

Notice of meeting

Notice is hereby given that the twelfth annual general meeting of members of Charter plc will be held at the offices of ABN AMRO, 250 Bishopsgate, London EC2M 4AA on Friday 24 June 2005 at 12 noon for the following purposes:

- 1 To receive and consider the accounts and the report of the directors for the year ended 31 December 2004.
- 2 To re-appoint Mr D Gawler as a director of the Company who retires and offers himself for re-election.
- 3 To re-appoint Mr J M Neill as a director of the Company who retires and offers himself for re-election.
- 4 To re-appoint Mr M G Foster as a director of the Company following his appointment as Commercial Director on 1 January 2005.
- 5 To re-appoint Mr G Denham as a director of the Company following his appointment on 7 February 2005.
- 6 To re-appoint Mr A S C Osborne as a director of the Company following his appointment on 7 February 2005.
- 7 To re-appoint Mr J Biles as a director of the Company following his appointment on 1 April 2005.
- 8 To re-appoint PricewaterhouseCoopers LLP as auditors.
- 9 To authorise the board to fix the remuneration of the auditors.
- 10 To approve the directors' remuneration report for the year ended 31 December 2004.
- 11 To consider the following resolution, which will be proposed as an Ordinary Resolution:

"THAT the directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £1,054,457 PROVIDED THAT this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired."

- 12 To consider the following resolution, which will be proposed as a Special Resolution:

"THAT the directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by the previous resolution and/or where such allotment constitutes an allotment of equity securities by virtue of Section 94 (3A) of the said Act, as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment, PROVIDED THAT this power shall be limited:

- (a) to the allotment of equity securities in connection with a rights issue, open offer, or any other pre-emptive offer in favour of shareholders (excluding any shareholder holding shares as treasury shares) where the equity securities respectively attributable to the interests of all such shareholders are proportionate (as nearly as may be) to the respective numbers of shares held by them (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever); and
- (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £158,168,

and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired."

13 To consider the following resolution, which will be proposed as a Special Resolution:

"THAT the Company be and is hereby authorised, pursuant to section 166 of the Companies Act 1985, to make market purchases (within the meaning of Section 163 of the Companies Act 1985) of up to an aggregate of 15,000,000 ordinary shares of 2p each of the Company in such manner as the directors may from time to time determine, at a price (exclusive of expenses) which is:

- (a) not less than 2p per share; and
- (b) not more than 5% above the arithmetical average of the middle market quotations of ordinary shares of 2p each of the Company (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding any such purchase;

and that the authority conferred by this resolution shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 23 September 2006, save that the Company may before the resolution expires make a contract of purchase which will or may be executed wholly or partly thereafter, and a purchase of shares may be made in pursuance of any such contract."

14 To consider the following resolution, which will be proposed as a Special Resolution:

"THAT the Articles of Association of the Company be amended:

- (a) by the deletion of the existing Article 82 and the insertion of the following article to appear as Article 82:

"Each of the Directors (other than a Director holding any salaried office or employment with the Company or any subsidiary of the Company) shall be paid a fee at such rate as may from time to time be determined by the Board, provided that the aggregate of fees so paid (excluding amounts payable under any other provision of these articles) shall not exceed £400,000 per annum (which figure shall be subject to upwards only adjustment in line with any percentage increase in the Index of Retail Prices since 24 June 2005 or such higher amount as may from time to time be decided by ordinary resolution of the Company. The fees shall be deemed to accrue from day to day. For the purposes of this Article, the Index of Retail Prices means the index of retail prices published by the appropriate United Kingdom government department."

- (b) by the insertion of the following sentence at the end of Article 84:

"The Company may also fund a Director's expenditure on defending proceedings as provided by the Statutes."; and

- (c) by the deletion of the existing Article 153 and the insertion of the following article to appear as Article 153:

"Subject to the provisions of the Statutes, the Company may indemnify any Director of the Company or of any associated company against any liability and may purchase and maintain for any Director of the Company or of any associated company insurance against any liability." "

15 To consider the following resolution, which will be proposed as an Ordinary Resolution:

"THAT the rules of the Charter 2005 Long Term Incentive Plan (the "Plan"), a summary of which is set out in the Appendix to the notice of meeting, produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to:

- (a) make such modifications to the Plan as they may consider appropriate to take account of the requirements of the UK Listing Authority and best practice and to adopt the Plan as so modified and to do all such acts and things as they may consider appropriate to implement the Plan; and
- (b) establish further plans based on the Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the Plan.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy accompanies this notice.

By order of the board
A R Yapp Secretary
24 May 2005

Registered office
52 Grosvenor Gardens
London SW1W 0AU

Notes

- (i) To have the right to attend and vote at the annual general meeting you must hold ordinary shares in the Company and your name must be entered on the share register of the Company at least 48 hours before the meeting.
- (ii) Forms of proxy must reach the Company's registrars, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol, BS99 3ZZ, not less than 48 hours before the meeting. A form of proxy accompanies this notice.
- (iii) Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at the meeting must comply with the relevant conditions governing share warrants to bearer.
- (iv) Mr D Gawler (age 65) (Chairman and Chief Executive)

Mr Gawler was appointed a non-executive director of Charter on 18 December 2000 and became an executive director on 15 March 2001 and Chairman and Chief Executive on 25 April 2001. He was formerly Chief Executive of Semara Holdings Plc.

- (v) Mr J M Neill (age 57) (independent non-executive director)

Appointed 28 February 1994. He is Group Chief Executive of the Unipart Group of Companies Limited and a non-executive director of Royal Mail Group plc. He was formerly a director of the Bank of England.

Mr Neill has extensive industry experience and, notwithstanding he has been a non-executive director for more than nine years, the Board has determined that Mr Neill remains independent of thought, character and judgement and continues to make a positive contribution to the Board and to the direction of the Company and should be re-elected as a non-executive director.

- (vi) Mr M G Foster (age 52) (Commercial Director)

Mr Foster was appointed a non-executive director of Charter on 14 December 2001 and became an executive director on 1 January 2005. He was formerly Executive Director responsible for UK, USA and Ireland at RMC Group p.l.c.

- (vii) Mr G Denham (age 56) (independent non-executive director)

Appointed 7 February 2005. Mr Denham is Group Secretary of GKN plc, the engineering supplier to the world's automotive and aerospace manufacturers, and a qualified lawyer. He joined GKN in 1980, first as in-house counsel, then as global head of the legal function. He has been Group Secretary since 1996. He serves as a director on the boards of GKN Holdings plc and GKN (United Kingdom) plc. He is also President of GKN America Corp and the Chairman of the GKN plc Board Sub Committee on Governance and Risk.

The Board believes Mr Denham should be re-elected as a non-executive director. His relevant sector experience in industry and engineering, and his complementary skills in law, will enable him to make a positive contribution to the Board and to the direction of the Company.

- (viii) Mr A S C Osborne (age 38) (independent non-executive director)

Appointed 7 February 2005. Mr Osborne is the Finance Director of Geoffrey Osborne Limited, a privately owned construction company, and a qualified chartered accountant. He began his career at Ernst & Young before joining Trafalgar House plc/Kvaerner plc where he became Finance Director of Kvaerner Metal Clecim in Paris.

Mr Osborne's relevant sector experience in industry and engineering and his complementary skills in the area of finance will enable him to provide a valuable contribution to the Board and to the direction of the Company. The Board believes Mr Osborne should be re-elected as a non-executive director.

(ix) Mr J Biles (age 57) (independent non-executive director)

Appointed 1 April 2005. Mr Biles was Finance Director of the international engineering group, FKI plc, for six years until 2004. He was Group Financial Director of Chubb Security plc from 1991 to 1997 and prior to that he served in finance director roles with Racal Electronics plc and Thorn EMI plc. He is a qualified chartered accountant and began his career in Price Waterhouse. Mr Biles currently serves on the boards of ArmorGroup International PLC and Chapelthorpe plc as a non-executive director and Chairman of the Audit Committee. He was formerly a non-executive director and Chairman of the Audit Committee of Amey plc from 2001 to 2003.

Mr Biles' strong background as a finance director in the engineering sector and his experience as a non-executive director and audit committee chairman will enable Mr Biles to make a significant contribution to the Board and to the Company and the Board believes that he should be re-elected as a non-executive director of the Company. It is intended that Mr Biles will become Chairman of the Audit Committee of Charter on 24 June 2005, following the conclusion of the annual general meeting.

- (x) There has been no change in the interests of the current directors between 23 March 2005 and 6 May 2005, being a date not more than one month prior to the date of the notice of the annual general meeting.
- (xi) The register of interests of the directors and their families in the share capital of the Company and copies of directors' service contracts will be available for inspection by members at the registered office of the Company during normal business hours on any working day (Saturdays and Bank Holidays excepted) from the date of this notice and will, on the day of the annual general meeting, be available for inspection at the offices of ABN AMRO, 250 Bishopsgate, London EC2M 4AA, from 11.45 a.m. until the conclusion of the meeting.
- (xii) Resolution 11 authorises the directors to allot authorised but unissued ordinary shares of the Company up to a total of 52,722,850 shares representing approximately one third of the issued share capital as at 6 May 2005, being a date not more than one month prior to the date of the notice of annual general meeting.
- (xiii) Resolution 12 authorises the directors to allot equity securities as if the pre-emption provisions in Section 89(1) of the Companies Act 1985 did not apply in respect of rights issues and other pre-emptive issues, or otherwise for cash up to an amount equal to 5 per cent. of the issued share capital of the Company as at 6 May 2005 (representing 7,908,400 shares) the level permitted by the current guidelines of the investment committees of the Association of British Insurers and the National Association of Pension Funds.
- (xiv) Between 23 March 2005 and 6 May 2005, being a date not more than one month prior to the date of the notice of the annual general meeting, the Company has been informed of the following changes in non-beneficial interests in its ordinary shares: Schroder Investment Management Limited 12.77 per cent and Hermes Pensions Management Limited 7.13 per cent.
- (xv) A copy of the draft rules of the Charter 2005 Long Term Incentive Plan will be available for inspection by members at New Bridge Street Consultants LLP at 20 Little Britain, London EC1A 7DH during normal business hours on any working day (Saturdays and Bank Holidays excepted) from the date of this notice until the close of the annual general meeting and will, on the day of the annual general meeting, be available for inspection at the offices of ABN AMRO, 250 Bishopsgate, London EC2M 4AA, from 11.45 a.m. until the conclusion of the meeting.
- (xvi) Refreshments will be available at the venue from 11.30 a.m.

Appendix

Summary of the principal terms of the Charter 2005 Long Term Incentive Plan (the "Plan").

General

The remuneration committee of the board of directors of the Company (the "Committee") will supervise the operation of the Plan.

Eligibility

Any employee (including an executive director) of the Company and any of its subsidiaries will be eligible to participate in the Plan at the discretion of the Committee, unless he is within twelve months of either when he is bound to retire or, if earlier, a date of retirement which has been publicly announced.

Grant of awards

The Committee may grant an award in one of three forms: (i) conditional allocations, where a participant will receive free ordinary shares in the Company ("Shares") automatically on the vesting of his award; (ii) nil (or nominal) cost options, where a participant can decide when to exercise his award during a short period after it has vested; or (iii) forfeitable Shares, where a participant will receive complete ownership of free Shares automatically on the vesting of his award but, unlike conditional awards, he will have certain shareholder benefits prior to the vesting of his award. The Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash (either in whole or part), although it does not currently intend to do so except where it would be expedient in overseas jurisdictions.

The Committee may normally grant awards within six weeks of the approval of the Plan by shareholders and within six weeks following the Company's announcement of its results for any period. The Committee may also grant awards when there are exceptional circumstances which the Committee considers justifies the granting of awards.

No awards may be granted more than 10 years after the approval of the Plan by shareholders.

Awards are not transferable, except on death. Awards are not pensionable.

Individual limit

An individual may not receive awards in any financial year over Shares having a market value in excess of 100 per cent. of his annual salary except in exceptional circumstances, such as recruitment or retention, where an individual may receive an award over Shares worth up to 200 per cent. of his annual salary.

Overall Plan Limits

The Plan may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any ten year period the Company may not issue (or have the possibility to issue) more than:

- (i) 10 per cent of the issued ordinary share capital of the Company under the Plan and any other employee share plan adopted by the Company; and
- (ii) 5 per cent of the issued ordinary share capital of the Company under the Plan and any other executive share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purpose of this limit unless institutional investor bodies decide that they need not count.

Vesting of awards

Awards will normally vest on or shortly following the third anniversary of grant once the Committee has determined the extent to which the applicable performance conditions (see below) have been satisfied and provided the participant is still employed in the Company's group.

Leaving employment

An award will lapse automatically if a participant leaves the employment of the Company's group either voluntarily or in circumstances justifying summary dismissal. If a participant leaves employment in any other circumstances then the Committee will decide whether his award will vest and, if so, whether vesting will occur either on cessation of employment or when it would otherwise have vested if he had not left employment. The extent to which such an award will vest will depend upon the extent to which the performance conditions have, in the opinion of the Committee, been satisfied at the time it vests. The award will then be pro-rated to reflect the reduced period of time between its grant and the cessation of employment although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

Corporate events

In the event of a takeover, scheme of arrangement or winding up of the Company (not being an internal corporate reorganisation) all awards will vest early to the extent that the performance conditions have, in the opinion of the Committee, been satisfied at that time. The awards will then be pro-rated to reflect the reduced period of time between the grant of the awards and the time of vesting, although the Committee can decide not to pro-rate awards if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation awards will be replaced by equivalent new awards over shares in a new holding company unless the Committee decides that awards should vest on the basis which would apply in the case of a take-over.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Shares subject to outstanding awards to a material extent, then the Committee may determine that awards will vest to the extent that the performance conditions have, in the opinion of the Committee, been satisfied at that time. The awards will then be pro-rated to reflect the reduced period of time between the time of grant of the awards and the time of vesting, although the Committee can decide not to pro-rate awards if it regards it as inappropriate to do so in the particular circumstances.

Performance conditions

All awards will be subject to performance conditions set by the Committee each year.

The vesting of the initial grant of awards will be based on the Company's total shareholder return (TSR) relative to the constituents of the FTSE Mid 250 Index (excluding investment trusts). This performance will be measured over a three year performance period beginning on the day on which an award is made. TSR will be averaged over three months prior to the start and end of the performance period. The vesting of the awards will occur on the following basis:

Ranking of Company's TSR compared with the FTSE Mid 250 Index (excluding investment trusts) over the performance period	Percentage of award which vests
Below Median	0%
Median	25%
Upper Quartile (top 25%)	100%
Between Median and Upper Quartile	Pro rata on a straight line basis between 25% and 100%

In addition, awards will only vest if the Committee is satisfied that there has been a significant improvement in the Company's underlying financial performance over the three year performance period.

The Committee can set different performance conditions from those described above for future awards provided that they are not substantially different and, in the reasonable opinion of the Committee, the new conditions are at least as challenging in the circumstances as those described above.

The Committee may vary the performance conditions applying to existing awards to take account of events that the Committee considers to be exceptional provided that, in the reasonable opinion of the Committee, the varied conditions are at least as challenging as the original conditions would have been but for the event in question.

Participants' rights

Conditional allocations and options will not confer any shareholder rights until the awards have vested and the participants have received their Shares. Holders of awards of forfeitable Shares will have shareholder rights except they will be required to waive their right to receive dividends.

Participants will be entitled to receive a payment (in cash and/or shares) on or shortly following the vesting of their awards, of an amount equivalent to the dividends that would have been paid on the vested shares between the time when the awards were granted and the time when they vest.

Rights attaching to Shares

Any Shares allotted when an award vests or is exercised will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

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continued

Variation of capital

In the event of any variation of share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Shares, the Committee may make such adjustment as it considers appropriate to the number of Shares subject to an award and/or to the exercise price payable (if any).

Alterations to the Plan

The Committee may, at any time, amend the provisions of the Plan in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant's entitlement to, and the terms of, Shares or cash to be acquired and the adjustment of awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

Overseas Plans

The Committee may at any time without further shareholder formality establish further plans in overseas territories, any such plan to be similar to the Plan, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the Plan.