

**UNITED KINGDOM SHAREHOLDERS' ASSOCIATION LIMITED
ANNUAL GENERAL MEETING 2007**

NOTICE is hereby given that the Annual General Meeting will be held at 2.00pm on Saturday 14th April 2007 at St Columba's Church of Scotland, Pont Street, London SW1X 0BD

AGENDA

ORDINARY BUSINESS

1. To receive the Report of the Board of Directors for the year ended 31 December 2006.
2. To receive the financial statements for the year ended 31 December 2006.
3. To re-elect as a member of the Board of Directors Mr Toby Keynes.
4. To elect as a member of the Board of Directors Dr Derek Miles.
5. To re-elect as a member of the Board of Directors Mr Martin Morton.

SPECIAL RESOLUTION

6. To register support for the current standard membership subscription rate of £38.

Toby Keynes, Company Secretary
16th March 2007

**YOUR VOTE IS IMPORTANT; IF YOU DON'T PLAN TO ATTEND
THE AGM, PLEASE COMPLETE & RETURN YOUR PROXY
FORM OR FORMS (ATTACHED) AS SOON AS POSSIBLE**

After the conclusion of the formal AGM there will be an informal and open discussion on UKSA's policies and procedures, led by Martin White. We hope you'll be able to join us both for the AGM and for this discussion.

YOUR RIGHT TO ATTEND THE AGM AND VOTE

If you are a single member, you are entitled to attend and vote at the meeting.

If you are joint members, both of you are entitled to attend and vote at the meeting.

If you are a corporate member (i.e. investment club or company action group) you are entitled to appoint one person to attend and vote at the meeting on the member's behalf.

However, if your membership subscription is overdue at the date of the meeting you are NOT entitled to attend or vote.

PROXY FORMS

If you are entitled to attend and vote, but you don't expect to be at the meeting, you can appoint a proxy to attend and vote on your behalf.

To do this, please complete the attached proxy form (or forms if you are joint members) and return it to me at the address shown on the form.

I must receive forms at least 48 hours before the meeting starts, or they will not be valid!

If you send me your proxy form, you can still come to the meeting and vote in person.

If you have any questions, you are welcome to contact me – see below.

SPECIAL RESOLUTIONS AND ADVISORY RESOLUTIONS

Item 6 is a Special Resolution.

Company Law states that a Special Resolution is successfully carried if 75% of votes cast are in favour of the resolution.

All the other resolutions (1 to 5) are Ordinary Resolutions, and will be successfully carried if 50% of votes cast are in favour.

Item 6 is advisory: it does not require the Board to do anything, but it allows you to express your view clearly to your elected representatives.

THE MEMORANDUM & ARTICLES OF ASSOCIATION, AND BYE LAWS

Copies of the Memorandum and Articles of Association of the Company, and the Bye Laws, are available to members from me on request – see below.

REFRESHMENTS

Tea and coffee will be available before the meeting.

QUESTIONS / CONCERNS / REQUESTS

As always, if you have any questions, concerns or requests you are welcome to contact me by phone, on 020-8904 7740, by email (membership@uksa.org.uk) or by post to the registered office.

Toby Keynes, Company Secretary
16th March 2007

CHAIRMAN'S REPORT FOR THE YEAR 2006

Dear Members

2006 was a productive year in terms of UKSA's normal activities, but also eventful in some unusual ways. Before getting into the more "normal" material, I must mention the working party. This was set up following the 2006 AGM at which some members had proposed constitutional changes. The working party developed a number of very useful ideas for the future, and I discuss it later under its own heading.

You will already know that three members of the Board - Nick Steiner, Peter Wilson and Alan Perryman – resigned in November. We then had to move quickly to decide who should pick up what. We decided that a joint Chairmanship of David Lowe and myself would make sense, for a short period, and it has in fact worked well, spreading the load with each of us taking different areas. David Lowe took over the company visits program and I settled for the working party and InvestFest 2007. We have also recruited some paid help, Alison Parry, to take responsibility for the logistics of InvestFest – a task that will become increasingly intensive as the event approaches.

At the board meeting on 14th March 2007, I was asked to become Chairman, which I accepted, and David Lowe agreed to become Deputy Chairman. This takes effect immediately after the AGM.

Towards the end of last year, we asked members to volunteer to help in our various activities, and we are very grateful to those who responded. We look forward to working with them and with others to ensure both that UKSA continues to campaign effectively and that members continue to enjoy their membership and benefit directly from it. We also need to identify still more volunteers, with a real passion for the interests of shareholders and investors, who are prepared to join the Board and who enjoy working as part of a team. But we would rather be patient than rush people into taking on something they are unsure of.

Membership and Finances

After two years of dramatic growth that saw the number of UKSA members increasing by over 60% in 2004 (from 478 to 629) and then almost doubling in 2005 (to 1409), 2006 saw a 9.5% fallback to 1274 members. This reflected both a relatively quiet year for recruitment of new members and the usual higher level of lapses from members facing their first renewal request.

Our finances at the end of 2006 look very healthy, as you can see from the Directors' Report, with income doubled and net funds more than doubled. This reflects the success of the first InvestFest during 2006. It also reflects the major recruitment and campaigning efforts during 2005 that had massively increased our membership (and our profile) but had been costly and had left our finances looking relatively low at the start of 2006 due largely to the way in which membership subscriptions are treated in the accounts¹.

¹ UKSA accounts tend to understate the available working capital, because if a membership is for part of the current year and part of the following year the end-of-year accounts show the value of their remaining subscription as a liability. For example, if a subscription runs from July 2006 to June 2007 the accounts show that at the end of 2006 we have a liability of 6 months' worth of the subscription.

At the time of writing, our finances are broadly in line with our 2007 business plan.

Campaigning, Coverage and Recognition

Our major campaign during the year was on the new Companies Act and the enfranchisement of shareholders in nominee accounts. We managed to get a last-minute change to the Bill which ensures that beneficial shareholders in fully listed companies will receive information and the right to vote, if they use an appropriate stockbroker. This is not perfect but it is a major step forward. Other people and organisations contributed significantly to this outcome, but it probably would not have happened if UKSA had not taken the initiative at the highest political level. This campaign and work on other aspects of the new Companies Act (the largest bill ever put through Parliament) involved a considerable amount of effort by both Roger Lawson and Roy Colbran's Government Policy Group.

The Group also challenged commission-based selling of financial products. In a response to an FSA consultation, Roy wrote about the selling of inappropriate products: *“So long as advisers are paid according to their success in selling and not for the actual advice they give, these consequences will surely follow. Only when advisers are paid as professionals in the same way as private doctors, accountants and solicitors, will there be any hope of a different outcome.”*

Other campaigns were mounted against excessive or inappropriate share buy-backs at Rank Group and Surfcontrol, with some apparent success in the former case: the company decided to return cash via a special dividend after a major disposal.

In addition we wrote to shareholders in ChoicesUK (formerly Home Entertainment), which had got into some financial difficulties and where the Executive Chairman seemed to have excessive influence, and Planit Group which was the subject of a cheap management buy-out financed by private equity.

Roger Lawson also managed to fit in time on official committees concerned with share “dematerialisation”, nominee enfranchisement, access to share registers, electronic communication with shareholders and Companies Act implementation.

UKSA was represented on the Audit Quality Forum (AQF) by John Curran. In a paper entitled "Fundamentals - Auditor Reporting", AQF has recommended that audit reports should contain positive statements that adequate accounting records have been kept, and that there are no matters of emphasis to which auditors wish to draw attention under certain sections of the Companies Act. This would be an important improvement compared to the current position, which is that silence is taken to indicate a satisfactory situation.

In the wider arena of Europe, we continued to be represented on Euroshareholders by Martin Morton and Stan Grierson. Euroshareholders monitors European legislation on financial matters and has a key role in ensuring that the interests of the smaller shareholder are represented as Europe's single financial services market develops. There is more information about Euroshareholders on page 11 of the March/April Private Investor (no.115), and on www.euroshareholders.org.

We also made a forthright submission to the International Accounting Standards Board (IASB) on the purpose of accounts. Members will be shocked to know that convergence with US standards would mean that stewardship and accountability to shareholders would no longer be primary purposes of accounts. This is an example of UKSA adding its voice to those managing their funds on a fiduciary basis.

In his communications and marketing role, Roger also issued about one press release per month on topical issues, and there were numerous press articles during the year mentioning UKSA, as well as some radio and TV coverage (particularly when the issue of harassment of GlaxoSmithKline shareholders arose). Our press releases can be seen on the UKSA website.

As a result of all this activity, I believe that awareness of UKSA and respect for our views has increased substantially, both in the financial community and with the general public.

Services for Members

The UKSA web site was developed further and now contains a “members only” section. This includes many reports on company meetings and AGMs, and members are encouraged to contribute more such material. We also have more ideas in the pipeline for developing this section, some of which have come out of the working party discussions.

New member recruitment activities included several mutual promotional arrangements with third parties and also exhibiting at the World Money Show in London. The latter proved quite successful and we are likely to attend more such events in future. We are usually the only exhibitor that can say “we are all volunteers”. These events are often free to attendees, and we are grateful to all those members who come, as this not only pleases the organisers and helps us negotiate a stand free or at low cost, but also allows you to act as ambassadors for UKSA.

We also completed for the first time a survey that provided us with much better information about the profile and wishes of our members. It also confirmed that UKSA seemed generally to be doing what our members wanted. Information on the results is of course available to members on our web site.

Information from the member survey was used to inform the construction of the UKSA business plan for 2007. Like any well-run business, we have a “business plan” that outlines our strategy for managing and developing the organisation during the year. This is the second year we have done this and it has helped us to focus our resources on realistically achievable objectives. More information on the business plan can be found in the members’ section of the UKSA web site.

The newsletter has continued to improve significantly under editor John Nairn, with better quality articles, a new layout and some graphics (i.e. photographs). John has formed an editorial committee to assist with further development, and potential new writers have come forward in response to our call for volunteers.

InvestFest 2006, at Banbury in Oxfordshire, was a great success, and this year’s programme is looking as promising as last year’s. The number of places is limited to around 100 by the size of the main meeting room. The outline program and booking form has been sent out to all members, but much more detailed information about the various sessions and local attractions

for partners is now available on the website. If you would like that information, but don't have access to the internet, please ring and we will send it to you.

Education as an activity for UKSA has not been progressed as planned in 2006 due to the lack of resources, although clearly InvestFest is very much an educational event. However, you will see from the candidates' personal statements that Derek Miles is planning to contribute significantly. This is an area where a number of members could each make a modest contribution; anyone with ideas to contribute is invited to contact Derek, and we will see if an informal group can be set up. Please don't let not being close to London deter you from coming forward! Derek can be reached on 01843 863440, or at miles@twisdon.fsnet.co.uk.

Regional Activities

During 2006, the regions generally saw activity increasing, or remaining at 2005 levels, although every region demonstrated how much UKSA depends on a very small number of people who are prepared to put in significant effort. To expand our activities and involve more members, we need to think about organising ourselves so that we can also use volunteers who have only a limited amount of time available. This is a management challenge, but I believe it will be well worth the effort.

UKSA Scotland came back to life during 2006, after a number of years of little activity, with a successful program of monthly company visits organised by David Charles. The program continues, and I hope that the Scotland AGM in May will bring forward new volunteers to broaden the range of activities.

The North-East and North-West continue with their programs of monthly events, but in the North-East John Hillman intends to step down shortly and the North-West is currently without a Chairman to replace Tony Lewis, who stepped down in December after having served since the region's inauguration in 1997.

In the Midlands, Chairman Charles Breese still needs volunteers to help him to kick off activities in the region.

The South-West, led by Peter Wilson, maintained a remarkable and varied program of activity throughout 2006, centred on a number of core areas across the region, but the program has fallen off somewhat during 2007 as Peter has had to manage some major non-UKSA commitments.

The South-East, with almost half UKSA's total membership, saw major changes. In September, Derek Miles stepped down and Gavin Palmer took over as Chairman, and in December Toby Keynes joining the South-East committee as Acting Secretary. The region began monthly daytime meetings in Croydon, alongside its monthly evening meetings in Marylebone and held two exploratory events in Kent and Surrey. Since December, company visits in the region have been integrated into the South-East program so that all members are now kept fully informed of forthcoming visits.

Alan Perryman has for many years been organising the very successful programme of company visits, mostly in the South-East, which have covered many of the UK's major companies. The number of visits has increased virtually every year, with around 19 events in 2006. During

2006 he handed over the baton to David Lowe, who is now coordinating the programme and organising most of the visits.

The Working Party

I have found the working party extremely useful in the formulation of UKSA's immediate plans, as well as being an enjoyable process. The group addressed questions that were put to it, and we now have to ask you, the broader membership, for your feedback on a number of not-too-major constitutional matters. In terms of the ethos of UKSA, our shared objectives and the ways in which everyone can participate – in other words, the most important issues – the group had no difficulty in coming to a consensus view. I am very grateful to all the group members, and I would also like to thank them in advance for their help with those tasks that we still have to complete.

Unfortunately, it took us a long time to get the working party started, and the first meeting did not take place until November. We then worked as quickly as we could, with meetings in December, January and February, and I now have the job of developing a full report that has to be agreed by the group before it can be made available to all members. This means that the report won't be ready before the AGM. I apologise for this, but I hope you'll accept that this work has to compete with InvestFest as well as a full-time job and a family.

Inevitably, we will be asked at the AGM for much more detail about the working party. The report will address many proposals and comments, including those raised in last year's resolutions. There are a small number of detailed questions still to be put to members – such as some aspects of the process for putting resolutions and electing board members. A number of Board members took part in the working party, and some of the ideas which arose are already being put into practice.

Because of the almost limitless scope for useful campaigning on behalf of shareholders, the Board's focus has tended to be directed mostly towards the outside world. Whilst the roles of a number of Board members will continue to be directed outwards, I shall concentrate my own efforts mainly on the internal health and energy of UKSA. I do not have space to expand on this here, but my view is that we need to put much more effort into communications and member involvement within the organisation. All members should feel as much a part of the national organisation as of their local groups, with easy ways of getting their ideas across to UKSA nationally as well as sharing those ideas with other members. I hope that as many members as possible can join us to discuss these matters after the formal part of the AGM, where we will also have a short presentation from Roger Lawson about the business plan and we should be able to cover other matters members wish to discuss.

Thanks

We owe a great deal to our continuing volunteers at regional and national level, and also to those who have stepped down, Tony Lewis in particular. Special mention is also due to our three directors who stepped down in November, and also to David Blundell.

Alan Perryman has been with UKSA since the beginning, and although his main focus has been on the highly successful and long-running series of company visits he has also served over the years in various other important roles. Peter Wilson has been an energetic and effective leader of the South-West region, providing the region's members with an unrivalled

programme of events; he also had the vision and drive to run the first InvestFest at Banbury last year, shouldering most of the work himself. If this year's InvestFest is a success, it will be due to the template that Peter established. Although Peter stepped down from InvestFest, we hope he will continue to drive the South-West's activities when he has settled into his new home. Nick Steiner took on the Chairmanship of UKSA nationally at a difficult time, knowing that there would be various tensions to resolve. In the event, he stepped down as Chairman in November but has continued to contribute to UKSA's activities in various ways, including membership of the working party.

David Blundell, who stepped down as Chairman at the 2006 AGM, deserves special thanks. He has given many years of service in the interests of private investors. He led UKSA effectively and with great courtesy, and was a joy to work with.

I must also mention Mohan Varma, who has acted as our Treasurer for the last year. As well as providing us with valuable guidance on our tax position, he has rapidly established an extremely effective template for reporting and management of our finances. This has been a key element in the development of our business plans and has allowed us to monitor and adjust our budgets with confidence. Mohan has now indicated that he wishes to step down as soon as a replacement can be found, but I believe that the processes he has put in place will serve his successor well.

Finally, I would like to thank, and pay tribute to, all those people around the country, often unsung, who organise activities for members, as well as those who serve in other ways, often behind the scenes, to support our campaigning activities. Every region must occasionally face the challenge of finding new volunteers to take the place of members who have stepped down after years of activity, just as we must face this challenge at a national level. Without these volunteers throughout the country, we would collapse overnight and the fellowship and shared purpose that UKSA offers would be lost.

Martin White,
Joint Chairman

[See Separate Document for Report & Accounts]

ITEM 2: FINANCIAL STATEMENTS

We are not required by law, or by the Articles of Association, to have the company accounts independently audited or examined. However, they have always been independently examined and we consider that an examination is appropriate.

Mr David Robshaw was appointed at the 2006 AGM as Independent Examiner for the year to 31st December 2006. He indicated during the year that he wished to step down from that post. Despite considerable efforts, we have not been able to find a suitable volunteer to examine the 2006 accounts, and at short notice Sarah Jupp, ACA, has agreed to examine the 2006 accounts professionally, for a fee of £600. Sarah is the daughter-in-law of Roger Lawson, who is a director of the company. However, Roger has not been involved in the preparation or examination of the accounts and did not participate in the Board's vote on this appointment. We are also advised that having the accounts examined by another professional examiner is likely to be considerably more expensive.

As a result of the short notice, the examination has not been completed in time for the examiner's statement to be circulated with this AGM Notice. We very much regret this, but we hope the examination will have been completed in time for the AGM itself, and we intend to circulate the examiner's statement to all members in due course.

ITEMS 3, 4, 5: ELECTION OF DIRECTORS**STATEMENT BY TOBY WILLIAM KEYNES, AGE 47**

Toby Keynes was a member of the association's executive committee from 1996 to 2004 and has been a Director of UKSA Ltd since 2005. From 1996 to 2002, he mostly handled policy matters, and he represented UKSA as a member of the DTI Company Law Review Consultative Committee from 2000 to 2002, when the committee was disbanded. He has been National Secretary since January 2003, and Company Secretary since March 2006. He was co-opted as acting secretary for the South-East region in December 2006.

Toby provides UKSA's membership services, as well as handling all membership administration, servicing the Board of Directors and ensuring, as Company Secretary, that our legal obligations as a company are fulfilled. He intends to stand down during the course of the year, but is continuing in the hope that replacements can be found.

He was a trustee director (elected by the membership) of the Citibank (UK) Pension Plan in 2002 and has been a trustee of the charitable Akayo Trust since 2001. Has also been a committee member, chairman, secretary or treasurer of various residents' associations and other non-profit bodies.

STATEMENT BY DEREK WILLIAM JAMES MILES, AGE 69

Dr Derek Miles is a Chartered Civil Engineer and a Fellow of both the Institution of Civil Engineers and the Chartered Management Institute. He is also a Liveryman of the Worshipful Company of Engineers and a Freeman of the City of London. He has worked in more than 50 countries as a consultant and adviser on infrastructure development, including periods as Director of the Institute of Development Engineering at Loughborough University and Director of the ILO Construction Management Programme in Geneva. He is a graduate of Bristol University, and his PhD was awarded by Loughborough University for his thesis on the development of intermediate construction enterprises.

He is the author or co-author of 19 books and more than 100 academic articles and papers, covering international management development in the construction industry and the promotion of small- and medium- scale enterprises. He has been a private investor for more than 40 years, and describes himself as "a buy-and-hold investor rather than a trader". He joined UKSA in 2005 and responded to a request for volunteers from the then Chairman, first undertaking a survey of members' needs in the South East, then serving as Chairman of the South East Region. He was co-opted onto the Board in 2006, and is a member of the Editorial Advisory Board for the Private Investor. He hopes to make a special contribution to the development of UKSA publications and educational and training material.

STATEMENT BY MARTIN LEA MORTON, AGE 75

Martin Morton joined UKSA after attending the "Sid AGM" of British Gas in Docklands. He has been a director of UKSA Ltd since the company's foundation in 1993, and was previously a member of the association's Executive Committee.

Professionally he was what used to be called an Industrial Relations Officer, working in the CBI for 28 years, and then as Director of the Engineering Construction Industry Association. He was an elected member of a London local authority for 25 years.

His main UKSA responsibilities have been to liaise with the Brussels-based Euroshareholders, the representative organisations of shareholders around the European Union (and a little further), where he builds upon his previous working experience at the CBI and of Brussels. The latest Private Investor contains his piece on its activities. He had European responsibilities at CBI for a number of years. He was also CBI's Smaller Firms Director, dealing with firms in or seeking entry to the USM (since replaced by the AIM).

His main reason for joining UKSA was not primarily to make money but to improve the climate in which investing takes place and to make it more readily understood by more potential investors.

Extramurally he is interested in genealogy and is the pensioner-elected trustee on CBI's pension fund. He has been a voluntary adviser for the Pensions Advisory Service.

DIRECTORS' HISTORY

Toby Keynes and Martin Morton were last elected to the Board on 23rd April 2005, and are both retiring by rotation and standing for re-election.

Derek Miles was appointed to the Board on 28th June 2006, and is standing for election.

Nick Steiner, Peter Wilson and Alan Perryman resigned on 2nd, 3rd and 8th November respectively.

David Lowe, Roger Lawson and Martin White were last elected to the Board on 14th May 2006, and continue in office.

A notice was circulated to members in February 2007, inviting members to stand for election to the Board. No other nominations have been received.

TABLE OF ATTENDANCE AT BOARD MEETINGS

There have been 7 meetings of the Board of Directors since the 2006 AGM. These have been attended by Board members as follows:

7 meetings: Toby Keynes, Roger Lawson, Derek Miles

6 meetings: David Lowe, Martin Morton, Martin White

4 meetings: Nick Steiner, Peter Wilson (out of a possible 4 meetings)

3 meetings: Alan Perryman (out of a possible 4 meetings)

ITEM 6: SPECIAL RESOLUTION: TO REGISTER SUPPORT FOR THE CURRENT SUBSCRIPTION RATE

“That this meeting registers its support for the current standard membership subscription rate of £38.”

In January 2006, the Board decided, at the request of members, to include an advisory resolution at each AGM, which will give members a chance to indicate their approval of the standard membership fees for the coming year and of any increases that the Board intends to introduce over the period.

These resolutions are advisory because the Board is legally responsible for the management of UKSA's finances, and because this gives us flexibility to make changes to membership fees during the year in response to changing circumstances which may require immediate action, without having to divert precious time and money to arranging an Extraordinary General Meeting.

The standard membership fee was increased from £30 to £38 in December 2005, to reflect the major increase in campaigning and recruitment activity and to allow us to continue with those levels of activity into the future. It is also likely that we will soon have to pay for membership services to be administered professionally, which will significantly increase the costs of running UKSA.

The subscription rate was frozen until June 2006 for existing members renewing by cheque and until June 2007 for members renewing by Standing Order.

We do not currently intend to make any further increases during 2007, although subscription rates will be reviewed for the 2008 Business Plan.

As all your Board members are volunteers, and many of our expenses are not paid for by UKSA, none of your subscription goes towards paying any Directors' fees or salaries.