



**This document is important and requires your immediate attention.**

**If you are in any doubt about the action you should take, you should seek your own personal financial advice from your stockbroker, bank, solicitor, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred your shares in Dignity plc, please forward this document to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Dignity plc  
Plantsbrook House  
94 The Parade  
Sutton Coldfield  
West Midlands  
B72 1PH

17 April 2009

Dear Shareholder

### **Annual General Meeting - 5 June 2009**

The 2009 Annual General Meeting of Dignity plc (the 'Company') will be held at the offices of DLA Piper UK LLP, Victoria Square House, Victoria Square Birmingham, B2 4DL on 5 June 2009 at 11.00 am. The formal Notice of the Meeting is set out on pages 9 to 11 of this document.

I am writing to give you details of the items of business that will be put before the meeting.

This year, shareholders will be asked to approve 16 resolutions. Resolutions 1 to 10 and resolution 16 will be proposed as ordinary resolutions. This means that more than 50 per cent of the votes cast must support these resolutions. Resolutions 11 to 15 will be proposed as special resolutions. At least 75 per cent of the votes cast must support these resolutions if they are to be passed.

#### **Resolution 1: Annual report and accounts**

Each year the Directors of the Company are required to lay before the Annual General Meeting the annual accounts of the Company together with the Directors' report and auditors' report on those accounts. The Annual Report and Accounts for the period ended 26 December 2008 is available on the Company's website at [www.dignityfuneralsplc.co.uk](http://www.dignityfuneralsplc.co.uk).

#### **Resolution 2: Directors' remuneration report**

As we are an officially listed company, it is a statutory requirement that the Directors' remuneration report be subject to an advisory vote by shareholders at the Annual General Meeting.

The remuneration report is set out in full on pages 23 to 29 of this year's Annual Report and Accounts.

#### **Resolutions 3, 4, 5, 6 and 7: Reappointment of directors**

Resolutions 3 and 4 propose the reappointment of Andrew Davies and Peter Hindley as Directors. This is in accordance with the Company's articles of association which require that one-third of the Directors (or the number nearest to but not exceeding one-third) retire by rotation at each Annual General Meeting, with each Director also being subject to reappointment at intervals of not more than three years. The Directors who are retiring by rotation are those who have been Directors for the longest period of time since they were last appointed or reappointed by shareholders.

Resolutions 5, 6 and 7 propose the reappointment of Steve Whittern, Ishbel Macpherson and Alan McWalter as Directors. Under the Company's articles of association any new Director appointed by the Board must retire and seek reappointment at the next Annual General Meeting following his appointment. This gives shareholders the opportunity to confirm that appointment.

Biographical details of each of these Directors are set out on page 19 of this year's Annual Report and Accounts.

#### **Resolutions 8: Reappointment of auditors**

The Company is required to reappoint auditors at each Annual General Meeting at which accounts are laid, to hold office until the next such meeting. Therefore, resolution 8 proposes the reappointment of PricewaterhouseCooper LLP as auditors and, in accordance with normal practice authorises the Directors to determine the auditors' remuneration.

## DIGNITY PLC – ANNUAL GENERAL MEETING 2009 CONTINUED

### **Resolution 9: Dividend**

The Directors are recommending a dividend of 7.34 pence per share to shareholders whose names appear on the register at the close of business on 29 May 2009. If approved, the dividend will be paid on 26 June 2009.

### **Resolution 10: Authority to allot shares**

The Directors of a company may only allot shares if they have been authorised to do so by shareholders in general meeting. Resolution 10 renews a similar authority given at last year's Annual General Meeting and authorises the Directors to allot shares in the capital of the Company up to an aggregate nominal amount of £1,912,129 (which represents approximately one-third of the issued share capital of the Company as at 17 April 2009). This limit is in line with the guidelines issued by the Association of British Insurers.

If given, this authority will expire at the conclusion of the Company's next Annual General Meeting or on the date falling 15 months after the date on which this resolution is passed (whichever is earlier). It is the Directors' intention to renew this authority each year.

There are no present plans to allot any of the unissued share capital of the Company other than in connection with employee share schemes.

### **Resolution 11: Disapplication of pre-emption rights**

Resolution 11 renews a similar authority given at last year's Annual General Meeting and, if passed, would enable the Directors to allot shares for cash on a non pre-emptive basis in limited circumstances. It is proposed to authorise the Directors to issue shares for cash up to an aggregate nominal amount of £286,819 (which represents approximately five per cent of the Company's issued share capital as at 17 April 2009, without having to first offer them to shareholders in proportion to their existing holdings. This limit is in line with the guidelines issued by the Pre-emption Group. In addition, in accordance with normal practice, the resolution would enable the Board to deal with overseas shareholders and fractional entitlements as it thinks fit in the context of any rights issue or open offer.

If given, this authority will expire at the conclusion of the Company's next Annual General Meeting or on the date falling 15 months after the date on which this resolution is passed (whichever is earlier). It is the Directors' intention to renew this authority each year.

There are no present plans to exercise this authority.

### **Resolution 12: Purchase by the Company of its own shares**

This resolution, which will be proposed as a special resolution, seeks to renew a similar authority granted at the Company's last Annual General Meeting. If passed, it will allow the Company to buy back up to 3,186,881 Ordinary Shares in the market, (representing approximately 5 per cent of the Company's issued share capital as at 17 April 2009). The minimum and maximum prices for such a purchase are set out in the resolution. The Directors have no current intention of exercising this authority and would only do so if they were satisfied that the purchase would be likely to result in an increase in expected earnings per share, and would be in the best interests of shareholders generally.

On 17 April 2009 there were options over Ordinary Shares in the capital of the Company representing 1.60 per cent of the Company's issued ordinary share capital. If the authority to purchase the Company's Ordinary Shares was exercised in full and those shares were subsequently cancelled, these options would represent 1.68 per cent of the Company's issued and voting ordinary share capital.

If given, this authority will expire at the conclusion of the Company's next Annual General Meeting or on the date falling 15 months after the date on which this resolution is passed (whichever is earlier). It is the Directors' intention to renew this authority each year.

There are no present plans to exercise this authority.

### **Resolution 13: Notice period for general meetings**

The Shareholder Rights Directive is intended to be implemented in the UK in August 2009. One of the requirements of the Directive is that all general meetings must be held on 21 clear days' notice unless shareholders agree to a shorter notice period. The Company is currently able to call general meetings (other than annual general meetings) on 14 clear days' notice and would like to preserve this ability. In order to be able to do so after August 2009, shareholders must have approved the calling of meetings on 14 clear days' notice. Resolution 13 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 clear days' notice.

### Resolutions 14 and 15: New Articles of Association

It is proposed in resolution 14 to adopt new articles of association ("**New Articles**") with immediate effect in order to update the Company's current articles of association ("**Current Articles**") primarily to take account of changes in English company law brought about by the Companies Act 2006 ("**2006 Act**") which are in force at the date of the meeting.

The 2006 Act is being implemented in stages: some of its provisions are already in force and the remaining provisions are proposed to be implemented on 1 October 2009. Resolution 15 therefore proposes further amendments to the New Articles which will take effect from 1 October 2009, primarily to reflect the implementation of the remaining provisions of the 2006 Act on that date.

The principal changes introduced in the New Articles are summarised in the Appendix. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the 2006 Act have not been noted in the Appendix.

The New Articles showing all the changes to the Current Articles together with a copy of the amended New Articles marked to show the amendments proposed by resolution 15 are available for inspection, as noted on page 11 of this document.

### Resolution 16: Amendment to Long Term Incentive Plan

Resolution 16 is an ordinary resolution seeking the approval of the shareholders to amend the existing Dignity plc Directors and Senior Executive Long Term Incentive Plan ("**LTIP**").

Without amendment, awards will not be able to be made under the LTIP after April 2009. The Remuneration Committee is of the opinion that the LTIP benefits the Company by providing a plan that rewards strong performance over the long term, and which offers share based incentive awards as part of an effective remuneration package for Executive Directors and senior executives of the Company. The Remuneration Committee believes that by making awards under the LTIP it is possible to structure remuneration packages so as to retain, motivate and reward selected Executive Directors and other senior group executives and employees with a view to improving performance and thereby increasing the value of the Company for the benefit of the Shareholders.

In light of the above, it is proposed that the life of the LTIP be extended so that awards may be offered for a further period of 10 years i.e. so that awards may be made under the LTIP until April 2019.

The Remuneration Committee also strongly believes that no benefit should be received and retained by the participants in the LTIP unless the Company satisfies certain performance targets. Under the LTIP, there has always been a direct link between the reward retained by a participant and the performance of the Company. This is achieved by comparing the performance of the Company with the performance (over a 3 year period) of a comparator group of companies selected by the Remuneration Committee ("**Comparator Group**") and restricting the participants' ability to benefit from their award accordingly.

The Remuneration Committee has considered the performance targets applicable to the LTIP and consider that they should be amended (1) in order to ensure that the Company can continue to offer an effective and competitive remuneration package for directors and senior executives and (2) in order to satisfy shareholders' requests for such amendments. It is therefore proposed that the LTIP is amended as follows:

1. currently, in the event that the Company does not fall within the top 20% of the Comparator Group but does fall within the top 50% of the Comparator Group, LTIP awards may be exercised over a number of shares calculated on a sliding scale where the minimum number of shares is equal to 40% of the shares subject to the LTIP award. It is proposed that the LTIP be amended so that if the Company falls within the top 50% of the Comparator Group (but not in the top 25%) LTIP awards will be exercisable over a minimum of 25% (rather than the present 40%) of the shares in respect of which the awards were made. The Remuneration Committee consider it appropriate to make this change so as to create a clearer link between the level of benefit obtained by participants and the Company's performance relative to the Comparator Group;
2. under the current drafting of the LTIP, awards are only fully exercisable if the Company falls within the top 20% of the Comparator Group. It is proposed that the LTIP should be amended so that participants may exercise their awards fully in the event that the Company falls within the top 25% of companies in the Comparator Group. This amendment reflects the belief of the Remuneration Committee that top quartile performance would justify full entitlement under the LTIP awards granted;
3. the Company's performance is compared with the performance of other members of the Comparator Group by reference to each company's "Total Shareholder Return". One factor in calculating the Total Shareholder Return is the relevant company's share price at the start and end of the appropriate measurement period. Previously, the share price was taken to be the average of the relevant company's middle market quotations for each of the 3 dealing days preceding the start of the measurement period and each of the 3 dealing days ending immediately before the end of the measurement period. It is proposed that a longer period should be selected over which those share prices are averaged, in order to ensure that the effect of short term abnormal share price fluctuations are mitigated and accordingly that a more accurate measurement of comparative performance can be obtained. The Remuneration

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Committee therefore proposes that the share price of each company in the Comparator Group is averaged by reference to the Company's middle market quotations for each of the 28 days preceding the commencement and expiry of the measurement period.

Finally, a number of minor changes are required to be made to the LTIP rules in order to ensure that it operates in the manner intended.

All of the proposed changes will be prospective only – in other words, they will affect only future LTIP grants, and not those awards which have already been made. A copy of the proposed amended LTIP rules will be available for inspection as noted on page 11 of this document.

### **Recommendation**

Your Directors consider that the resolutions set out in the attached Notice of Meeting are in the best interests of the Company and its shareholders as a whole and, accordingly, recommend that you vote in favour of them, as your Directors intend to do in respect of their own beneficial shareholdings.

### **Action to be taken**

You will find enclosed a proxy form for use in respect of the Annual General Meeting. As a member you are entitled to appoint one or more persons as proxies to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the Company. You 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 you. To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's registrar on 0871 384 2674 or you may photocopy the Proxy Form. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. If you do not intend to attend the meeting in person, please complete and return this form indicating how you wish your votes to be cast on each of the resolutions. You will still be able to attend and vote at the meeting should you wish to do so.

To be effective, the Proxy Form must be completed in accordance with the instructions printed on it and returned as soon as possible but, in any event, so as to reach the Company's registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZX by no later than 11.00 am on 3 June 2009 (or, in the event that the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). Alternatively, if you wish, you may register the appointment of a proxy electronically by logging on to the website [www.sharevote.co.uk](http://www.sharevote.co.uk). Further details are set out in the Notice of Meeting. For an electronic proxy appointment to be valid, the appointment must be received by the Company's registrar no later than 11.00 am on 3 June 2009. If you are a member of CREST, you may use the CREST proxy appointment service. Further details are set out in the notes to the Proxy Form and in the notes to the Notice of Meeting.

Yours sincerely

**Peter Hindley**, Chairman  
Dignity plc

## APPENDIX

### Explanatory notes of principal changes to the Company's articles of association

The material differences between the Current Articles and the New Articles are summarised below. Changes of a minor, conforming or purely technical nature have not been mentioned specifically.

*Principal changes proposed pursuant to resolution 14, reflecting the provisions of the 2006 Act already in force:*

#### 1. Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the 2006 Act are in the main removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Certain examples of such provisions include provisions as to the form of resolutions, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

#### 2. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being removed as the concept of extraordinary resolutions has not been retained under the 2006 Act. Further, the remainder of the provision is reflected in full in the 2006 Act.

The Current Articles enable members to act by written resolution. Under the 2006 Act public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

#### 3. Variation of class rights

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the 2006 Act. The relevant provisions have therefore been amended in the New Articles.

#### 4. Fractions

The Current Articles contain a provision providing that if a consolidation or subdivision of shares results in members being entitled to fractions of shares, the Board can deal with such fractions as it thinks fit, including selling the fractions and distributing the proceeds in proportion among the members. For clarity, this provision has been amended in the New Articles to provide where any member's entitlement to a portion of the proceeds of sale of the fractions amounts to less than £3.00, the Board can distribute that member's proceeds to charity.

#### 5. Convening general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being removed in the New Articles because the relevant matters are provided for in the 2006 Act. In particular, the 2006 Act provides that a general meeting (other than an annual general meeting) to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required. This position will change once the EU Shareholder Rights Directive is implemented in August 2009 and the Company will be required to take certain actions in order to maintain this 14 day notice period, as referred to in resolution 13 and the accompanying explanatory notes to that resolution. In addition, the chairman of a general meeting no longer has a casting vote.

#### 6. Votes of members

Under the 2006 Act proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the 2006 Act so that the articles cannot provide that they should be received:

- more than 48 hours before the meeting or adjourned meeting;
- in the case of a poll taken more than 48 hours after it was demanded, more than 24 hours before the taking of the poll; or
- in the case of a poll taken less than 48 hours after it was demanded, no earlier than the time at which it was demanded.

The New Articles reflect these provisions and give the Directors discretion, when calculating these time limits, to exclude weekends and bank holidays.

In addition, the 2006 Act provides that multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect this provision.

Under section 323(1) of the 2006 Act, a corporate shareholder can now appoint more than one corporate representative. The Company is aware of concerns that have been raised about the effect of section 323(4) of the 2006 Act, which provides that where multiple corporate representatives of the same corporate shareholder vote differently, the power to vote is treated as not having been exercised. As the New Articles generally avoid duplicating

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provisions of the 2006 Act, the New Articles do not incorporate or explicitly reflect the terms of section 323(4) of the 2006 Act. The Company intends to take account of best practice to allow, as far as possible, multiple corporate representatives to attend general meetings of the Company and ensure their votes are counted.

### 7. Age of directors on appointment

The Current Articles contain a provision requiring a Director's age to be disclosed if he has attained the age of 70 years or more in the notice convening a meeting at which the Director is proposed to be elected or re-elected. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

### 8. Notice of board meetings

Under the Current Articles, when a Director is abroad he can request that notice of Directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a Director who is abroad. It has been replaced with a more general provision that a Director is treated as having waived his entitlement to notice, unless he supplies the Company with the information necessary to ensure that he receives notice of a meeting before it takes place.

### 9. Records to be kept

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

### 10. Electronic and web communications

Provisions of the 2006 Act which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles continue to allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

### 11. Conflicts of interest

The 2006 Act sets out Directors' general duties which largely codify the existing law but with some changes. Under the 2006 Act, from 1 October 2008 a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a Director of another company or a trustee of another organisation.

Section 175(5)(b) of the 2006 Act allows Directors of public companies to authorise conflicts and potential conflicts where the articles of association contain a provision to this effect. The 2006 Act also allows the articles of association to contain other provisions for dealing with Directors' conflicts of interest so that the relevant company's Directors may avoid breaching their duties. The New Articles give the Directors authority to approve conflicts and potential conflicts of interest and include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Independent Directors (i.e. those who have no interest in the matter being considered) will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at Board meetings and availability of Board papers. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors as set out above.

It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers to authorise conflicts are operated effectively and that the procedures have been followed.

### 12. Directors' indemnities

The 2006 Act has in some areas widened the scope of the powers of a company to indemnify Directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a Director against liability incurred in connection with the Company's activities as trustee of the scheme. This is reflected in the New Articles. The opportunity is also being taken to clarify that, subject to the 2006 Act, the Company may grant indemnities to Directors of associated companies.

The New Articles also contain a provision allowing a Director to vote and be counted in the quorum at a board meeting in respect of any resolution concerning indemnification (including loans) by the Company in relation to the performance of his or her duties. This clarifies the ability of the Board to adopt indemnities in favour of Directors in accordance with the 2006 Act.

### **13. General**

Several statutory references have been amended in the New Articles to take account of the implementation of provisions in the 2006 Act and repeal of corresponding sections of the Companies Act 1985. Some definitions have also been changed and additional definitions added to bring them in line with relevant provisions of the 2006 Act. In addition, other miscellaneous non-material changes have been made to reflect current law and practice.

*Principal changes proposed pursuant to resolution 15 reflecting the provisions of the 2006 Act coming into force on 1 October 2009:*

### **14. The Company's objects**

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

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

Further, the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason, the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are to be treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 15(a) confirms the removal of these provisions. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the shareholders.

### **15. Change of name**

Currently a company can only change its name by special resolution. From 1 October 2009, a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the Directors to pass a resolution to change the Company's name.

### **16. Authorised share capital and unissued shares**

The 2006 Act abolishes the requirement for a company to have an authorised share capital. Resolution 15(a) deletes, with effect from 1 October 2009, all provisions of the Company's memorandum relating to the Company's authorised share capital which are deemed to form part of the Company's articles from that date. The New Articles reflect this and all references to authorised share capital have been removed. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

### **17. Redeemable shares**

At present, if a company wishes to issue redeemable shares, it must include in its articles the terms and manner of redemption. From 1 October 2009, the 2006 Act enables Directors to determine such matters provided they are authorised to do so by the Company's articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the Directors would require shareholders' authority to issue new shares in the usual way.

### **18. Authority to purchase own shares, consolidate and sub-divide shares and reduce share capital**

Under the law currently in force a company requires specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves, as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. From 1 October 2009, a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly, the relevant enabling provisions have been removed in the New Articles.

### **19. Suspension of registration of share transfers**

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

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**20. Use of seals**

A company currently requires authority in its articles to have an official seal for use abroad. From 1 October 2009 such authority will no longer be required. Accordingly, the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document, it may also be signed by a Director in the presence of a witness, in addition to the current provisions for signature by either a Director and the Secretary or two Directors or such other person or persons as the Directors may approve.

**21. Vacation of office by directors**

The Current Articles specify the circumstances in which a Director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department of Business, Enterprise and Regulatory Reform.

**22. Notices in the event of a postal strike**

The opportunity has been taken in the New Articles to clarify the process for giving notice of a meeting during a postal strike by stating that the Company can give such notice by electronic means.

## DIGNITY PLC – NOTICE OF THE ANNUAL GENERAL MEETING 2009

**Notice is hereby given that the 2009 Annual General Meeting of Dignity plc ('the Company') will be held at DLA Piper UK LLP, Victoria Square House, Victoria Square, Birmingham, West Midlands, B2 4AJ on Friday 5 June 2009 at 11.00am for the following purposes:**

### Ordinary Business

To propose the following as ordinary resolutions:

1. To receive and consider the Group's financial statements, and the reports of the Directors and auditors thereon for the 52 week period ended 26 December 2008.
2. To approve the Report on Directors' Remuneration for the 52 weeks ended 26 December 2008 as set out on pages 23 to 29 of the Annual Report 2008.
3. To re-appoint Peter Hindley as a Director, who retires by rotation, as a Director of the Company.
4. To re-appoint Andrew Davies as a Director, who retires by rotation, as a Director of the Company.
5. To re-appoint Steve Whittern, who has been appointed by the Board since the last general meeting, as a Director of the Company.
6. To re-appoint Ishbel Macpherson, who has been appointed by the Board since the last general meeting, as a Non-Executive Director of the Company.
7. To re-appoint Alan McWalter, who has been appointed by the Board since the last general meeting, as a Non-Executive Director of the Company.
8. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.
9. To approve the proposed dividend of 7.34 pence per share and to authorise its payments on 26 June 2009 to shareholders on the register of members on 29 May 2009; and
10. That, in substitution for all existing authorities to the extent unused, the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 ('the Act') to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Act) up to an aggregate nominal amount of £1,912,129 provided that (unless previously revoked, varied or renewed) such authority shall expire at the conclusion of the next Annual General Meeting after passing this resolution or after 15 months (whichever is earlier), 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 Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

### Special Business

To propose the following as special resolutions (except resolution 16 which shall be passed as an ordinary resolution):

11. That subject to the passing of resolution 10 the Directors be and are hereby generally empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94(2) and Section 94(3A) of the Act) for cash pursuant to the authority conferred by resolution 10 as if sub-section (1) of Section 89 of the 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 an issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective number of Ordinary Shares in the capital of the Company ('Ordinary Shares') held by them, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with fractional entitlements or legal problems which may arise in any overseas territory or under the requirements of any regulatory body or any stock exchange;
  - b) to the allotment (otherwise than pursuant to sub paragraph (a) above) of equity securities up to an aggregate nominal amount of £286,819;

and (unless previously revoked, varied or renewed) shall expire at the conclusion of the next Annual General Meeting after passing this resolution or after 15 months (whichever is earlier), 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 Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

## DIGNITY PLC – NOTICE OF THE ANNUAL GENERAL MEETING 2009 CONTINUED

This power applies in relation to the sale of shares, which is an allotment of equity securities by virtue of Section 94(3A) of the Act as if in the first paragraph of this resolution the words 'pursuant to the authority conferred by the previous resolution' were omitted.

12. That the Company be and is hereby generally and unconditionally authorised for the purposes of Section 166 of the Act to make market purchases (as defined in Section 163(3) of the Act) of Ordinary Shares, subject as follows:
  - a) the maximum number of Ordinary Shares which may be purchased is 3,186,881;
  - b) the minimum price to be paid for each Ordinary Share shall be the nominal value of the Ordinary Share and the maximum price shall not be more than 5 per cent above the average of the middle market quotation of the Company's Ordinary Shares for the five business days immediately prior to the day on which the purchase is made;
  - c) unless previously revoked, varied or renewed 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 after 15 months (whichever is earlier), except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which may be executed wholly or partly after such expiry.
13. That a general meeting (other than an annual general meeting) may be called on with not less than 14 clear days' notice.
14. That, with immediate effect, the draft regulations produced to the meeting and for the purposes of identification marked "A" and signed by the Chairman of the meeting be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.
15. That, subject to resolution 14 being passed and with effect on and from 1 October 2009:
  - a) the articles of association adopted pursuant to resolution 14 be amended by deleting all the provisions of the Company's memorandum of association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's articles of association; and
  - b) the draft regulations produced to the meeting and for the purposes of identification marked "B" and signed by the Chairman of the meeting be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.
16. That the amendments to the Dignity plc Directors and Senior Executive Long Term Incentive Plan, a copy of the revised draft rules of which are produced to this meeting and signed by the Chairman for the purpose of identification marked "C", be and are hereby approved and adopted and the Directors be and are hereby authorised to do all such acts and things as they may consider necessary or expedient to carry the same into effect.

Registered office:  
Plantsbrook House  
94 The Parade  
Sutton Coldfield  
West Midlands B72 1PH

By order of the Board

**Richard Portman**, Company Secretary  
17 April 2009

## NOTES

1. Only those members registered in the register of members of the Company as at 6.00pm on 3 June 2009 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 6.00pm on 3 June 2009 or, in the event that the meeting is adjourned, after 48 hours before the time of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A member of the Company entitled to attend and to vote may appoint one or more proxies to attend, speak and vote instead. A proxy need not be a member of the Company. A Proxy Form is enclosed. Completed Proxy Forms must be received by the Company's Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZX, no later than 48 hours before the time of the Annual General Meeting or in the event the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting.
3. The appointment of a proxy will not preclude a member of the Company from attending, speaking and voting in person at the meeting if he or she so wishes.
4. 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. To appoint more than one proxy, you will need to complete a separate Proxy Form in relation to each appointment. Additional Proxy Forms may be obtained by contacting the Company's registrar on 0871 384 2674 or you may photocopy the Proxy Form. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by the member may result in the proxy appointment being invalid. You can only appoint a proxy using the procedures set out in these notes and the notes to the Proxy Form. The right of a member under section 324 of the Companies Act 2006 ("2006 Act") to appoint a proxy does not apply to a person nominated to enjoy information rights under section 146 of the 2006 Act.
5. Members can appoint proxies electronically by logging on to the website [www.sharevote.co.uk](http://www.sharevote.co.uk). You will need your voting reference numbers (the voting ID, Task ID and shareholder reference number shown on your form of proxy). Alternatively, if you have registered for a Shareview portfolio, please access the Equiniti shareview website at [www.shareview.co.uk](http://www.shareview.co.uk), by entering your portfolio identification particulars, and then click on the link under your Dignity plc holding details. For an electronic proxy appointment to be valid, the appointment must be received no later than 11.00am on 3 June 2009.
6. As at 17 April 2009 (being the latest business day prior to the publication of this notice) the Company's issued share capital consists of 63,737,617 ordinary shares carrying one vote each. Therefore, the total voting rights in the Company as at 17 April 2009 are 63,737,617.
7. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the 2006 Act, the Company may be required to publish on its website a statement setting out any matter that such shareholders propose to raise at the Annual General Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on its website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the 2006 Act to publish on its website.

8. Where a copy of this notice is being received by a person who has been nominated to enjoy information rights under section 146 of the 2006 Act ("nominee"):
  - (a) the nominee may have a right under an agreement between the nominee and the member by whom he was appointed, to be appointed, or to have someone else appointed, as a proxy for the meeting; or
  - (b) if the nominee does not have any such right or does not wish to exercise such right, the nominee may have a right under any such agreement to give instructions to the member as to the exercise of voting rights.
9. In the case of shares held in uncertificated form, the Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only members registered on the register of members of the Company at 6.00pm on 3 June 2009 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6.00pm on 3 June 2009 shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting.
10. The following are available for inspection at the Company's registered office during normal business hours on any weekday (excluding public holidays) and will be available for at least 15 minutes prior to, and during, the Annual General Meeting:
  - the register of Directors' interests and those of their immediate families in the share capital of the Company;
  - copies of the Directors' service contracts;
  - copies of the Company's memorandum and articles of association, new articles and amended articles;
  - a copy of the LTIP Rules.
11. Biographical details of those Directors who are offering themselves for re-election at the meeting are set out on page 19 of the enclosed Annual Report and Accounts.
12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a 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 & Ireland Limited's (formerly CRESTCo's) specifications and must contain the information required for such instructions, as described in the CREST Manual. 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 (ID RA19) by no later than 11.00 am on 3 June 2009. No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the registrars are 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 & Ireland Limited 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 providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

13. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that:
  - (a) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions;
  - (b) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives [www.icsa.org.uk](http://www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (a) above.

