at the Company's Annual General Meeting on 30 April 2010 are referred to as the "New Articles".

### 1. The Company's objects

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

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

Further the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 13 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

### 2. Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions in the Companies Act 2006 are in the main to be removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. On certain occasions, provisions in the Current Articles have been amended to make them consistent with the Companies Act 2006.

### 3. Change of name

Under the Companies Act 1985, a company could only change its name by special resolution. Under the Companies Act 2006 a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

### 4. Authorised share capital and unissued shares

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

### 5. Redeemable shares

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

### 6. Authority to purchase own shares, consolidate and sub divide shares, and reduce share capital

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Companies Act 2006 a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

### 7. Use of seals

Under the Companies Act 1985, a company required authority in its articles to have an official seal for use abroad. Under the Companies Act 2006, such authority will no longer be required. Accordingly, the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors.

### 8. Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

### 9. Vacation of office by directors

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to treat physical illness in the same manner as mental illness.

### 10. Voting by proxies on a show of hands

The Companies (Shareholders' Rights) Regulations 2009 have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles remove provisions in the Current Articles dealing with proxy voting on the basis that these are dealt with in the Companies Act 2006 and contain a provision clarifying how the provision of the Companies Act 2006 giving a proxy a second vote on a show of hands should apply to discretionary authorities.

### 11. Voting by corporate representatives

The Companies (Shareholders' Rights) Regulations 2009 have amended the Companies Act 2006 in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles remove provisions in the Current Articles dealing with voting by corporate representatives on the basis that these are dealt with in the Companies Act 2006.

### 12. Notice of general meetings

The Companies (Shareholders' Rights) Regulations 2009 amend the Companies Act 2006 to require the company to give 21 clear days' notice of general meetings unless the company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles remove provisions in the Current Articles dealing with notice of general meetings on the basis that this is dealt with in the Companies Act 2006.

### 13. Adjournments for lack of quorum

Under the Companies Act 2006 as amended by the Companies (Shareholders' Rights) Regulations 2009, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The New Articles reflect this requirement.

### 14. Security arrangements

In order to ensure that the business of any future general meeting can be carried out with the minimum of disruption, it is proposed that the Current Articles be amended to allow attendees to be subjected to searches and other security arrangements. Without such a provision in the New Articles, it may not be possible to exclude members who refuse to comply with reasonable conditions, such as submission to a search.

### 15. Records to be kept

The provision in the Current Articles requiring the board to keep accounting records has been removed as this requirement is contained in the Companies Act 2006.