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If you have sold or otherwise transferred all of your Ordinary Shares in WYG plc, or on or prior to 24 June 2011 a sale or transfer is effected, please send this document, together with the Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected. If you have sold or otherwise transferred some of your Ordinary Shares in WYG plc, you should consult with your stockbroker, bank or other agent through whom the sale of transfer was effected.

Subject to certain conditions being satisfied, including the passing of the Resolutions at the General Meeting, it is expected that admission to AIM will become effective and that dealings in the New Ordinary Shares will commence on 12 July 2011.

AIM is a market designed primarily for emerging and smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.

The Directors, whose names appear on page 6 of this document, accept individual and collective responsibility for the information contained in this document. To the best of the knowledge of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and contains no omission likely to affect the import of such information.

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## WYG PLC

*(Incorporated in England and Wales under the Companies Acts 1948 to 1981 with registration number 1869543)*

### **Proposed Placing of 64,000,000 New Ordinary Shares Share Reorganisation Share Consolidation and Notice of General Meeting**

**Arbuthnot Securities Limited**  
*Nominated Adviser*

**Deloitte Corporate Finance**  
*Joint Financial Adviser*

**Numis Securities Limited**  
*Joint Financial Adviser and Broker*

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**This document should be read as a whole. Nevertheless, your attention is drawn to the Letter from the Chairman of the Company which is set out in Part 1 of this document and includes a recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below. Your attention is also drawn to the Risk Factors set out in Part 2 of this document.**

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Notice of a General Meeting of WYG plc, to be held at the offices of WYG plc, Arndale Court, Otley Road, Headingley, Leeds LS6 2UJ at 11 a.m. on 11 July 2011 is set out at the end of this document. To be valid, the enclosed Form of Proxy for use at the meeting should be completed in accordance with the instructions thereon, signed and returned so as to be received by the Company's Registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event not later than 11 a.m. on 9 July 2011. Completion of the Form of Proxy will not preclude a Shareholder from attending and voting at the meeting in person.

The contents of the Company's website or any website directly or indirectly linked to the Company's website do not form part of this document.

This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe or buy Ordinary Shares or any other securities in the Company nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with any contract therefor. In particular, this document is not for distribution in, or into, the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered directly or indirectly in, or into, the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under the Securities Act or under the securities legislation of any state of the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan and they may not be sold directly or indirectly within the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or to or for the account of any national, citizen or resident of the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or to an US Person (within the definition of Regulation S made under the Securities Act).

The distribution of this document and the offer of the Ordinary Shares in certain jurisdictions may be restricted by law. Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons outside of the UK into whose possession this document comes should inform themselves about and observe any such restrictions.

## **FORWARD LOOKING STATEMENTS**

This document includes “forward-looking statements” which include all statements other than statements of historical facts, including, without limitation, those regarding the Company’s financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could” or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2011</i>
Date of this document	24 June
Latest time and date for receipt of Forms of Proxy	11 a.m. on 9 July
General Meeting	11 a.m. on 11 July
Announcement of the results of the General Meeting	11 July
Record date for the Share Consolidation	5.30 p.m. on 11 July
Consolidation of Existing Ordinary Shares under the Share Consolidation	12 July
Admission of, and commencement of trading in, the New Ordinary Shares on AIM	8.00 a.m. on 12 July
Expected date for CREST stock accounts to be credited with New Ordinary Shares in uncertificated form	as soon as practicable after 8.00 a.m. 12 July
Despatch of share certificates for New Ordinary Shares in certificated form (if applicable)	19 July

References to time in this document are to British Summer Time.

Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on a regulatory information service.

## PLACING STATISTICS

Number of Ordinary Shares in issue at the date of this document	35,289,886
Number of Ordinary Shares and 'B' Deferred Shares in issue following the Share Reorganisation (prior to the Share Consolidation)*	35,289,886 Ordinary Shares 35,289,886 'B' Deferred Shares
Basis of the Share Consolidation	1 Post-Consolidation Ordinary Share for every 50 Existing Ordinary Shares
Number of Post-Consolidation Ordinary Shares*	705,798
Placing Price per New Ordinary Share**	50p
Number of New Ordinary Shares to be issued pursuant to the Placing (issued following the Share Consolidation)	64,000,000
Number of Ordinary Shares in issue immediately following Admission*	64,705,798
Number of New Ordinary Shares as a percentage of the Enlarged Issued Ordinary Share Capital immediately following Admission*	98.91 per cent.
Number of Convertible Shares to be issued as part of the Restructuring	4,540,758
Number of 'C' Deferred Shares in issue following redesignation of the Preference Shares	30,000,000
Expected Market capitalisation of the Company immediately following Admission at the Placing Price	£32,352,899
Gross proceeds of the Placing to be received by the Company	£32 million
Anticipated net proceeds of the Placing to be received by the Company	£30 million

\* Assuming that no further Ordinary Shares are issued as a result of the exercise of any options under the Current Share Incentive Schemes between the posting of this document and completion of the Proposals and that no fractional entitlements to Post-Consolidation Ordinary Shares are rounded down as a result of the Share Consolidation.

\*\* Equivalent to one pence on a pre Share Consolidation basis.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Robert Michael McTighe ( <i>Non-Executive Chairman</i> ) Paul Christopher Hamer ( <i>Chief Executive Officer</i> ) David Charles Wilton ( <i>Group Finance Director</i> ) Graham Dudley Olver ( <i>Group Commercial Director</i> ) Robert George Anthony Barr ( <i>Non-Executive Director</i> ) David John Jeffcoat ( <i>Non-Executive Director</i> )
<b>Company Secretary</b>	Benjamin Warwick Whitworth
<b>Registered Office, address and main switchboard number</b>	Arndale Court Otley Road Headingley Leeds LS6 2UJ Telephone: +44 (0)113 278 7111
<b>Joint Financial Adviser and Corporate Broker</b>	Numis Securities Limited 10 Paternoster Square London EC4M 7LT
<b>Joint Financial Adviser</b>	Deloitte Corporate Finance Deloitte LLP 2 New Street Square London EC4A 3BZ
<b>Nominated Adviser and Broker</b>	Arbuthnot Securities Limited Arbuthnot House 20 Ropemaker Street London EC2Y 9AR
<b>Legal Advisers to the Company</b>	Eversheds LLP Bridgewater Place Water Lane Leeds LS11 5DR
<b>Legal Advisers to the Joint Financial Adviser and Corporate Broker</b>	DLA Piper UK LLP Princes Exchange Princes Square Leeds LS1 4BY
<b>Auditors</b>	PricewaterhouseCoopers LLP Benson House 33 Wellington Street Leeds LS1 4JP
<b>Registrars</b>	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## PART 1

### LETTER FROM THE CHAIRMAN OF WYG PLC

#### WYG plc

(Incorporated in England and Wales with registration number 1869543)

*Directors:*

Robert Michael (Mike) McTighe (*Non-Executive Chairman*)  
Paul Christopher Hamer (*Chief Executive Officer*)  
David Charles Wilton (*Group Finance Director*)  
Graham Dudley Olver (*Group Commercial Director*)  
Robert George Anthony Barr (*Non-Executive Director*)  
David John Jeffcoat (*Non-Executive Director*)

*Registered Office:*

Arndale Court  
Otley Road  
Headingley  
Leeds  
LS6 2UJ

24 June 2011

*To all Shareholders, and for information only, to holders of Preference Shares*

Dear Shareholder

#### **Placing of 64,000,000 New Ordinary Shares, Share Reorganisation, Share Consolidation and Notice of General Meeting**

##### **1. Introduction**

On 16 June 2011, the Company announced that it anticipated undertaking a capital restructuring which would include an equity fundraising to raise £30 million (net of expenses) along with the conversion of the Group's net debt into Convertible Shares and the redesignation of the Company's Preference Shares into 'C' Deferred Shares. Further to this announcement, the Company announced today that, conditional upon, *inter alia*, Shareholder consent, it has placed in aggregate 64,000,000 New Ordinary Shares at a price of 50 pence per New Ordinary Share with new institutional investors.

As a condition of the Placing, the Company is undertaking a Share Consolidation, further details of which are described at paragraph 8 below. The Placing Price is equivalent to one pence per Ordinary Share on a pre Share Consolidation basis (being a discount of approximately 88 per cent. to the closing mid-market price of 8.5 pence per Existing Ordinary Share as at 23 June 2011, the last Trading Day prior to the date of this document).

In addition, it has agreed with the Lenders that, conditional upon Completion the Group's net debt of approximately £51 million, being calculated as the projected net debt (excluding certain restricted cash balances) as at 12 July 2011 as adjusted in respect of professional fees and hedge settlement expenses, will be converted into 4,540,758 Convertible Shares, the Preference Shares will be redesignated as 'C' Deferred Shares having no economic rights and revised bonding facilities in relation to those bonds in issue at Completion which are required as part of the Group's ongoing operations will be provided. The £51 million projected net debt at 12 July 2011, which is subject to the conversion, includes £3.4 million of professional fees and hedge settlement expenses and is further increased by the exclusion of restricted cash of £6.2 million. The underlying net debt figure is therefore approximately £12.3 million higher than the net debt at 31 March 2011, approximately £6.9 million of which relates to amounts received in advance of the period end at 31 March 2011.

As set out in the Preliminary Results Announcement, the Board considers that the current capital structure of the Group and the costs of servicing its debt are unsustainable and accordingly, a capital restructuring is required. The Board has considered a full range of alternatives that would deliver the most value for stakeholders, revise the Company's current capital structure and alleviate some of the covenants and controls that are currently in place to allow the strengthened operational business to move forward and believes that the Proposals are in the best interests of the Company and its Shareholders as a whole.

The Board believes that the Proposals, if completed, will provide the Group with significant positive cash balances and a strengthened balance sheet, creating a viable, sustainable capital structure enabling it to win new business and to recruit, retain and incentivise employees with appropriate performance-based rewards.

**This document explains why the Company is seeking to complete the Proposals and provides you with information to enable you to exercise your vote on the Resolutions at the forthcoming General Meeting to be held on 11 July 2011 at 11 a.m. at the registered office of the Company, Arndale Court, Otley Road, Headingley, Leeds LS6 2UJ. The Notice of General Meeting is set out at the end of this document.**

## **2. Background to and reasons for the Proposals**

Over the last three years, WYG has experienced extremely challenging trading conditions in most of its areas of operation, particularly within the UK and the Republic of Ireland. The effect of these market-wide headwinds on the profitability and cash flow of the Group has been materially worsened by the ongoing requirement to service the substantial debt burden that the Group accumulated as a result of the 38 acquisitions which it made between 1997 and 2007.

On 9 December 2009, the Board announced the 2009 Restructuring to reduce the level of the Group's debt in an attempt to create a strengthened and more appropriate capital structure for the Group. The 2009 Restructuring secured the immediate survival of WYG as it was likely that without this restructuring, the Company would have entered administration or some other form of insolvency procedure. The 2009 Restructuring reduced the Group's net debt by approximately £52.9 million through the conversion of £22.9 million of debt held by the Lenders in exchange for 29,993,441 Ordinary Shares and the conversion of an additional £30 million of debt held by the Lenders in return for 27,600,000 'A' Preference Shares with an aggregate nominal value of £27.6 million and 2,400,000 'B' Preference Shares with an aggregate nominal value of £2.4 million.

Following the 2009 Restructuring, the Lenders now own approximately 60.5 per cent. of the Existing Issued Ordinary Share Capital and all of the 27.6 million 'A' Preference Shares, in addition to providing to the Group further debt facilities and supplying performance bonds. The Group's Employee Benefit Trust owns a further 24.5 per cent. of the Existing Issued Ordinary Share Capital and the 2.4 million 'B' Preference Shares with the remainder of the Existing Ordinary Shares being in public hands.

Since the 2009 Restructuring, substantial progress has been made in the operational turnaround of WYG as demonstrated by the creditable operational performance in the nine month period ended 31 March 2011. The Board considers that the Group's continued deployment of its three-part strategy which was launched early in 2009, concentrating on creating a more focused and efficient business, developing the Group's international focus and creating 'peaks of excellence' across critical and sustainable sectors, leaves it well positioned for growth, if the onerous debt burden can be alleviated.

Against a backdrop of unprecedented cuts in public sector spending, the Board has focused on the development of operations outside the UK and Ireland, where the Group's markets remained more resilient. The Group has been reorganised into four key market segments, creating a more efficient global business that is better positioned to exploit significant international opportunities. Emphasis has now moved to utilising a collaborative approach with its selected partners to optimise global opportunities whilst concentrating on delivering technical excellence. This has facilitated a number of significant new international business wins in the Group's traditional donor funded markets, as well as in areas of technical services where, prior to restructuring the business, the Group's offering was limited to the UK and Ireland.

In spite of these successes, trading conditions remain challenging, especially in the Group's UK and Irish businesses, and, although revenues are now stabilising, visibility of future workflow in both the public and private sectors remains limited. Furthermore, whilst the operational restructuring of the Group is substantially complete, the Group continues to be affected by various pre-2009 legacy issues including significant onerous lease commitments and the payment of settlements in respect of professional indemnity claims. The Group also remains cash constrained by the requirement to fund the repayment of its borrowings and interest payments thereon.



These factors have resulted in the Board facing considerable difficulty in delivering the investment in staff and offices required to drive the future development of the Group. In particular, the Group's financial position has made it challenging to motivate, retain and recruit the highly skilled personnel who form the core assets of any consultancy business. In this context, the Board has, together with its advisers, again carried out a fundamental review of the Group's overall debt and capital structure.

Although the 2009 Restructuring reduced the Group's net debt by approximately £52.9 million, it remained at £29.2 million at 31 March 2011, with a £58 million debt facility committed until December 2012. In addition, the Lenders have supplied performance bonds of €29 million as at today's date. The Board considers this level of net debt to be unsustainable. Furthermore, the debt facilities contain various covenants and obligations which require the Company to seek the Lenders' consent.

As at today's date the Group remains compliant with its existing covenants. However, as stated in the Preliminary Results Announcement, the current covenant structure will tighten from 30 June 2011 and given the major operational restructuring programme implemented across the Group, the continuing pressure on its domestic markets and the sale of the business of Adams Kara Taylor, the Board expects that the Group would not comply with these covenants were they to be tested on the due reporting date of 14 August 2011.

The Board has carried out a collaborative process of negotiations with the Lenders to explore the options available to address the short and longer term funding requirements of the Group. These requirements include the bonding facilities which have been, and continue to be, important to the Group's ongoing operations, particularly in the international donor funded business. Conditional upon Completion the Lenders have agreed to continue to make available, on the terms set out in the Amended and Restated Facilities Agreement, the bonds currently drawn on the existing bonding facilities until 31 December 2014 or their redemption if earlier. The Company is now seeking new bonding facilities on the assumption that the Proposals are implemented and the Board is confident that suitable bonding facilities will be obtained on acceptable terms.

Since 2009, the Company has placed great emphasis on the effective management of working capital and has consistently performed strongly in cash generation relative to expectations. Indeed, cash generation was sufficiently strong to trigger a cash sweep to the Lenders in June 2010 (when the cash balances held in certain international, project and other accounts exceeded the limits budgeted at the time of the 2009 Restructuring). The Company expects to continue to generate cash from working capital during the current financial year but such generation is likely to be outweighed by the cash costs incurred in respect of vacant properties, interest, capital expenditure, exceptional costs, professional indemnity settlements and other costs. Many of these cash costs are in respect of legacy issues that are being actively addressed and will reduce over time. Cash management will continue to be a priority for the Group.

The Board also recognises that the Group must have access to sufficient capital to take advantage of the opportunities that now exist to grow in the Group's chosen markets and to attract and retain talented employees. The Company, its advisers and the Lenders considered a full range of alternatives that would address the Group's capital structure and place it on a footing which would allow the strengthened operational business to grow. These included obtaining capital from a variety of sources and a possible sale of parts or all of the business.

The Proposals will involve a very significant dilution of Existing Shareholders' equity interest in the Company, with Existing Shareholders holding only 1.09 per cent. of the Enlarged Issued Ordinary Share Capital. However, the Board believes that the Proposals will safeguard the future of the Group and provide the potential to deliver some value to Existing Shareholders.

The Proposals include a Placing to raise gross proceeds of approximately £32 million (approximately £30 million net of expenses), the conversion of approximately £51 million of the Group's net debt (excluding certain restricted cash balances) into 4,540,758 Convertible Shares, the redesignation of all of the 'A' Preference Shares held by the Lenders with an aggregate nominal value of £27.6 million and the 'B' Preference Shares held by the Employee Benefit Trust with an aggregate nominal value of £2.4 million into 'C' Deferred Shares with no economic value attached to such shares (as more

particularly described at paragraph 3 below) and the provision by the Lenders of revised bonding facilities in relation to those bonds in issue at Completion which are required as part of the Group's ongoing operations. Following Completion the Company will not be subject to any long term debt obligations other than the revised bonding facility.

The Board considers that the Group's revised capital structure following the Proposals will provide a platform to secure the Group's future and enable the Group to grow in its chosen markets.

An unaudited pro forma statement of the net assets of the Group showing the impact of the Proposals on the Company, is set out in Part 3 of this document.

In addition, as mentioned above, the Board recognises the importance of attracting and retaining talented employees and accordingly, has established an effective employee incentivisation structure, further details of which are set out at paragraphs 9 and 10 below.

The Board considers that the Proposals will, if completed, provide the Group with significant positive cash balances and a strengthened balance sheet, creating a viable, sustainable capital structure and a positive growth environment enabling it to win new business and to recruit, retain and incentivise employees with appropriate performance-based rewards.

**In the event that the Resolutions are not passed at the General Meeting and the Proposals are not implemented, then going forward the Group will be unable to satisfy its existing financial covenants and/or service its existing borrowings. In such an event, the Group would be in default under the Existing Facilities Agreement. Such a default under the Existing Facilities Agreement would entitle the Lenders to demand repayment of all outstanding amounts and to cancel the facilities. Although the Board has worked with the Lenders to develop alternative options in the event that the Resolutions are not passed, there is no certainty that any such options could be implemented. The Group could then face administration or other insolvency proceedings as the Board believes that alternative sources of debt or equity finance are unlikely to be available, or that such alternative sources, to the extent they are available, would be likely to involve the insolvency of all or part of the Group. Both such outcomes would, in the Board's opinion, result in Shareholders receiving no value for their current shareholdings.**

### **3. Details of the Restructuring**

It is proposed that approximately £51 million of net debt, being calculated as the projected net debt (excluding certain restricted cash balances) as at 12 July 2011 as adjusted in respect of certain professional fees and the termination of the interest rate swaps, held by the Lenders will be converted into 4,540,758 Convertible Shares, which, subject to certain conditions, will have rights of conversion into Ordinary Shares. The Convertible Shares will have no voting, economic or other rights save in certain circumstances, which are summarised at paragraph 6 below and will not be entitled to participate in a return of capital or assets.

In addition, the Preference Shares will be re-designated as a new class of 'C' Deferred Shares having the same rights and restrictions as the Deferred Shares, and, therefore, no economic value will attach to the 'C' Deferred Shares. The 'C' Deferred Shares will carry no entitlement to dividends, no redemption premium on a sale or winding up and no voting rights.

No share certificates will be issued in respect of the 'C' Deferred Shares, nor will CREST accounts of Shareholders be credited in respect of any entitlement to 'C' Deferred Shares' nor will they be listed on AIM or any other investment exchange.

An amendment and restatement agreement (the "**Amended and Restated Facilities Agreement**") was entered into on 24 June 2011 between the Company and certain of its subsidiaries, Lloyds in various capacities, Fortis, BNP Paribas Bank Polska and RBS, pursuant to which the parties agree to amend and restate the Existing Facilities Agreement, including making the following amendments:

1. extending the termination date of the bonding facilities made available by Lloyds, BNP Paribas Bank Polska and Fortis to 31 December 2014;
2. removing all financial covenants and references to the term facilities and revolving facilities;

3. increasing permissions under the undertakings to allow the Company and its subsidiaries, amongst other things to:
  - 3.1 make disposals without the consent of the Lenders provided that the proceeds are used to collateralise the bonds (provided that such collateral will be released back to the Company according to a formula as the outstanding bonds are redeemed);
  - 3.2 make acquisitions and investments in joint ventures subject in certain circumstances to the provision of financial projections, providing there is no event of default continuing or that would occur immediately after such transaction and, for transactions over certain levels, there must be equity funding;
  - 3.3 make dividends of up to 50 per cent. of post tax income of the Group, subject to no event of default continuing.

The share capital of the Company will also be restructured, as summarised at paragraphs 7 and 8 below.

Completion will take place and the Debt Conversion will become effective in accordance with the terms of the Framework Agreement entered into on 24 June 2011 between, *inter alia*, the Company, the Lenders and Numis Securities Limited (the “**Framework Agreement**”).

A summary of the terms of the Framework Agreement is set out at Part 3 of the Appendix.

#### **4. Details of the Placing**

The Board proposes to raise approximately £30 million (net of expenses) by the issue of 64,000,000 New Ordinary Shares to new institutional investors at an issue price of 50 pence per New Ordinary Share. As a condition of the Placing, the Company is undertaking a Share Consolidation, further details of which are described at paragraph 8 below. The Placing Price is equivalent to one pence per Ordinary Share on a pre Share Consolidation basis (being a discount of approximately 88 per cent. to the closing mid-market price of 8.5 pence per Existing Ordinary Share as at 23 June 2011, the last Trading Day prior to the date of this document).

In structuring the Placing, the Directors have had regard, *inter alia*, to the current financial and trading position of the Group, the willingness of the Existing Shareholders to provide further equity fundraising and the need for certainty within a limited time frame. After considering these and other factors, the Directors have concluded that the Placing is the most suitable option available to the Company and all its stakeholders.

The Directors have set the Placing Price following meetings with the new investors subscribing in the Placing and after exploring multiple other sources of fundraising together with other strategic methods of realising value for Shareholders.

The Placing is fully underwritten by Numis subject to and on the terms set out in the Placing Agreement entered into by the Company, Numis and Arbuthnot Securities on 23 June 2011. The Placing is conditional, *inter alia*, on Shareholder approval of the Resolutions, which will be sought at the General Meeting.

The Placing Agreement is terminable by Numis in certain circumstances, including any of the warranties given by the Company therein not being true and accurate in all material respects and not misleading at the date of the agreement and immediately prior to Admission, a failure of the Company to comply with its obligations under the Placing Agreement which is adverse in the context of the Placing, a Material Adverse Change (as such expression is defined in the Placing Agreement) having occurred on the occurrence of certain force majeure events and if either the Framework Agreement or the Debt Conversion Agreement are terminated in accordance with their terms.

Shareholders should note that the Company has received irrevocable undertakings to vote in favour of the Resolutions to be proposed at the General Meeting from certain Shareholders holding, in aggregate, 30,007,991 Existing Ordinary Shares representing approximately 85.0 per cent. of the Existing Issued Ordinary Share Capital.

Upon Admission, the New Ordinary Shares will in aggregate represent approximately 98.91 per cent. of the Enlarged Issued Ordinary Share Capital. Existing Shareholders (including the Lenders and certain Directors, managers and employees of the Company) will own approximately 1.09 per cent. of the Enlarged Issued Ordinary Share Capital.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective on 12 July 2011 and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 12 July 2011.

Application has been made for the New Ordinary Shares to be eligible for admission to CREST with effect from Admission. Accordingly, settlement of transactions may take place through CREST if the relevant Shareholder so wishes.

The New Ordinary Shares, when issued and fully paid, will be identical to, and rank in full with, the Post-Consolidation Ordinary Shares for all dividends or other distributions declared, made or paid after Admission and will rank *pari passu* in all respects with the Post-Consolidation Ordinary Shares as at the date of issue.

Mike McTighe, David Jeffcoat and Robert Barr, being Directors of the Company, are participating in the Placing to the amounts of £100,000, £17,000 and £10,000 respectively.

## **5. Use of Proceeds**

The Company intends to use the proceeds of the Placing to fund the Group's ongoing working capital requirements and, where necessary and appropriate, to cash collateralise new and/or existing bonds and to replace or reduce its reliance on new and/or existing bonds. Whilst the operational restructuring of the Group is substantially complete, the working capital requirement will include significant ongoing cash costs in respect of legacy issues including the payment of rent, rates and service charges on vacated office premises and the payment of settlements in respect of professional indemnity claims. The Company intends to maintain its rigorous focus on effective working capital management and believes that the Group should benefit from having a stronger balance sheet with significant net cash rather than operating in a highly cash constrained environment as has been the case for the past two years.

## **6. Convertible Shares**

As part of the Restructuring, the Company has agreed with the Lenders to issue to them 4,540,758 Convertible Shares. Subject to certain conditions, as summarised below (in Part 2 of the Appendix to this document – New Articles of Association), these Convertible Shares will have rights of conversion into Ordinary Shares. If all of the Convertible Shares were to be converted at the agreed conversion ratio, the resulting interest in Ordinary Shares held by the Lenders would be 4,540,758 Ordinary Shares, which would equate to five per cent. of the Enlarged Issued Ordinary Share Capital as at Admission and following implementation in full of the new management incentive arrangements (as described in paragraph 9 below) and the conversion of all the Convertible Shares.

The Convertible Shares will not be listed on AIM or any other investment exchange. The rights attaching to the Convertible Shares shall be contained in the New Articles which are summarised in Part 2 of the Appendix to this document.

A holder of any Convertible Shares shall be entitled to convert the Convertible Shares into Ordinary Shares at any time provided that:

- (i) the Company's volume weighted average Ordinary Share price rises above three times the Placing Price for a period of at least 25 consecutive Trading Days between the second and tenth anniversary following Admission; or
- (ii) an offer is made to acquire the entire issued share capital of the Company which becomes unconditional in all respects (or, if conducted by way of a scheme of arrangement, such scheme of arrangement becomes effective); or
- (iii) the Ordinary Shares ceases to be listed either on AIM or the main market of the London Stock Exchange.

The Company shall not be permitted to declare a dividend in excess of 50 per cent. of the Group's annual post tax income in respect of any accounting period ("Annual Dividend Limit") except with the consent in writing of the holders of 50 per cent. or more of the nominal value of the Convertible Shares then in issue, or with the sanction of a resolution passed by the holders of Convertible Shares representing at least 50 per cent. of the nominal value of the Convertible Shares then in issue at a separate meeting of the holders of the issued shares of that class validly held in accordance with the provisions of the New Articles.

Subject to 50 per cent. of the post tax income of the Group in aggregate having already been received by way of dividend or other distribution by Shareholders in respect of a particular accounting reference period, the holders of Convertible Shares shall have the right to receive their *pro rata* share of any further interim or final dividend in excess of an amount equal to the relevant Annual Dividend Limit *pari passu* with the holders of Ordinary Shares as if the Convertible Shares had been converted into fully paid Ordinary Shares at the relevant conversion ratio. This shall be subject always to the holders of Ordinary Shares having received an amount equal to the Annual Dividend Limit.

The holders of Convertible Shares will be entitled to attend but will not be entitled to vote at a general meeting of the Company, save in respect of any resolution directly or indirectly modifying or varying any of the special rights, privileges or restrictions attached to the Convertible Shares, when they shall be entitled to vote as if the Convertible Shares had converted into Ordinary Shares.

The consent in writing of the holders of 50 per cent. or more of the nominal value of the Convertible Shares then in issue, or the sanction of a resolution passed by the holders of Convertible Shares representing at least 50 per cent. of the nominal value of the Convertible Shares then in issue at a separate meeting of the holders of the issued shares of that class validly held in accordance with the provisions of the New Articles will be required for certain matters specified in the New Articles (and summarised in Part 2 of the Appendix) and the variation or abrogation of the rights attaching to the Convertible Shares. Other than as set out above, the Convertible Shares will have no voting, economic or other rights and will not be entitled to participate in a return of capital or assets.

## **7. Share Reorganisation**

The Company proposes to undertake a share reorganisation such that each Existing Ordinary Share of 10 pence each in the capital of the Company will be sub-divided into one ordinary share of 0.002 pence each and one 'B' Deferred Share of 9.998 pence each in the capital of the Company.

The Share Reorganisation is conditional upon the approval of the Shareholders at the General Meeting as required by the Act and the Articles. Due to the interconditionality of the Resolutions proposed at the General Meeting, all such Resolutions will need to be passed in order for the Share Reorganisation to take effect.

The 'B' Deferred Shares, to be created upon the passing of the Resolutions, will have no voting rights or dividend rights and on a return of capital, shall have the right to receive an amount equal to the sum of the nominal value of such shares.

No share certificates will be issued in respect of the 'B' Deferred Shares, nor will CREST accounts of Shareholders be credited in respect of any entitlement to 'B' Deferred Shares, nor will they be listed on AIM or any other investment exchange.

## **8. Share Consolidation**

Under the Proposals, it is intended that the Company shall undertake a share consolidation such that the Existing Ordinary Shares (following the Share Reorganisation referred to above) are consolidated into ordinary shares of 0.1 pence each in the capital of the Company. The effect of the Share Consolidation will be to reduce the total number of Ordinary Shares in issue prior to Admission.

The Share Consolidation will be undertaken on the basis of one Post-Consolidation Ordinary Share for every 50 Existing Ordinary Shares. Following the Share Consolidation and prior to the issue of the New Ordinary Shares, the Company's issued ordinary share capital will comprise 705,798 ordinary shares of 0.1 pence each in the capital of the Company.



Fractional entitlements to Post-Consolidation Ordinary Shares will be rounded down to the nearest whole number. All such fractional entitlements will be aggregated and all Post-Consolidation Ordinary Shares arising from such aggregation will be sold. It is expected that the net proceeds of such sale will be retained for the benefit of the Company. Such sale is in accordance with both the existing Articles the Intermediate Articles and also the New Articles, which state that, whenever fractions arise as the result of any consolidation of shares the Directors may deal with such fractions as they see fit and, in particular, may sell the shares to any person and distribute to and amongst the Shareholders in due proportions the net proceeds of such sale.

Following completion of the Share Consolidation, new share certificates will be issued to those existing shareholders who hold their shares in certificated form.

The Share Consolidation is conditional upon the approval of the Shareholders at the General Meeting as required by the Act and the Articles. Due to the interconditionality of the Resolutions proposed at the General Meeting, all such Resolutions will need to be passed in order for the Share Consolidation to take effect.

It is envisaged that at some stage in the near future following Completion, the Company will undertake a capital reduction by means of either a cancellation of the Company's share premium account or a reduction of the nominal value of the Post-Consolidation Ordinary Shares and the New Ordinary Shares in order to create distributable reserves. This will be a court approved procedure which will also require Shareholder consent and the Board intends that necessary resolutions will be proposed at the Company's next annual general meeting expected to be held in September 2011.

To reflect the change in capital structure following completion of the Share Reorganisation and the Share Consolidation, but pending Completion, upon which the allotment of the Convertible Shares to the Lenders and the redesignation of the Preference Shares into 'C' Deferred Shares will take effect and the New Articles will be adopted, it is necessary for the Company to adopt the Intermediate Articles which will reflect such capital structure changes. Subject to their adoption at the General Meeting, the Intermediate Articles will take effect from conclusion of the General Meeting until Completion, when they will be superseded by the New Articles. For information, a summary of the Intermediate Articles is also contained in Part 1 of the Appendix.

The Company also intends to use part of the proceeds of the Placing to effect a buy back of the Deferred Shares and the 'B' Deferred Shares and the 'C' Deferred Shares to be allotted as part of the Restructuring pursuant to the provisions of the New Articles following their adoption, for a nominal amount. This will be subject to the Company obtaining the necessary authority of its Shareholders, and the Company proposes to table the required resolution at its next annual general meeting, expected to be held in September 2011.

## **9. New Management Incentive Arrangements**

As mentioned in paragraph 2 above, the ability to attract and retain talented employees remains a key strategic focus of the Company. The Company is a "people business" and therefore needs to have in place appropriate and effective incentive plans for its staff.

The WYG Joint Ownership Share Plan 2009 and the WYG Performance Share Plan 2009 were put in place in early 2010 following the 2009 Restructuring (the "**2010 Share Awards**"). Following feedback from across the business, it has been acknowledged that these 2010 Share Awards have not been perceived as effective by the Group's employees.

In particular, the Company's share price did not adjust as expected to reflect the dilution of existing shareholdings by the Ordinary Shares acquired by the Lenders in the 2009 Restructuring.

With this background, the Board is proposing revised incentive arrangements as follows:-

- The Board believes that its existing bonus programme is the most straightforward and direct way to reward individual and team achievement for identified professionals and to promote the behaviours across the Group that will deliver the Group's strategy.

- For the most senior leaders in the business, new share based incentive arrangements are being proposed to promote the continued retention of these individuals and to ensure a direct alignment of their interests with those investors acquiring New Ordinary Shares in the Placing.

Even with the ongoing practical challenges of operating a share-based plan over Ordinary Shares, the Board (led by the Company’s remuneration committee of independent directors and after consultation with the potential investors in the Placing) believes that a new share incentive plan is the most appropriate mechanism to incentivise the Company’s most senior executives. This group of individuals are viewed as being the equivalent of “equity partners” in a traditional professional services firm, and includes the Executive Directors.

The new share incentive plan, to be called the “WYG Transformation Incentive Plan” (the “**TIP**”), will be established following Admission. It will contain the following key features:-

- The TIP will operate over 21,568,599 Ordinary Shares (being a number equivalent to 25 per cent. of the Enlarged Issued Ordinary Share Capital as diluted by the number of Ordinary Shares available under the TIP).
- The TIP will operate as a standard long-term incentive plan under which share option awards will be granted. The exercise price for awards will be nil or a nominal amount.
- Awards under the TIP will only vest if challenging and stretching performance conditions are achieved. To ensure the most direct alignment between participants and recovery in shareholder value, awards will vest only on achievement of the share price threshold targets for the Ordinary Shares shown in the table below:-

<i>Performance Threshold (Ordinary Share price level for 25 consecutive Trading Days)</i>	<i>Percentage of TIP Award Vesting</i>
£1.50 or above	100%
£1.25 or above	66.66%
£1.00 or above	33.33%
Less than £1.00	Nil

- For the purposes of the performance condition:-
  - award shares will be vested only if the Ordinary Share price (calculated using a 25 Trading Day volume weighted average price) is above the relevant performance threshold for a period of 25 consecutive Trading Days; and
  - the performance condition will be measured for a period of up to five years from the date of Admission.
- Following the achievement of a share price threshold, award shares which have vested will only be released to participants after a further period of 12 months (the “**release date**”). However, where a TIP award is exercised before the third anniversary of Admission, there is a requirement that 50 per cent. of the net of tax number of vested award shares must be retained until the third anniversary of Admission. This requirement can, however, be relaxed if the £1.25 threshold has been achieved before the third anniversary of Admission.
- If a participant leaves before he is entitled to acquire vested shares on a release date, the individual will generally lose all his rights under the TIP. There will be exceptions in the cases of death, ill-health or disability (as determined by the Company’s remuneration committee), or in other exceptional circumstances at the remuneration committee’s discretion, where a participant can retain the right to receive previously vested shares at the next release date (or earlier, in the case of death only). Additionally, if the Company terminates a participant’s employment after achievement of a performance threshold, but before the relevant release date, then (other than in cases of misconduct) the participant will be permitted to receive the vested shares at that release date.
- Upon an offer for the entire issued share capital of the Company, awards under the TIP will only vest to the extent that the performance condition has been satisfied.

- To become a participant in the TIP, an individual within the “equity partner” group must:-
  - undertake to purchase Ordinary Shares with 50 per cent. of the net of tax amounts of all bonuses received from Admission until the third anniversary of Admission or, if earlier, until the time when the individual’s personal shareholding is equivalent to 100 per cent. of his post-tax annual base salary (200 per cent. for the Chief Executive);
  - hold all Ordinary Shares acquired with annual bonuses until the third anniversary of Admission;
  - enter into new restrictive covenants which extend existing “non-compete” protections for the Company.
- If an “equity partner” participant breaches the share retention requirements described above, the level of that individual’s unvested awards under the TIP will be subject to “clawback” (on a basis determined by the Company’s remuneration committee).

Awards under the TIP will be made at levels that the Company’s remuneration committee consider appropriate to achieve incentivisation and lock-in of the equity partner group. It is proposed that awards to Executive Directors will be made at the following levels:

- Paul Hamer – 4,313,720 Ordinary Shares (being equal to five twenty-fifths of the total number of Ordinary Shares available under the TIP).
- David Wilton and Graham Olver – 1,941,174 Ordinary Shares each (being equal to 2.25 twenty-fifths each of the total number of Ordinary Shares available under the TIP).

#### **10. Chairman’s Matching Share Award**

The Board continues to rely heavily upon the strategic input of the Chairman, and accordingly it is considered appropriate to establish a separate share matching arrangement for the Chairman to ensure his continued retention within the business (the “**Matching Share Award**”). The Matching Share Award will be established after Admission and will have the following key factors:-

- The Chairman will invest £100,000 in the Placing to acquire New Ordinary Shares.
- In return for this investment, he will be granted a share option award of 2.5 matching Ordinary Shares for each Ordinary Share so acquired, being a total of 500,000 Ordinary Shares (the “**Matching Shares**”). This will be a standard award to acquire Ordinary Shares for a nil or nominal amount. There are no performance conditions that apply to this award.
- The Matching Shares will vest on the third anniversary of Admission, provided that the Chairman is still a director of the Company and that he continues to hold all of the Ordinary Shares he acquired as described above. There are also exceptions where vesting could occur if the Chairman ceases to hold office. These exceptions are similar to those applying under the TIP.
- The Chairman may not sell any of the Matching Shares until a further 12 months after these shares vest (except where required to cover any income tax liabilities arising from the acquisition of the Matching Shares).

In addition, the Chairman will receive an allocation of share awards which are on the same terms as the TIP (but without the share retention, clawback or restrictive covenant requirements described for “equity partner” participants in paragraph 9 above) (the “**Chairman’s Share Award**”). The Chairman’s Share Award will be taken into account when determining the overall limit on the number of Ordinary Shares available under the TIP. The Chairman’s Share Award will relate to 862,743 Ordinary Shares which will represent an allocation of one twenty-fifth of the total number of Ordinary Shares available under the TIP, as described in paragraph 9 above.



## **11. Related Party Transaction**

The Lenders are “substantial shareholders” as defined under the AIM Rules. Accordingly, the entry into the Debt Conversion Agreement, the Framework Agreement and the issue of the Convertible Shares to the Lenders constitutes a “related party transaction” for the purposes of Rule 13 of the AIM Rules. In accordance with the AIM Rules, the Directors, having consulted with the Company’s nominated adviser, Arbuthnot Securities, consider that the entry into the Debt Conversion Agreement, the Framework Agreement and the issue of the Convertible Shares is fair and reasonable insofar as Shareholders are concerned.

The issue of awards in respect of Ordinary Shares to the Executive Directors and the Chairman pursuant to the TIP, the Chairman’s Share Award and the Matching Share Award constitutes a “related party transaction” for the purposes of Rule 13 of the AIM Rules. In accordance with the AIM Rules, the remaining directors of the Company being the Independent Directors, having consulted with the Company’s nominated adviser, Arbuthnot Securities, consider that the issue of awards in respect of Ordinary Shares is fair and reasonable insofar as Shareholders are concerned.

## **12. Current Trading and Outlook**

In the Preliminary Results Announcement, the Company provided the following update on the Group’s current trading and outlook:

“Market conditions remain largely as they were when we announced our interim results on 31 March 2011. Business conditions in the UK continue to be challenging and, although revenues are now stabilising, there is still limited visibility of future work in both the public and private sectors. There are early signs of some modest improvements, particularly in relation to private sector development, ongoing retail expansion and the drive for green and renewable energy generation but, overall, the scale and timing of any sustained recovery in the UK remains very difficult to predict.

Outside the UK, we continue to see a significant and growing pipeline of opportunities in our key regions. These opportunities are in both the donor funded sector, in which we continue to have a strong and established track record, and also in the international public and private sector markets.

Overall, in the current financial year, WYG is trading in line with the Board’s expectations.

Much has been achieved over the past two years to recreate a stable platform from which to operate and to grow. WYG is a significant organisation, employing over 1,500 people in the UK and internationally and delivering on some of the most sophisticated assignments in our chosen markets. There is further work to be done but, based on the substantial progress to date, if the proposed capital restructuring is successfully completed then WYG will be far better positioned to deliver growth and enhance the value of the Company over the medium term.”

## **13. Dividends and Dividend Policy**

The Board believes that the cash generated by the Group should be used to take advantage of the opportunities that now exist to grow in the Group’s chosen markets and to attract and retain talented employees. Accordingly, the Board does not expect to pay a dividend in the foreseeable future.

Subject to the above and the restrictions on dividend payments included within the New Articles in relation to the Convertible Shares, the Board intends to resume dividend payments when possible and appropriate.

## **14. Risk Factors**

The section of this document entitled “Risk Factors”, on pages 20 to 24, sets out a number of risks and uncertainties regarding the Group which Shareholders should carefully consider. Additional risks and uncertainties not currently known to the Company or the Directors, or that the Company or the Directors currently consider to be immaterial, may also have a material adverse effect on the Group’s business, financial condition or operating results. If any or a combination of these risks occurs, the price of Ordinary Shares could decline and investors may lose all or part of their investment.

## **15. Resolutions**

The Resolutions to be proposed at the General Meeting to be held at the offices of the Company at Arndale Court, Otley Road, Headingley, Leeds LS6 2UJ at 11 a.m. on 11 July 2011 are set out in the Notice of General Meeting at the end of this document. The Resolutions will be proposed as follows:

### ***Resolution 1: Ordinary Resolution – Sub-division of existing ordinary shares of 10p each in the capital of the Company***

Resolution 1 seeks Shareholders' approval to sub-divide and reclassify each of the existing issued ordinary shares of 10 pence each in the capital of the Company as one new ordinary share of 0.002 pence each and one 'B' deferred share of 9.998 pence each in the capital of the Company.

### ***Resolution 2: Ordinary Resolution – Share Consolidation***

Resolution 2 seeks Shareholders' approval that every 50 of the Existing Ordinary Shares (for the avoidance of doubt following the sub-division and reclassification referred to in resolution 1 above) be consolidated into one Post-Consolidation Ordinary Share of 0.1 pence each in the capital of the Company, such shares having the rights and being subject to the restrictions set out in the Intermediate Articles to be adopted pursuant to resolution 3 below and the New Articles to be adopted pursuant to resolution 7 below.

### ***Resolution 3: Special Resolution – Adoption of the Intermediate Articles of Association***

Resolution 3 seeks Shareholders' approval to adopt the Intermediate Articles, which are being adopted for the purpose described at paragraph 8 above to reflect the rights arising on the Share Reorganisation and Share Consolidation, but prior to the unconditional allotment of the Convertible Shares and redesignation of the Preference Shares into 'C' Deferred Shares taking effect on Completion. A summary of the key provisions of the Intermediate Articles is set out in Part 1 of the Appendix to this document.

### ***Resolution 4: Ordinary Resolution – Authority to allot shares***

Resolution 4 seeks Shareholders' approval to the granting of authority to the Directors to exercise all the powers of the Company to allot shares in the Company up to a maximum nominal amount of £69,903.51 as follows:

- (i) 64,000,000 New Ordinary Shares in connection with the Placing;
- (ii) 4,540,758 Convertible Shares (and any subsequent conversion thereof into Ordinary Shares in accordance with their terms) in connection with the Restructuring; and
- (iii) 1,362,743 New Ordinary Shares to be allotted to the Chairman in connection with the issue of share awards pursuant to the Matching Share Award and the Chairman's Share Award.

### ***Resolution 5: Special Resolution – Disapplication of pre-emption rights***

Resolution 5 seeks Shareholders' approval to disapply shareholder statutory pre-emption rights in relation to the issue of the 64,000,000 New Ordinary Shares and the 4,540,758 Convertible Shares pursuant to the Placing and the Restructuring and the 1,362,743 New Ordinary Shares to be allotted to the Chairman in connection with the issue of share awards pursuant to the Matching Share Award and the Chairman's Share Award. Resolution 5 proposes to permit the issue of these New Ordinary Shares and Convertible Shares pursuant to the Placing and Restructuring and the New Ordinary Shares pursuant to the Matching Share Award and the Chairman's Share Award on a non pre-emptive basis.

### ***Resolution 6: Ordinary Resolution – Redesignation of Preference Shares***

Resolution 6 seeks Shareholders' approval to redesignate each of the Preference Shares in issue into one 'C' Deferred Share each in the capital of the Company, such shares having the rights and being subject to the restrictions set out in the New Articles to be adopted pursuant to resolution 7 below.

### ***Resolution 7: Special Resolution – Adoption of New Articles of Association of the Company***

Resolution 7 seeks Shareholders' approval to the adoption of the New Articles of Association. A summary of the key provisions of the New Articles is set out in Part 2 of the Appendix to this document.

## **16. Action to be taken by Shareholders**

Enclosed with this document is a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the meeting, you are requested to complete, sign and return the Form of Proxy to the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received as soon as possible and, in any event, not later than 11 a.m. on 9 July 2011. If you complete and return the Form of Proxy, you may still attend and vote at the General Meeting should you wish to do so.

## **17. Irrevocable Voting Undertakings**

The Company has received irrevocable undertakings to vote in favour of the Resolutions to be proposed at the General Meeting from certain Shareholders holding, in aggregate, 30,007,991 Existing Ordinary Shares representing approximately 85.0 per cent. of the Existing Issued Ordinary Share Capital.

## **18. Importance of Vote**

The Proposals are conditional upon, *inter alia*, Shareholder approval being obtained at the General Meeting.

Shareholders should note that the Directors will not be able to proceed to implement the Proposals unless and until all of the proposed Resolutions are approved at the General Meeting, since the Resolutions are inter-conditional.

You are therefore strongly recommended to vote in favour of all Resolutions to be proposed at the General Meeting by completing the enclosed Form of Proxy and returning it to the address marked on it as soon as possible and, in any event, so as to be received by no later than 11 a.m. on 9 July 2011.

**In the event that the Resolutions are not passed at the General Meeting and the Proposals are not implemented, then going forward the Group will be unable to satisfy its existing financial covenants and/or service its existing borrowings. In such an event, the Group would be in default under the Existing Facilities Agreement. Such a default under the Existing Facilities Agreement would entitle the Lenders to demand repayment of all outstanding amounts and to cancel the facilities. Although the Board has worked with the Lenders to develop alternative options in the event that the Resolutions are not passed, there is no certainty that any such options could be implemented. The Group could then face administration or other insolvency proceedings as the Board believes that alternative sources of debt or equity finance are unlikely to be available, or that such alternative sources, to the extent they are available, would be likely to involve the insolvency of all or part of the Group. Both such outcomes would, in the Board's opinion, result in Shareholders receiving no value for their current shareholdings.**

## **19. Recommendation**

**The Board considers the Restructuring and the Placing to be in the best interests of the Company and its Shareholders as a whole. The Related Party Directors stand to benefit from the new incentive arrangements if the Resolutions are passed and the Proposals are implemented. Accordingly, the Independent Directors recommend that the Shareholders vote in favour of the Resolutions as the Directors (who are Shareholders) intend to do in respect of their own registered holdings of Ordinary Shares, which amount in aggregate to 15,050 Existing Ordinary Shares representing approximately 0.04 per cent. of the Existing Issued Ordinary Share Capital.**

Yours sincerely

**Mike McTighe**  
Chairman of WYG plc

## PART 2

### RISK FACTORS

Shareholders should consider carefully all of the information set out in this document, including, in particular, the risks described below. The risks described below are based on information known as at the date of this document which the Directors consider material, but may not be the only risks to which the Group is exposed. Additional risks and uncertainties, which are currently unknown to the Group or that the Group does not currently consider to be material, may materially affect the business of the Group and could have material adverse effects on the Group's business, financial condition and results of operations. The information set out below does not constitute an exhaustive summary of the risks affecting the Group and is not set out in order of priority.

If any of the following or other risks were to occur, the Group's business, financial condition, capital resources, results and/ or future operations could be materially adversely affected and the value of the Ordinary Shares could decline and investors could lose all or part of the value of their investment.

#### (a) Risk factors relating to the Proposals

*If the Proposals do not proceed the Group will breach certain covenants in the Existing Facilities Agreement and consequently, face the possibility of insolvency at that time*

If all of the Resolutions are not passed, the Restructuring and the Placing will not proceed and the Existing Facilities Agreement will not be amended and re-stated. In this event the Group will remain subject to the Existing Facilities Agreement and the financial covenants therein. In these circumstances the Group will not comply with such financial covenants, and would therefore be in default under the Existing Facilities Agreement, when such covenants are tested on the reporting date of 14 August 2011. If, however, the Resolutions are all passed and the Proposals take place, then the Existing Facilities Agreement will fall away and be replaced by the Amended and Restated Facilities Agreement. Should the Resolutions not be passed by Shareholders at the General Meeting, the Group would be in immediate breach of the covenants and be in default under the Existing Facilities Agreement at that time. Such a default under the Existing Facilities Agreement would entitle the Lenders to demand repayment of all outstanding amounts and to cancel the facilities. Although the Board has worked with the Lenders to develop alternative options in the event that the Resolutions are not passed and/or the Proposals do not complete, there is no certainty that any such options could be implemented. The Group could then face administration or other insolvency proceedings as the Board believes that alternative sources of debt or equity finance are unlikely to be available or, that such alternative sources, to the extent they are available, would be likely to involve the insolvency of all or part of the Group. Both such outcomes would, in the Board's opinion, result in Shareholders receiving no value for their current shareholdings.

*The Placing and any issue of Ordinary Shares under the TIP or the conversion of the Convertible Shares into Ordinary Shares will give rise to very significant dilution for Shareholders in their ownership of the Company.*

The Placing will result in a very significant dilution of the proportionate holdings of Existing Shareholders as described further in Part 1 ("Letter from the Chairman of WYG") of this document.

In addition any issue of Ordinary Shares under the TIP will also dilute the interests of Existing Shareholders and those of the holders of the New Ordinary Shares.

Further, the Convertible Shares are convertible into Ordinary Shares in certain circumstances (please see paragraph 6 in Part 1 ("Letter from the Chairman of WYG") and the summary of the New Articles in the Appendix for further details). If such conversion takes place, the interests of the Existing Shareholders and those of the holders of the New Ordinary Shares would be diluted.

*The Company's ability to resume paying dividends on Ordinary Shares will depend on future performance and cash flows generated by the Group, amongst other factors*

The Company has not paid a dividend to Shareholders since December 2008.

The Board believes that the cash generated by the Group should be used to take advantage of the opportunities that now exist to grow in the Group's chosen markets and to attract and retain talented employees. Accordingly, the Board does not expect to pay a dividend in the foreseeable future.

Subject to the above and the restrictions on dividend payments included within the New Articles in relation to the Convertible Shares, the Board intends to resume dividend payments when possible and appropriate.

The consent in writing of the holders of 50 per cent. or more of the nominal value of the Convertible Shares then in issue or the sanction of a resolution passed by the holders of Convertible Shares representing at least 50 per cent. of the nominal value of the Convertible Shares then in issue at a separate meeting of the holders of the issued shares of that class validly held in accordance with the New Articles, will be required before any dividend in respect of the Ordinary Shares may be declared ("**Ordinary Dividend**") or may be paid, which exceeds 50 per cent. of the Group's annual post tax income in respect of any accounting period.

Therefore, there can be no certainty that holders of Ordinary Shares will be entitled to receive a dividend on Ordinary Shares which exceeds 50 per cent. of the Group's annual post tax income.

Furthermore, under the 2006 Act, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. As a holding company, the Company's results of operations and financial condition are dependent on the trading performance of members of the Group. The Company's ability to pay dividends in the future will depend on the level of distributions, if any, received from its subsidiaries, the progress of the Group's business, its ability to be profitable in future, availability of distributable reserves and cash received from subsidiaries. Certain of the Group's operating subsidiaries may, from time to time, be subject to restrictions on their ability to pay dividends or distributions to the Company and there can be no assurance that such restrictions will not have a material adverse effect on the Group's business, financial condition or results of operations. This could limit the payment of dividends and other distributions to the Company by its subsidiaries, which could in turn restrict the Company's ability to pay a dividend to holders of the Ordinary Shares. See paragraph 13 ("Dividends and Dividend Policy") of Part 1 ("Letter from the Chairman of WYG") of this document.

***The Group is exposed to the risk that customers or other stakeholders may exercise change of control clauses within trading contracts if the Restructuring is completed***

The Group enters into trading contracts with its customers, and various other stakeholders, that contain change of control clauses. Such clauses allow the contract to be declared void should there be change of control of the Company (or, in certain circumstances, of certain of the subsidiaries within the Group). The Group is therefore at risk that, following the Placing, certain contracts could be declared void by customers or other stakeholders. The Company has assessed this risk and while the Board considers that it is unlikely because of the nature of the Restructuring, the quality of the Groups relationships with contractual counterparties and the Company's recent experience with such clients following the 2009 Restructuring, should a number of major customers take such action it could have a material adverse effect on the Group's business, financial condition or results of operations.

**(b) Risk factors relating to WYG**

***The Group is subject to risks related to the international nature of its business***

The Group is subject to specific risks of conducting business in different jurisdictions across Europe and other parts of the world. These risks include but are not limited to: economic, social or political instability in some international markets and regions; fluctuations in currency exchange rates; logistical, management and operational challenges of operating across several jurisdictions having different business cultures, laws and languages; changes in foreign laws and regulatory requirements; regulatory restrictions relating to white collar consulting services and uncertainty and potential ineffectiveness or lack of enforcement of laws to protect trademarks and other intellectual property in various jurisdictions. The Group is also exposed to changes in tax regulation and international tax treaties, including, but not limited to, changes to UK tax legislation, which may negatively affect the Group's cost of funding and its flexibility to structure its commercial, tax and treasury operations.



***The failure of the Group to secure new bonding facilities could have a material adverse effect on its business, financial condition or results of operations***

The Group currently relies on the availability of bonding facilities to enable it to obtain new work in certain overseas territories, to receive advance payments and to fulfil existing contractual obligations that are secured by tender or performance bonds. Although not contractually obliged to do so, the Group currently uses advance payment bonds to fund mobilisation and other front-end costs on major projects. Bonding facilities are currently provided by the Lenders and they have agreed, conditional on Admission, to commit the bonds currently drawn in the existing bonding facilities until 31 December 2014 or their redemption if earlier. The Group is engaged with potential new bond providers with view to obtaining new bonding facilities based on the outcome of the Proposals and the Board is confident that suitable bonding facilities will be obtained on acceptable terms. Moreover, the Group intends to continue to manage its reliance upon bonds by pursuing its client diversification and partnering strategy and otherwise to reduce its use of advance payment bonds and to fund mobilisation and other front-end costs on projects from its own resources. In the unlikely event that it was not possible to successfully implement all of the foregoing, the Company would need to take more significant steps to mitigate the impact to reflect the changing terms of trading. However, if new bonding facilities cannot be obtained or cannot be obtained on reasonably acceptable commercial terms, the Group could be required to consider (i) not tendering for work where the client requires a bond, (ii) provide additional funding from its own resources, or (iii) accept onerous terms on bonds or equivalent arrangements, which (alone or in combination) could have a significant effect on the Group's finances and results.

***The Group may be affected by adverse changes in its markets***

The Group provides white collar consulting and infrastructure services to customers in the public and private sectors. The Group's core markets are the construction and house building sectors, the environment, transport and planning markets and the engineering market. Each of these markets has been adversely affected by the recent economic downturn and the medium to long term outlook for the Group's markets remains uncertain.

Any new, substantial downturn in one of its key markets or in a number of markets at the same time, may have an adverse effect on its business, financial position and results of operations.

***The Group may be adversely affected by any reduction, or deferral, of government spending on infrastructure projects***

Each of the Group's core markets is heavily influenced by the direct or indirect impact of government spending programmes, and in the case of the international business, the spending programmes of various overseas governments and international organisations. For the year ended 31 March 2011, approximately 66 per cent. of WYG's revenue was generated by public sector work. The unprecedented public sector cuts generated by the UK Government's major spending reviews have significantly affected the Group's activities and caused material uncertainty for the Group's future revenues. Any further reduction in Government spending affecting sectors on which the Group relies may have a material adverse effect on its business, financial condition or results of operations.

***The Group may be affected adversely by the actions of its competitors***

The Group operates in a number of different markets in several countries and therefore competes against a large number of other companies across different service lines. Whilst the Directors believe that the Group is well positioned in these markets, the Group remains exposed to the adverse impact of the actions of its competitors. The Group attempts to mitigate this risk by continually seeking to improve its competitive position and expects the Proposals to have a positive impact in this regard. Nonetheless, there is a risk that the actions of the Group's current or potential competitors may have an adverse effect on its business, financial condition or results of operations.

***The Group could be adversely affected if an important customer, or a number of important customers, were to withdraw "approved supplier" status***

Certain of the Group's revenues are dependent on being designated an "approved supplier" by a number of customers. There can be no guarantee that the Group will retain "approved supplier" status, and the Group seeks to mitigate such risks by ensuring that it has ongoing dialogue with these customers and by monitoring its business relationships with them. In particular, the Group has put in place procedures

to ensure, so far as possible, that it, its partners, subcontractors and suppliers comply with the UK's Bribery Act 2010. However, loss of "approved supplier" status may result in a loss of certain customer contracts, inhibit the ability to win new contracts and potentially cause a reduction in future revenues. This could have a material adverse effect on the Group's business, financial condition or results of operations which may or may not be offset by the writing of new client and new "approved supplier" framework agreements.

***The Group is exposed to risks concerning litigation or claims in connection with professional negligence, or similar matters, in respect of the services that the Group provides***

The Group operates in a number of professional service markets in which there is an inherent risk of claims for alleged professional negligence in respect of the services provided. Indeed, in common with its competitors, the Group receives numerous professional negligence or similar claims on an ongoing basis, with the number of such claims and the amount being claimed by claimants having increased during the recent economic downturn. The Group is insured against the majority of professional negligence claims, which provides the Group with a certain level of protection against such claims, though it does not completely mitigate the Group's exposures to the claims. The Group also seeks to mitigate the risks of professional negligence or similar claims through its internal processes and controls and is beginning to see the effects of such measures in the reduction of the number of notified claims and its insurance premiums. Notwithstanding the mitigation provided by insurance cover and the Group's own processes and controls, there is a risk that the impact of professional negligence or similar claims may have an adverse effect on the Group's business, financial condition and results of operations.

***The Group is exposed to the risk that it may be unable to retain members of its senior management team or attract or retain other key employees***

The Group's success depends, to a significant extent, on the continued services of its directors and senior management team, who have substantial experience in the industry and in their specific roles. In addition, the Group's ability to continue to identify and develop opportunities to develop and strengthen the position of the business depends on the management team's knowledge of, and expertise in, the Group's markets. There is no guarantee that any of the senior management team will remain employed by the Group.

In addition, the loss of members of the senior management team and of other suitably qualified employees, or the inability to hire and retain suitably qualified replacements, could impair the Group's ability to execute its business plan and achieve its objectives, cause it to lose customers or lead to employee morale problems or the loss of other important employees, any of which could adversely affect the Group's business, financial condition and results of operations.

***The Group is exposed to funding risks in relation to the Company's Pension Scheme and the WYG 1986 Pension Scheme***

The Group has two defined benefit schemes (the WYD Pension Scheme and the White Young Consulting Group Limited Retirement Benefit Plan (1985) (the "1986 Plan")), both of which are closed to new members and closed to future accrual. The 1986 Plan is in the process of being wound up. The combined IAS 19 deficit of the WYD Pension Scheme and the 1986 Plan is £3.9 million as at 30 June 2010. The outcome of future valuations of the WYD Pension Scheme will be dependent on various factors, including changes in market conditions and the performance of investments, on the actuarial assumptions adopted and changes to life expectancy. The independent trustee of the 1986 Plan has challenged the basis of the winding up of that plan, its closure to future accrual and the basis of the in the Settlement Agreement (as defined in Part VII of the AIM Admission Document dated 9 December 2009). The Group expects shortly to enter into discussions with the independent trustee of the 1986 Plan and advisers on behalf of the beneficiaries with a view to an outcome that is acceptable to all the interested parties. However, if such an outcome cannot be achieved and in the event that a Court was to determine that the Settlement Agreement is not binding, then WYG Engineering Limited could have a further potential funding liability to the 1986 Plan of between £2 million and £6 million. Future funding levels may therefore be subject to appropriate adjustment, and any increase in the Group's pension obligations could adversely affect its business, financial condition and results of operations.

***The market price of the Ordinary Shares may fluctuate in response to a number of factors, many of which are outside the Group's control***

The market price of the Ordinary Shares could be subject to fluctuations due to a change in sentiment in the market regarding the Ordinary Shares and to stock market fluctuations caused by general economic and political conditions, terrorist activity, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment and the supply and demand of capital. Any of these factors could result in a decline in the market price of the Ordinary Shares.

Accordingly, the market price of the Ordinary Shares may not reflect the underlying value of the Group, and the price at which investors may dispose of the Ordinary Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Group while others may be outside its control.

For all or any of the above reasons, the market price of the Ordinary Shares may go down as well as up. Investors may, therefore, not recover all or part of their original investment.



### PART 3

#### UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The unaudited combined and consolidated pro forma statement of net assets set out below has been prepared to illustrate the effect of the Proposals on the net assets of the Group as if the Proposals had taken place as at 31 March 2011. The information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. The unaudited pro forma statement of net assets is based on the unaudited balance sheet of the Group as at 31 March 2011 (as set out in the Preliminary Results Announcement) and on the basis set out in the notes below.

	<i>31 March 2011</i>	<i>Placing</i>	<i>Debt conversion</i>	<i>Revised</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Non Current Assets</b>	37,138			37,138
<b>Current Assets</b>				
Work in Progress	25,836			25,836
Trade and other receivables	30,192			30,192
Tax recoverable	291			291
<b>Current Liabilities</b>				—
Trade and other payables	(57,369)			(57,369)
Current tax liabilities	(456)			(456)
<b>Non current liabilities</b>	(33,041)		545	(32,496)
<b>Net Debt</b>	(29,211)	30,000	34,030	34,819
<b>Net Liabilities/Assets</b>	(26,620)	30,000	34,575	37,955

Notes to the Pro-forma statement of net assets

1. The professional costs are those costs incurred in connection with the proposed capital restructuring in addition to those incurred in the Placing;
2. The proceeds of the Placing are assumed at £30m being £32m gross proceeds less expenses incurred in the Placing of £2m;
3. The debt conversion in the statement is the amount of net debt as at 31 March 2011 excluding certain restricted cash balances (being those held within the captive insurance company and other restricted balances); and
4. The actual value of debt that will be converted at Completion is expected to be approximately £51 million. This figure includes professional fees, hedge settlement expenses and excludes restricted cash.

## APPENDIX

### PART 1

#### INTERMEDIATE ARTICLES OF ASSOCIATION

Resolution 3, which must be approved by the Shareholders at the General Meeting as a step to implementation of the Proposals, relates to the adoption of an intermediate set of articles of association (referred to as the “**Intermediate Articles**”) to reflect the changes to the Company’s share capital which will arise following completion of the Share Reorganisation and the Share Consolidation, but prior to Completion having effect upon which adoption of the New Articles and the remaining steps of the Restructuring will take effect.

Certain rights attaching to the Preference Shares and investor consent matters will continue to subsist in the Intermediate Articles, but will be removed when adoption of the New Articles takes effect on Completion.

The Intermediate Articles contain, *inter alia*, provisions to the following effect:

#### 1. Share Classes

The issued share capital of the Company currently comprises four classes of shares: Ordinary Shares, ‘A’ Preference Shares, ‘B’ Preference Shares and Deferred Shares. Following adoption of the Intermediate Articles, the issued share capital of the Company will also comprise ‘B’ Deferred Shares (arising as a result of the Share Reorganisation). The five classes of shares pursuant to the Intermediate Articles will have rights as follows:

##### 1.1 *Voting Rights*

The holders of the Ordinary Shares have the right to receive notice of and to attend, speak and vote at any general meeting of the Company and on a poll to exercise one vote for each Ordinary Share held.

The holders of the Preference Shares are not entitled to vote on any resolution or to receive notice of, attend, speak or vote at any general meeting of the Company unless the proposed resolution affects the rights of either class of the Preference Shares or is a resolution to wind up the Company.

The holders of the Deferred Shares and the ‘B’ Deferred Shares are not entitled to vote on any resolution or to receive notice of, attend, speak or vote at any general meeting of the Company.

##### 1.2 *Dividends*

The Company may not declare a dividend in favour of the holders of either the Ordinary Shares or the Preference Shares if the payment of such dividend would contravene the provisions of the Existing Facilities Agreement or the investment agreement to which the Company is currently a party until Completion takes place.

The holders of the Ordinary Shares are entitled to participate in the profits of the Company.

In the event that a dividend is declared in favour of the holders of the Ordinary Shares, the holders of the Preference Shares shall, without any recommendation or resolution of the Company in general meeting, be entitled to receive a cash dividend equal to 1 per cent. of the amount of the dividend declared in favour of the holders of the Ordinary Shares (the “**Preference Dividend**”). The Company may not pay a dividend to the holders of the Ordinary Shares unless and until the Company has first paid the Preference Dividend to the holders of the Preference Shares.

The holders of the Deferred Shares and the ‘B’ Deferred Shares are not entitled to any dividend.

## **2. Redemption of the Preference Shares**

Subject to the terms of the Existing Facilities Agreement, the Company shall have the right at any time, upon the giving of 30 days' prior written notice to the holders of the Preference Shares, to redeem either all or a minimum of 1,500,000 (or a multiple thereof) of the Preference Shares. In the event that the Company chooses to redeem the Preference Shares, the nominal value of such Preference Shares together with any Preference Dividend which is due and payable, shall be paid to the holders of the Preference Shares. The holders of the 'A' Preference Shares shall, in addition, be entitled to a premium on the 'A' Preference Shares redeemed (the "**Redemption Premium**"). The Redemption Premium shall be applied in the relevant year in question and not, for the avoidance of doubt, on a cumulative basis, as set out below:

- (a) 10 per cent. of the nominal value of the 'A' Preference Shares in the event that the 'A' Preference Shares are redeemed in either the first, second or third years, following adoption by the Company of its current Articles of Association ("**Current Articles**");
- (b) 30 per cent. of the nominal value of the 'A' Preference Shares in the event that the 'A' Preference Shares are redeemed in the fourth year following adoption by the Company of the Current Articles; and
- (c) 50 per cent., of the nominal value of the 'A' Preference Shares in the event that the 'A' Preference Shares are redeemed in the fifth year and each year thereafter following adoption by the Company of the Current Articles.

Any redemption of Preference Shares is to be done on a proportionate basis for all holders of Preference Shares.

## **3. Return of Capital**

The Intermediate Articles contain provisions dealing with the rights attaching to the different classes of shares on a sale of the entire issued share capital of the Company and a liquidation, winding-up, dissolution or reduction of capital or otherwise of the Company.

On a sale of the entire issued share capital of the Company, the holders of the Preference Shares shall be entitled to receive, before any return to holders of Ordinary Shares or Deferred Shares or 'B' Deferred Shares, an amount equal to the nominal value of the Preference Shares, any Preference Dividend which has become due and payable and, in the case of the 'A' Preference Shares, the Redemption Premium. With the approval of at least two holders holding in aggregate at least 60 per cent. of the 'A' Preference Shares then in issue, a lesser amount may be paid in respect of the 'A' Preference Shares.

On a return of assets on a liquidation, winding-up, dissolution or reduction of capital or otherwise of the Company, the surplus assets of the Company remaining after payment of its liabilities are to be applied firstly in paying the holders of the Preference Shares an amount equal to the nominal value of such shares together with any Preference Dividends due and payable and, in respect of the 'A' Preference Shares, the Redemption Premium. Thereafter the holders of the Ordinary, the Deferred Shares and the 'B' Deferred Shares are to receive an amount equal to the nominal value of such shares and finally the balance of the assets are to be distributed amongst the holders of the Ordinary Shares.

## **4. Appointment of Directors and Quorum for Board Meetings**

The holders of a majority of the 'A' Preference Shares in issue from time to time are entitled to appoint and remove two non-executive directors named "Investor Directors" and to nominate one of those Investor Directors as the Chairman. Unless an Investor Director approves otherwise and, save in other limited circumstances, for such period as an Investor Director is appointed, in order to be quorate, a board meeting requires the presence of at least one of the Investor Directors.

## **5. Deferred Shares and 'B' Deferred Shares**

The Company may at any time initiate a purchase of all the Deferred Shares and the 'B' Deferred Shares from the holders of such shares for not more than an aggregate sum of £0.01. The Company may, in such circumstances, direct that the transfer of such Deferred Shares and 'B' Deferred Shares is made to such person as the Company may direct to be the custodian of the Deferred Shares and the 'B' Deferred Shares.

## **6. Compulsory Transfer**

Subject to the holders of at least 51 per cent. of the 'A' Preference Shares determining otherwise any individual and related family member who is a holder of 'B' Preference Shares and who ceases to be a director, employee or consultant of any member of the Group, will be required to transfer such 'B' Preference Shares. The price the holder receives for the 'B' Preference Shares will vary depending on the circumstances in which the holder has ceased to be a director, employee or consultant of any member of the Group.

## PART 2

### NEW ARTICLES OF ASSOCIATION

Resolution 7, which must be approved by the Shareholders at the General Meeting in order for the Proposals to be implemented, relates to the adoption of the New Articles. The New Articles contain, *inter alia*, provisions to the following effect:

#### 1. Share Classes

Following the adoption of the Intermediate Articles but prior to the adoption of the New Articles, the issued share capital of the Company will comprise five classes of shares: Ordinary Shares, 'A' Preference Shares, 'B' Preference Shares, Deferred Shares and 'B' Deferred Shares. Following adoption of the New Articles, the issued share capital of the Company will comprise five classes Ordinary Shares, Convertible Shares, Deferred Shares, 'B' Deferred Shares and 'C' Deferred Shares. The rights attaching to the five classes of shares pursuant to the New Articles are as summarised below.

##### 1.1 Dividends

Subject to the rights of the holders of the Convertible Shares the holders of the Ordinary Shares are entitled to participate in the profits of the Company.

If the Company wishes to issue any distributions in excess of 50 per cent. of the Group's annual post tax income in respect of any accounting period ("Annual Dividend Limit"), it shall require the consent in writing of the holders of 50 per cent. or more of the nominal value of the Convertible Shares then in issue ("Written Consent") or the sanction of a resolution passed by the holders of Convertible Shares representing more than 50 per cent. of the nominal value of the Convertible Shares then in issue at a separate meeting of the holders of the issued shares of that class validly held in accordance with the New Articles ("Class Resolution").

The holders of Convertible Shares shall have the right in respect of a particular accounting period to receive their *pro rata* share of any further interim or final dividend in excess of an amount equal to the relevant Annual Dividend Limit *pari passu* with the holders of Ordinary Shares as if the Convertible Shares had been converted into fully paid Ordinary Shares at the conversion ratio applicable at that time. This right is subject always to the holders of Ordinary Shares having received an amount equal to the Annual Dividend Limit.

The holders of the Deferred Shares, 'B' Deferred Shares and 'C' Deferred Shares are not entitled to participate in the profits of the Company.

##### 1.2 Sale and Return of Capital

The New Articles contain provisions dealing with the rights attaching to the different classes of shares on a sale of the entire issued share capital of the Company and a liquidation, winding-up, dissolution or reduction of capital or otherwise of the Company.

On a sale of the entire issued share capital of the Company, the consideration for such sale shall be first applied in paying to the holders of the Ordinary Shares, the Deferred Shares, the 'B' Deferred Shares and the 'C' Deferred Shares (*pari passu* as if the same constituted one class of share) an amount equal to the sum of the nominal value of such shares. The balance of the consideration shall thereafter be distributed amongst the holders of the Ordinary Shares. The Convertible Shares, on completion of such sale, will (unless otherwise notified to the Company), convert into Ordinary Shares and participate in the proceeds of that sale *pro rata* to such Shareholdings.

On a return of assets on a liquidation, winding-up, dissolution or reduction of capital or otherwise of the Company, the surplus assets of the Company remaining after payment of its liabilities are to be applied first in paying to the holders of the Ordinary Shares, the Deferred Shares, the 'B' Deferred Shares and the 'C' Deferred Shares (*pari passu* as if the same constituted one class of share) an amount equal to the sum of the nominal value of such shares, and thereafter shall be distributed amongst the holders of the Ordinary Shares.

The holders of the Deferred Shares, the 'B' Deferred Shares and the 'C' Deferred Shares shall have no further rights to capital, save as summarised at paragraph 3 below.

The holders of Convertible Shares will not be entitled to participate in a return of capital or assets (whether on a winding up or otherwise).

### 1.3 ***Voting Rights***

The holders of the Ordinary Shares have the right to receive notice of and to attend, speak and vote at any general meeting of the Company and on a poll to exercise one vote for each Ordinary Share held.

The holders of Convertible Shares will be entitled to receive notice of and attend but will not be entitled to vote at a general meeting of the Company, save in respect of any resolution directly or indirectly modifying or varying any of the special rights, privileges or restrictions attached to the Convertible Shares (a "Class Rights Amendment Resolution").

On a Class Rights Amendment Resolution, on a show of hands, each holder of Convertible Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote, and on a poll each such holder shall be entitled to exercise the number of votes which he would have been entitled to exercise if the Convertible Shares held by him had been converted into fully paid Ordinary Shares at the prevailing conversion ratio.

The approval of the holders of Convertible Shares obtained by way of either a Written Consent or a Class Resolution (as such expressions are defined at paragraph 1.1 above) will be required before the Company may create another class of shares which ranks ahead of the Ordinary Shares.

The holders of the Deferred Shares, 'B' Deferred Shares and 'C' Deferred Shares are not entitled to vote on any resolution or to receive notice of, attend, speak or vote at any general meeting of the Company.

## 2. **Rights attaching to the Convertible Shares**

### 2.1 ***Conversion***

- (a) With regard to conversion, if, at any time between the 2nd and 10th anniversary of the date of issue of the Convertible Shares (the "**Conversion Period**"), the volume weighted average Ordinary Share price calculated by reference to a trading period of 25 consecutive days prior to the date of conversion, is greater than 3 times the Placing Price (or such adjusted value as may have been calculated in accordance with the Articles) (the "**Target Pvwap**"), (the "**Conversion Condition**"), then each holder of Convertible Shares shall be entitled to require (by notice to the Company to such effect) ("**Conversion Notice**") that some or all of such holder's Convertible Shares be converted into Ordinary Shares.
- (b) Conversion of such shares is subject to a minimum conversion increment of Convertible Shares into not fewer than 100,000 Ordinary Shares.
- (c) If at any time an offer to acquire the entire issued share capital of the Company becomes unconditional in all respects (or, in the case of a scheme of arrangement, such scheme becomes effective), or the Ordinary Shares cease to be admitted to trading either on AIM or on the main market of the London Stock Exchange, the Convertible Shares shall be converted into Ordinary Shares, (notwithstanding that the Conversion Condition has not been satisfied), unless a holder of Convertible Shares notifies the Company within two weeks of such event that it does not wish for its Convertible Shares to be converted. In such a case, any Convertible Shares that are not converted will automatically convert into non-voting deferred shares.
- (d) Unless subject to an adjustment (to reflect a subdivision or consolidation of the Ordinary Shares), each Convertible Share shall convert into one Ordinary Share (the "**Conversion Ratio**").

- (e) New Ordinary Shares arising on conversion of the Convertible Shares will rank *pari passu* with any existing Ordinary Shares, save in respect of any dividend or distribution declared, paid or made by reference to a record date prior to the date of conversion.

## 2.2 **Adjustments to Conversion Ratio**

The Target Pvwap and/or the Conversion Ratio may be adjusted following the occurrence of consolidation or subdivision of Ordinary Shares (each an “**Adjustment Event**”).

## 2.3 **Admission to AIM**

The Company shall use all reasonable endeavours to procure that any Ordinary Shares arising on conversion of the Convertible Shares are admitted to listing and trading on AIM (or such other stock exchange on which the Ordinary Shares may be listed and traded at such time).

## 2.4 **Repurchase**

In the event that a holder of Convertible Shares has not served a notice to convert its Convertible Shares into Ordinary Shares by the end of the Conversion Period, then the conversion rights attaching to the Convertible Shares shall lapse and the Convertible Shares shall be converted into non-voting deferred shares with the same rights as the existing Deferred Shares, including the right for the Company to buy back such Deferred Shares for a nominal amount at any time following such conversion.

## 3. **Deferred Shares, ‘B’ Deferred Shares and ‘C’ Deferred Shares**

The Company may at any time initiate a purchase of all the Deferred Shares, the ‘B’ Deferred Shares and the ‘C’ Deferred Shares from the holders of such shares for not more than an aggregate sum of £0.01 for all the Deferred Shares, the ‘B’ Deferred Shares and the ‘C’ Deferred Shares in issue without obtaining the sanction of the holders thereof, or direct that the transfer of such shares is made to such person as the Company may direct, for no consideration, such person to be the custodian of the Deferred Shares, the ‘B’ Deferred Shares and/or the ‘C’ Deferred Shares.

## 4. **Variation of rights**

Save for the Convertible Shares, all or any of the rights attached to any class of share may from time to time be modified, varied or abrogated with the consent in writing of the holders of three quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. Any of the rights attaching to the Convertible Shares may from time to time be varied or abrogated with the consent in writing of the holders of 50 per cent. in nominal value of that class of shares or with the sanction of an ordinary resolution passed at a separate general meeting of the holders of those shares.

The provisions of the New Articles relating to general meetings shall apply to every general meeting of the holders of any class of shares, provided that the necessary quorum shall be holders in person or by proxy representing not less than one third in nominal value of the issued shares of that class and if at any such meeting the aforementioned quorum is not present, then at any adjourned meeting such holders who are present in person or by proxy shall constitute a quorum.

The holders of Convertible Shares will (as summarised above) be entitled to vote at a general meeting in respect of any resolution directly or indirectly modifying or varying any of the special rights, privileges or restrictions attaching to the Convertible Shares.

The rights attached to any class of shares shall not, unless otherwise expressly provided by the terms on which they are being held, be deemed to be varied by (a) the creation or issue of further shares ranking *pari passu* with them or (b) the purchase or redemption by the Company of any of its own shares (whether of that or any other class) or the sale of any shares (of that or any other class) held as treasury shares or (c) a reduction of the Company’s share premium account.

The holders of the Convertible Shares have additional consent rights in respect of dividends and certain matters connected with the conversion of their shares.



## **5. Removal of rights attaching to Preference Shares and investor consent matters**

Given that adoption of the New Articles is conditional on passing of the resolution to redesignate the Preference Shares into 'C' Deferred Shares, and also on Completion, the New Articles will remove all those rights contained in the current Articles of Association ("**Current Articles**") and the Intermediate Articles which attach specifically to the Preference Shares, as such rights will not be relevant going forward. Accordingly, the following provisions of the Current Articles and the Intermediate Articles which give specific rights to the holders of the Preference Shares will be deleted:

- 5.1 rights relating to payment of a Preference Dividend (as defined in the Current Articles);
- 5.2 rights attaching to the Preference Shares on a sale or winding up or other dissolution;
- 5.3 the right for holders of Preference Shares to vote on any resolution with regard to the winding up of the Company and/or which affects the rights of a class of Preference Shares;
- 5.4 the rights with regard to appointment of an Investor Director (as defined in the Current Articles);
- 5.5 the rights with regard to redemption of the Preference Shares; and
- 5.6 the mandatory transfer provisions relating to holders of Preference Shares who cease to be employed by the Group.

Having regard to the implementation of the Proposals and the amendment of the Existing Facilities Agreement, the investor approval matters contained in the Current Articles and the Intermediate Articles will also be removed.



## PART 3

### FRAMEWORK AGREEMENT

The Framework Agreement provides for the implementation of the Restructuring, including, amongst other things:

- the execution of the Amended and Restated Facilities Agreement, the Debt Conversion Agreement and the Placing Agreement;
- the conditions subject to which (a) the Restated Facilities shall become available under the Amended and Restated Agreement and (b) the Debt Conversion agreement shall become effective;
- an undertaking from the Company to run the business of the Group in the ordinary course for the period commencing on 24 June 2011 and ending on the earliest of (i) Completion (as defined in the Framework Agreement), (ii) the date on which the Agent gives notice pursuant to the terms of the Framework Agreement terminating the obligation of the Lenders to enter into the Restructuring and (iii) 5 p.m. on 20 July 2011 (“the Ordinary Course Undertaking”);
- various warranties from the Company to the Lenders, the Hedge Counterparties and the Lender Nominees including, *inter alia*, (i) the accuracy of the documentation sent to Shareholders, (ii) the accuracy of statements made to the London Stock Exchange and (iii) the working capital report prepared in connection with the Restructuring;
- warranties from the Related Party Directors to the Lenders, the Hedge Counterparties and the Lender Nominees regarding the accuracy of information supplied to the Lenders;
- the mechanics for the completion of the Restructuring, including the conversion of the Existing Facilities into the Amended and Restated Facilities; and
- the payment of advisory fees and expenses by the various members of the Group.

Under the Framework Agreement, Completion is conditional upon, and the Amended and Restated Facilities will only become available and the Debt Conversion Agreement will only become effective upon, *inter alia*, the Restructuring Conditions Precedent having been fulfilled (or waived in writing by the Agent).

The Restructuring Conditions Precedent are:

- the obtaining of the approval of the Shareholders to the Resolutions at the GM;
- delivery to the Agent of a certified copy of a resolution of the board of directors approving the allotment of the Convertible Shares (conditional only on Completion) and the Placing Shares (conditional only on Admission);
- each of (1) the Company, (2) David Wilton and Paul Hamer and (3) Graham Olver and Mike McTighe providing a letter in the agreed form addressed to the Lenders, the Lender Nominees and the Hedge Counterparties confirming that there is no material breach of any of the warranties given by them and which are set out in Schedule 6 of the Framework Agreement;
- receipt by the Company of no less than £28,330,000 in respect of the Placing into a bank account held by the Company with Lloyds; and
- receipt by the Agent of the Conversion Balance representing repayment of certain pre-existing cash balances at the date of the transaction.

The Conversion Balance is to be paid to the Agent out of the proceeds of the Placing for logistical ease in order to effect the elimination by the Lenders of the Group’s net debt position; it represents the repayment of positive cash balances in the Group prior to the transaction and is not a disbursement from the proceeds.

The Framework Agreement may be terminated by the Agent if, *inter alia*:

- the Initial Conditions Precedent (as defined in the Framework Agreement) have not been fulfilled or waived by 5.00 p.m. on 24 June 2011, or
- if the Restructuring Conditions Precedent have not been satisfied (or waived) by 5.00 p.m. on 18 July 2011 or (and only) in the event that CREST fails at any time during the period (from and including) 12 July 2011 to 18 July 2011, 5.00 p.m. on 20 July 2011, or
- Admission does not occur on or before 12 July 2011 or in the event that Admission does not occur on 12 July 2011 for reasons outside the control of the Parties, 13 July 2011, or
- if a Major Default or a Non-Major Default (as each such term is defined in the Framework Agreement) in the period prior to Admission occurs (for so long as the same has not been waived or remedied (if capable of remedy)) under the Existing Facilities Agreement, or
- if the Shareholders fail to pass all of the Resolutions at the GM, or
- if there is material breach prior to Admission of any of clauses 2.6 to 2.8 (inclusive) and clause 2.10 which provide for the execution of certain documents including the Placing Agreement and the Debt Conversion Agreement by any of the Executives or any of the Obligors (as each such term is defined in the Framework Agreement) or Numis (as applicable) or a material breach of clause 8 which contains an undertaking from the Company in relation to the conduct of business between 24 June 2011 and Completion, or
- if there is a material breach prior to Admission of any of the warranties contained in Schedule 6 of the Framework Agreement; or
- if the Placing Agreement is terminated in accordance with its terms.

The Initial Conditions Precedent include *inter alia*:

- the execution by the Company of each of the following:
  - the Debt Conversion Agreement;
  - the Placing Agreement;
  - the Amended Working Capital Facility Agreements;
  - the Amended and Restated Facilities Agreement; and
  - the Investment Agreement Termination Deed;
- the execution by the relevant Obligors of each of the following:
  - the Amended and Restated Facilities Agreement;
  - the Working Capital Facility Agreements to which they are a party; and
  - the Debt Conversion Deed;
- the execution by the Related Party Directors of the Investment Agreement Termination Deed;
- the execution by Numis of the Placing Agreement;
- the execution of the Irrevocables by the Related Party Directors and the Trustee;
- the publication of the press announcement relating to the Circular in the agreed form through a Regulatory Information Service by no later than 9.00 a.m. on the Business Day immediately following the date on which the Framework Agreement is entered into; and
- the provision of the documentation and information set out at Schedule 2 of the Amended and Restated Facilities Agreement.

## DEFINITIONS

*The following definitions apply throughout this document, unless the context requires otherwise:*

“2009 Restructuring”	the reorganisation of the Company’s bank facilities held with the Lenders by way of a restructuring of the Group’s debt and the restructuring of the share capital of the Company, all of which was completed on 8 January 2010
“Act”	the Companies Act 2006, as amended
“Admission”	the admission of the New Ordinary Shares on AIM becoming effective in accordance with the AIM Rules
“Agent”	Lloyds TSB Bank plc, in its capacity as agent under the Existing Facilities Agreement
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies, which sets out the rules and responsibilities for companies listed on AIM, as amended from time to time
“Amended and Restated Facilities Agreement”	has the meaning specified in paragraph 3 of Part 1
“Amended Working Capital Facility Agreements”	<p>the agreement dated 8 December 2009, as amended by way of an amendment letter dated 24 June 2011, setting out the terms of the euro denominated bonding facilities made available by Fortis;</p> <p>the agreement dated 8 December 2009, as amended by way of an amendment letter dated 24 June 2011, setting out the terms of the bonding facility provided by BNP Paribas Bank Polska S.A. to each of the Polish Obligors;</p> <p>means the agreement dated 8 December 2009, as amended by an amendment letter dated 24 June, setting out the terms of the euro denominated bonding facilities made available by Lloyds TSB Bank plc; and</p> <p>the agreement dated 8 December 2009, as amended by an amendment letter dated 24 June 2010, setting out the terms of the multicurrency denominated overdraft facility operated on a net nil basis, a BACS facility, a FX facility and a charge cards line, in each case made available by Lloyds TSB Bank plc</p>
“‘A’ Preference Shares”	the ‘A’ preference shares of £1 each in the capital of the Company
“Arbuthnot Securities”	Arbuthnot Securities Limited, a company incorporated in England and Wales with registered number 00762818
“Articles” or “Articles of Association”	the current articles of association of the Company
“BNP Paribas Bank Polska”	BNP Paribas Bank Polska S.A. (formerly known as Fortis Bank Polska S.A.)
“Board” or “Directors”	the board of directors of the Company, whose names appear on page 6 of this document

“Borrowers”	WYG International Limited, WYG Engineering Limited, WYG Environment Planning Transport Limited, WYG Management Services Limited and WYG Group Limited
“‘B’ Deferred Shares”	the ‘B’ deferred shares of 9.998 pence each in the capital of the Company, to be created following completion of the Share Reorganisation, details of which are set out at paragraph 7 of Part 1 of this document
“‘B’ Preference Shares”	the ‘B’ preference shares of £1 each in the capital of the Company
“‘C’ Deferred Shares”	the ‘C’ deferred shares of £1 each in the capital of the Company, to be created on re-designation of the Preference Shares
“Capita Registrars”	a trading name of Capita Registrars Limited
“Chairman’s Share Award”	has the meaning set out in paragraph 10 of Part 1 of this document
“Company” or “WYG”	WYG plc, a public limited company incorporated in England and Wales with registered number 869543 and whose registered office is at Arndale Court, Otley Road, Headingley, Leeds LS6 2UJ
“Completion”	completion in accordance with the terms of the Framework Agreement
“Convertible Shares”	the 4,540,758 convertible shares of 0.1 pence each in the capital of the Company, to be allotted conditional on Completion, details of which are set out at paragraph 6 of Part 1 of this document
“Conversion Balance”	£2,295,000
“CREST”	the computer-based system established under the Regulations which enables title to units of relevant securities (as defined in the Regulations) to be evidenced and transferred without a written instrument and in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations)
“Current Share Incentive Scheme”	being the Executive Share Option Scheme, the Share Incentive Plan, the Employee Share Participation Scheme, the WYG Joint Share Ownership Plan 2009, the WYG Preference Share Plan 2009, the Long Term Incentive Plan
“Debt Conversion”	the conversion of approximately £51 million of net debt currently outstanding under the Existing Facilities Agreement into Convertible Shares
“Debt Conversion Agreement”	the agreement entered into on 24 June 2011 between the Lenders, the Company, the Agent and the Borrowers pursuant to which Debt Conversion will take place
“Deferred Shares”	the deferred shares of 4 pence each in the capital of the Company

“Deloitte Corporate Finance”	a division of Deloitte LLP, a limited liability partnership registered in England and Wales with registered number OC303675
“Enlarged Issued Ordinary Share Capital”	the ordinary share capital of the Company as enlarged by the issue of the 64,000,000 New Ordinary Shares
“Executive Directors”	Paul Hamer, David Wilton and Graham Olver
“Existing Facilities”	the bank facilities which are available to the Group pursuant to the Existing Facilities Agreement
“Existing Facilities Agreement”	the agreement dated 8 December 2009 entered into between the Company, the Obligors and the Lenders which provides, <i>inter alia</i> , for the provision of a term loan facility of £50 million, the provision of working capital facilities and a bonding facility
“Existing Issued Ordinary Share Capital”	the issued ordinary share capital of the Company as at 23 June 2011 (being the latest practicable date prior to publication of this document)
“Existing Ordinary Shares”	the ordinary shares of 10 pence each in the capital of WYG in existence at the date of this document which, following the Share Reorganisation, will be ordinary shares of 0.002 pence each in the capital of WYG and which, following the Share Consolidation, will become ordinary shares of 0.1 pence each in the capital of WYG
“Existing Shareholders”	holders of Existing Ordinary Shares
“Form of Proxy”	the form of proxy relating to the General Meeting being sent to Shareholders with this document
“Fortis”	Fortis Bank BNP Paribas, UK Branch
“FSA”	the UK Financial Services Authority
“Framework Agreement”	has the meaning set out in paragraph 3 of Part 1 of this document
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of WYG convened for 11 a.m. on 11 July 2011 (or any adjournment of it), by the Notice of General Meeting
“Group”	the Company, its subsidiaries and its subsidiary undertakings
“Hedge Counterparties”	Lloyds TSB Bank plc, Fortis Bank and The Royal Bank of Scotland PLC
“Independent Directors”	Robert Barr and David Jeffcoat
“Intermediate Articles”	the new articles of association of the Company proposed to be adopted at the General Meeting as described at paragraph 8 of Part 1 of this document, a summary of the principle terms of which are set out in the Appendix of this document
“Investment Agreement”	the investment agreement entered into between the Lender Nominees, the Company, RBC cees Trustee Limited and the Executives (as defined therein) on 8 December 2009

“Investment Agreement Termination Deed”	the deed to be entered into between the parties to the Investment Agreement terminating the Investment Agreement
“Lender Nominees”	Ranelagh Nominees Limited, Fortis Bank, UK Branch and West Register (Investments) Limited
“Lenders”	Lloyds, Fortis, BNP Paribas Bank Polska and RBS
“Lloyds”	Lloyds TSB Bank plc
“London Stock Exchange”	London Stock Exchange plc
“Major Default”	has the meaning given to that term in the Existing Facilities Agreement
“Matching Share Award”	has the meaning set out in paragraph 10 of Part 1 of this document
“New Articles” or “New Articles of Association”	the new articles of association of the Company, proposed to be adopted at the General Meeting subject to Completion, a summary of the principal terms of which are set out in the Appendix of this document
“New Ordinary Shares”	the new ordinary shares of 0.1 pence each in the capital of WYG to be issued in connection with the Placing at the Placing Price
“Non-Major Default”	has the meaning given to that term in the Existing Facilities Agreement
“Notice of General Meeting”	the notice of General Meeting, set out at the end of this document (and any adjournment thereof)
“Numis”	Numis Securities Limited, a company incorporated in England and Wales with registered number 02285918
“Obligors”	the Company, WYG Group Limited, WYG Engineering Limited, WYG Management Services Limited, WYG Environment Planning Transport Limited, WYG International Limited, WYG International Projects Limited, WYG Ireland Limited, WYG Environmental and Planning (Ireland) Limited, WYG Nolan Ryan Tweeds Limited, WYG Engineering (Ireland) Limited, WYG Engineering (Northern Ireland) Limited, WYG Environmental & Planning (Northern Ireland) Limited, WYG Nolan Ryan Tweeds (Northern Ireland) Limited, WYG International SP Z.O.O., WYG Consulting SP Z.O.O., PDSB SP Z.O.O. and WYG International Danismanlik Limited Sirketi
“Ordinary Shares”	prior to the completion of the Share Reorganisation, ordinary shares of 10 pence each in the capital of WYG and, following completion of the Share Reorganisation, ordinary shares of 0.002 pence each in the capital of WYG and following the Share Consolidation, ordinary shares of 0.1 pence each in the capital of WYG
“Placing”	the proposed non pre-emptive placing by the Company of 64,000,000 New Ordinary Shares at the Placing Price

“Placing Agreement”	the conditional agreement dated 24 June 2011 relating to the Placing, between the Company, Numis and Arbuthnot Securities
“Placing Price”	50 pence per New Ordinary Share
“Post-Consolidation Ordinary Shares”	the ordinary shares of 0.1 pence each held in the Company, which prior to the Share Consolidation were Existing Ordinary Shares
“Preference Shares”	the ‘A’ Preference Shares and the ‘B’ Preference Shares
“Preliminary Results Announcement”	the announcement made via a Regulatory Information Service by WYG on 16 June 2011 regarding the Company’s unaudited preliminary results
“Proposals”	the Restructuring, as more fully described in paragraph 3 of Part 1 as set out in this document and the Placing, as more fully described in paragraph 4 of Part 1 as set out in this document
“RBS” or “The Royal Bank of Scotland”	The Royal Bank of Scotland plc
“Registrars”	Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
“Related Party Directors”	Paul Hamer, David Wilton, Graham Olver and Michael McTighe
“RIS”	a Regulated Information Service on the FSA’s list of Regulated Information Services
“Resolutions”	the ordinary and special resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting
“Restated Facilities”	the lending facilities to be made available to the Group pursuant to the Amended and Restated Facilities Agreement
“Restructuring”	the proposed restructuring of the debt and share capital of the Company through, <i>inter alia</i> , the Share Reorganisation, the conversion of certain amounts of the Company’s current debt held with the Lenders apart from the exposure under bonding facilities into Convertible Shares, the re-designation of the Preference Shares into ‘C’ Deferred Shares and the Share Consolidation
“Restructuring Conditions Precedent”	the conditions precedent set out at Schedule 4 of the Framework Agreement
“Securities Act”	the United States Securities Act of 1933, as amended
“Share Consolidation”	the consolidation of every 50 Existing Ordinary Shares into one Post-Consolidation Ordinary Shares, as more particularly described in paragraph 8 of Part 1 of this document
“Shareholders”	holders of Ordinary Shares each individually being a “Shareholder”



“Share Reorganisation”	the sub-division and re-classification of each Existing Ordinary Share into one ordinary share of 0.002 pence each and one ‘B’ Deferred Share of 9.998 pence each on the basis set out in Resolution 1, further details of which are set out in paragraph 7 of Part 1 of this document
“Trading Day”	a day on which the London Stock Exchange is open for the transaction of business
“Unapproved Share Option Scheme”	the WYG plc Unapproved Executive Share Option Scheme (1996)
“United States”	the United States of America (including the states of the United States and the District of Columbia), its possessions and territories and all areas subject to its jurisdiction
“WYG Joint Share Ownership Plan 2009”	the Company’s joint share ownership plan approved by Shareholders at a general meeting on 6 January 2010 pursuant to which the Company may grant awards to employees of the Company
“WYG Performance Share Plan 2009”	the Company’s performance share plan approved by Shareholders at a general meeting on 6 January 2010 pursuant to which the Company may grant awards to employees of the Company



# WYG PLC

*Incorporated in England & Wales under registration number 01869543*

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of WYG plc (the “**Company**”) will be held at the offices of WYG plc, Arndale Court, Otley Road, Headingley, Leeds LS6 2UJ, on 11 July 2011 at 11 a.m. to consider and, if thought fit to pass, the following resolutions:

### **Resolution 1: Ordinary Resolution – Sub-division of existing ordinary shares of £0.10 each in the capital of the Company**

**THAT**, subject to and conditional upon the passing of resolutions 2 to 7 set out in this notice of General Meeting (“**Notice**”), each of the existing ordinary shares of 10 pence each in the capital of the Company shall be sub-divided into and re-classified as one new ordinary share of 0.002 pence each, having the rights and being subject to the restrictions set out in the intermediate articles of association of the Company to be adopted pursuant to resolution 3 below (“**Intermediate Articles**”) and the articles of association of the Company to be subsequently adopted pursuant to resolution 7 below (“**New Articles**”) and one ‘B’ deferred share of 9.998 pence each in the capital of the Company (“**‘B’ Deferred Shares**”), such ‘B’ Deferred Shares having the rights and being subject to the restrictions set out in the Intermediate Articles and the New Articles.

### **Resolution 2: Ordinary Resolution – Share consolidation**

**THAT**, subject to and conditional upon the passing of resolution 1 above and resolutions 3 to 7 set out in this Notice, every fifty of the Existing Ordinary Shares (as defined in the Circular sent to shareholders on the date of this Notice the “**Circular**”) (for the avoidance of doubt following the sub-division and reclassification referred to in resolution 1 above), shall be consolidated into one ordinary share of 0.1 pence each in the capital of the Company, such shares having the rights and being subject to the restrictions set out in the Intermediate Articles and the New Articles.

### **Resolution 3: Special Resolution – Adoption of Intermediate Articles**

**THAT**, subject to and conditional upon the passing of resolutions 1 and 2 and resolutions 4 to 7 set out in this Notice, the articles of association of the Company produced to the meeting and marked “**Intermediate Articles**” and initialled, for identification purposes only, by the Chairman of the meeting (a summary of which is contained in the Circular) be and are hereby adopted as the new articles of association of the Company.

### **Resolution 4: Ordinary Resolution – Authority to allot shares**

**THAT**, subject to and conditional upon the passing of resolutions 1 to 3 and resolutions 5 to 7 set out in this Notice, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum nominal amount of £69,903.51 as follows:

- (a) 64,000,000 New Ordinary Shares (as defined in the Circular) in connection with the Placing (as defined in the Circular);
- (b) 4,540,758 Convertible Shares (as defined in the Circular) in connection with the Restructuring (as defined in the Circular) (and any subsequent conversion thereof into Ordinary Shares (as defined in the Circular) in accordance with their terms and the New Articles); and
- (c) 1,362,743 Ordinary Shares (as defined in the Circular) in connection with the issue of share awards pursuant to the Matching Share Award (as defined in the Circular) and the Chairman’s Share Award (as defined in the Circular).

This authority shall expire (unless previously varied as to duration, revoked or renewed by the Company in general meeting) on the earlier of the conclusion of the next annual general meeting of the Company and such date which is fifteen months from the date of this resolution, except that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or such rights to be granted after such expiry and the directors may allot shares or grant such rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired. This authority shall be in addition to all existing authorities to allot to the extent such authorities are unused.

**Resolution 5: Special Resolution – Disapplication of pre-emption rights**

**THAT**, subject to and conditional upon the passing of resolutions 1 to 4 and resolutions 6 and 7 set out in this Notice, the Directors of the Company be and are hereby empowered pursuant to section 571 of the Companies Act 2006 to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash pursuant to the authority conferred by resolution 4 above, as if section 561(1) of the Companies Act 2006 did not apply to such allotment, provided that this power shall be limited to the allotment for cash of 64,000,000 New Ordinary Shares and 4,540,758 Convertible Shares (and any subsequent conversion thereof into Ordinary Shares in accordance with the terms thereof) in connection with the Placing and the Restructuring and the allotment of up to 1,362,743 Ordinary Shares to Robert Michael McTighe in connection with the issue of share awards pursuant to the Chairman’s Share Award and the Matching Share Award (each as defined in the Circular), provided that such authority shall expire on the earlier of the conclusion of the next annual general meeting of the Company and such date which is fifteen months from the date of this resolution save that the Company may before that expiry make an offer or agreement which would or might require equity securities to be allotted after that expiry and the directors may allot equity securities in pursuance of that offer or agreement as if the power conferred by this resolution had not expired.

**Resolution 6: Ordinary Resolution – Redesignation of Preference Shares**

**THAT**, subject to and conditional upon (i) the passing of resolutions 1 to 5 and resolution 7 set out in this Notice, and (ii) Completion taking place (as such expression is defined in the Circular) each of the existing ‘A’ preference shares of £1 each in the capital of the Company and each of the existing ‘B’ preference shares of £1 each in the capital of the Company be redesignated as one ‘C’ deferred share of £1 each in the capital of the Company (“‘C’ Deferred Shares”), such ‘C’ Deferred Shares having the rights and being subject to the restrictions set out in the New Articles.

**Resolution 7: Special Resolution – Adoption of New Articles of Association of the Company**

**THAT**, subject to and conditional upon (i) the passing of resolutions 1 to 6 set out in this Notice and (ii) Completion taking place the articles of association of the Company produced to the meeting marked “**New Articles**” and initialled, for identification purposes only, by the Chairman of the meeting (a summary of which is contained in the Circular) be and are hereby adopted as the new articles of association of the Company in substitution for, and to the exclusion of, the articles of association in place immediately prior to Completion taking place.

BY ORDER OF THE BOARD

**Benjamin Whitworth**

*Company Secretary*

24 June 2011

*Registered Office:*

Arndale Court, Otley Road, Headingley, Leeds LS6 2UJ

Incorporated in England and Wales under registration number 01869543

## NOTES:

1. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company specifies that in order to have the right to attend and vote at the General Meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 11 a.m. on 9 July 2011 or, in the event of any adjournment, at 11 a.m. on the date which is two days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall 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, to speak and to vote (whether on a show of hands or a poll) at the General Meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy may demand or join in demanding a poll. A proxy need not be a member of the Company. A form of proxy for the meeting is enclosed. To be valid any proxy form or other instrument appointing a proxy must be received by post or by hand (during normal business hours only) to our registrar Capita Registrars at PXS, The Registry 34 Beckenham Road, Beckenham, Kent BR3 4TU in each case no later than 11 a.m. on 9 July 2011. If you are a CREST member, see note 3 below.

Completion of a form of proxy, or other instrument appointing a proxy or any CREST Proxy Instruction will not preclude a member attending and voting in person at the meeting if he/she wishes to do so.

3. Alternatively, if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained below. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures, and to the address, described in the CREST Manual subject to the provisions of the Company's articles of association. 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 using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland (formerly CRESTCo) specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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 issuer's agent (CREST participant ID RA10) by 11 a.m. on 9 July 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp 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. 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 provider(s) should note that Euroclear UK and Ireland (formerly 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(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 provider(s) 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 (as amended).

4. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
5. A copy of this Notice can be found at [www.wyg.com](http://www.wyg.com).
6. You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this Notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated in this Circular.

