

18th May 2010

Dear Shareholder

**Work Group plc (the “Company”)**

I have pleasure in enclosing your copy of the annual report and accounts of the Company for 2009. I also have pleasure in inviting you to attend our Annual General Meeting which will be held at 12.30pm on 17 June 2010 at Saffron House, 6-10 Kirby Street, London EC1N 8EQ.

**Form of Proxy**

A form of proxy is enclosed for you to complete in accordance with the instructions printed on it and return to our registrars Computershare Investor Services plc, The Pavilions, Bridgewater Road, Bristol BS99 6ZY, to be received no later than 48 hours before the meeting. Lodgement of the form of proxy will not prevent you from attending and voting at the meeting if you subsequently wish to do so.

**Contents of Circular**

Enclosed with this letter you will find the Notice of the Annual General Meeting and a number of Appendices, which contain explanatory notes relating to the meeting and the business proposed.

**Shareholder Questions**

The Directors will be delighted to address any questions you may have relating to the Company at the Meeting; please do let us know on the day.

Your Directors consider each of the proposed resolutions to be in the best interests of the Company and its shareholders as a whole. They therefore recommend that all shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial shareholdings.

Yours sincerely  
for Work Group plc



Simon Howard  
Chairman

## Notice of the 2010 Annual General Meeting

**THIS DOCUMENT IS IMPORTANT and requires your immediate attention. If you have any doubts about what action you need to take, you should contact your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have recently sold or transferred all your shares in Work Group plc please pass this document and the accompanying documents to the person who now holds the shares.**

Notice is hereby given that the Annual General Meeting of Work Group plc will be held at 12.30pm on 17 June 2010 at Saffron House, 6-10 Kirby Street, London EC1N 8EQ to transact the following business:

### Ordinary Business

1. To receive and consider the Company's Reports and Financial Statements for the year ended 31 December 2009 and the Auditors' report thereon.
2. To approve the Directors' Remuneration Report contained within the Reports and Financial Statements for the year ended 31 December 2009.
3. To reappoint Steve Bodger as a Director of the Company.
4. To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting.
5. To authorise the Directors to agree the remuneration of the Auditors.
6. To resolve as an Ordinary Resolution that the authority conferred upon the Directors by article 6.1 of the Company's Articles of Association be and is renewed, that the Section 551 Amount for the purposes of that Article be £190,816 and that the prescribed period for those purposes expires on the earlier of fifteen months from the date of passing of this Resolution and the close of the next following Annual General Meeting of the Company.
7. To resolve as a Special Resolution that the authority conferred by Article 6.2 of the Articles of Association be renewed, that the Section 561 Amount for the purposes of that Article be £28,622 and that the prescribed period for those purposes expires on the earlier of fifteen months from the date of passing of this Resolution and the close of the next following Annual General Meeting of the Company.
8. To resolve as a Special Resolution that the Company be and is generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 ("the Act") to make one or more market purchases (as defined by section 693(4) of the Act) up to 1,431,123 ordinary shares of 2p each in its own capital subject to the following:
  - (a) the purchase price for any share so purchased shall not exceed a sum (exclusive of all expenses) equal to 105% of the average of the middle market quotations for ordinary shares for the five business days immediately preceding the day of purchase (as derived from the London Stock Exchange Daily Official List) and shall not be less than the nominal value of the share;
  - (b) the authority shall expire on the earlier of the close of the next following Annual General Meeting and the expiry of fifteen months from the date of the passing of this Resolution;
  - (c) the Company may make a contract for purchase which would, or might, be executed wholly or partly after the expiry of the authority;
  - (d) any shares purchased pursuant to the authority may be selected by the Directors in any manner as they from time to time deem appropriate.

**9.** To resolve as an Ordinary Resolution that in accordance with section 366 of the Companies Act 2006 (“the Act”), the Company and all companies that are its subsidiaries at any time during the period for which this resolution is effective be and are hereby authorised to make donations to political organisations other than political parties and to incur political expenditure (as such terms are defined in sections 363 to 365 of the Act) up to a maximum aggregate sum of £100,000 as follows:

(a) such authority shall, unless renewed, varied or revoked by the Company in general meeting prior to such time, expire at the earlier of 30 June 2011 or the conclusion of the Annual General Meeting in 2011;


(b) the Company may enter into a contract or undertaking under this authority prior to its expiry, which contract or undertaking may be performed wholly or partly after such expiry, and may make donations to political organisations and incur political expenditure in pursuance of such contracts or undertakings as if the said authority had not expired.

**10.** To resolve as a Special Resolution that:

(a) the Company’s Articles of Association be hereby 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 Articles of Association produced to the meeting and, for the purposes of identification, signed by the chairman, be adopted as the Company’s Articles of Association in substitution for, and to the exclusion of the Company’s existing Articles of Association.

By order of the Board



**Michael Warren**  
Company Secretary

**Notes:**

**1.** A member of the Company is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the Meeting. A member may appoint more than one such proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the appointing member.

**2.** A proxy need not be a member of the Company.

**3.** A form of proxy for use at the meeting is enclosed with this Notice. To be effective this form of proxy must be sent to our registrars at their address printed on the form so as to be received there not less than 48 hours before the time fixed for the meeting (disregarding time during a day that is a Saturday, Sunday or public holiday).

**4.** A member who has so appointed a proxy is not thereby precluded from attending and voting in person at the meeting if so desired.

**5.** Copies of the following will be available for inspection during usual business hours or on any weekday (Saturdays and public holidays excluded) at Saffron House, 6-10 Kirby Street, London EC1N 8EQ from the date of this Notice until the end of the Meeting:

(a) the register of interests of directors and their families in the shares of the Company;

(b) copies of the engagement contracts of the Directors with the Company;

(c) a copy of the current Articles of Association showing the proposed amendments marked up.

## Appendix

### Explanatory notes on the Proposed Resolutions

The explanatory notes below summarise the purpose of the Resolutions to be voted upon by Shareholders at this year's Annual General Meeting.

Resolutions 1 to 6 (inclusive) and 9 will be proposed as ordinary resolutions; more than 50% of the votes cast must support these resolutions in order for them to be passed. Resolutions 7, 8 and 10 will be proposed as special resolutions and 75% or more of the votes cast must support them in order for these resolutions to be passed.

The following numbers represent the number of the Resolution to which the notes refer:

- 1.** Shareholders will be asked to approve the adoption of the Reports and Financial Statements for the year ended 31 December 2009.
- 2.** Shareholders will be asked to approve the adoption of the Directors' Remuneration Report for the year ended 31 December 2009. Under the Directors' Remuneration Report Regulations 2002, Directors are required to ask shareholders to vote on the Directors' Remuneration Report (shown on page 13 of the Annual Report and Accounts 2009). The Directors, who have unanimously endorsed the Directors' Remuneration Report, consider that asking the shareholders to vote on this Report facilitates accountability and transparency.
- 3.** Steve Bodger was appointed as a Director of the Company in 2006 and re-appointed in 2008 and is required under the Articles of Association to retire by rotation.
- 4 & 5.** The Company is required to appoint auditors at each general meeting at which accounts are laid before the shareholders. The auditors are appointed from the conclusion of the forthcoming Annual General Meeting until the conclusion of next year's Annual General Meeting.
- 6.** This Resolution authorises the Directors to allot or agree to allot new shares and will allow the Directors to allot or agree to allot further relevant securities up to an aggregate nominal amount of £190,816, representing one third of the Company's issued share capital at the date of this Notice. This authority, if passed, will lapse at the earlier of the Annual General Meeting following its passing or, if later, on 17 September 2011. The Directors have no present intention of allotting new ordinary securities, other than pursuant to the Company's Employees' Share Option Scheme, but may do so in consideration for any acquisition by the Company or if they otherwise consider it to be in the Company's best interests to do so. The Company presently holds no treasury shares.
- 7.** Unless they are given the appropriate power, Directors may not allot new equity shares (including treasury shares) for cash (excluding shares issued under employees' share schemes) unless they have first been offered to existing shareholders in proportion to their holdings. There may however be occasions when in order to act in the best interests of the shareholders and the Company, the Directors will need the flexibility to issue a small number of shares for cash. This Special Resolution empowers them to allot shares with a nominal value totalling up to £28,622 without making any such prior offer to shareholders; this sum represents five per cent of the Company's issued share capital at the date of this Notice.

This power will automatically lapse at the end of the Company's next Annual General Meeting or on 17 September 2011, whichever is earlier.

## **Appendix** continued

**8.** This Special Resolution allows the Company to buy back up to 1,431,123 of its issued ordinary shares by market purchase. This is equal to five per cent of the Company's issued share capital at the date of this Notice. The Resolution sets out the lowest and highest prices the Company may pay for the shares.

The Directors are committed to creating shareholder value. Buying back the Company's shares is one of the options they keep under review. The Directors will implement such purchases only if they consider it is in the shareholders' best interests to do so. Before making such a decision they would consider the effect on earnings per share.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 allow companies to hold shares acquired by way of market purchase in treasury, rather than having to cancel them. The Company may therefore consider holding any of its own shares that it purchases pursuant to the authority conferred by this Resolution as treasury shares as an alternative to cancelling them. This would give the Company the ability to re-issue such shares quickly and cost effectively, and would provide the Company with additional flexibility in the management of its capital base. The Directors believe that it is desirable for the Company to have this flexibility.

Unless the Directors determine that they are to be held as treasury shares (see above), any shares in its own capital purchased by the Company would be cancelled and the number of shares in issue would be reduced accordingly. Shares held in treasury would not automatically be cancelled but would not be taken into account in future calculations of earnings per share (unless they are subsequently resold or transferred out of treasury).

No dividends would be paid on shares whilst held in treasury and no voting rights would be exercisable in respect of treasury shares.

This power will automatically lapse at the end of the Company's next Annual General Meeting or on 17 September 2011, whichever is earlier.

**9.** The Company did not make any donations to political parties in the European Union in the year under review and it is the Company's current policy not to do so. However, the Companies Act 2006 ("the Act"), defines "political organisations" and "donations" very widely and, as a result, in certain circumstances, donations intended for charitable or similar purposes may be regarded as political in nature.

In order to comply with its obligations and to avoid any inadvertent infringement of the Act, the Company considers it is prudent to seek shareholders' approval for a maximum aggregate level of donation. Resolution 9 seeks authority for the Company to make donations to political organisations or incur political expenditure not exceeding £100,000 per annum. The Company has no present intention of using this authority for any purpose other than a continuation of normal business and employment practices. In particular this authority will not be used to make any political donations as that expression is understood outside the Act.

This authority would last until the earlier of 30 June 2011 and conclusion of the Company's Annual General Meeting in 2011.

## Appendix continued

**10.** It is proposed to adopt new Articles of Association (“the New Articles”) with immediate effect to update the Company’s current Articles of Association (“the Current Articles”) primarily to take account of the coming into force of the last parts of the Companies Act 2006 (“the Act”) and the Companies (Shareholders’ Rights) Regulations 2009 (“the Shareholders’ Rights Regulations”).

The principal changes introduced in the New Articles are set out below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Act, the Shareholders’ Rights Regulations or the Uncertificated Securities Regulations 2001, or conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills, have not been noted. A copy of the New Articles showing all the changes to the Current Articles is available for inspection on our website ([www.workgroup.plc.uk](http://www.workgroup.plc.uk)) from the date of this notice until the date of the Annual General Meeting.

### (a) The Company’s Objects

The Act significantly reduces the constitutional significance of a company’s memorandum of association. The provisions governing the operations of the Company are currently set out in both its Memorandum of Association and its Articles of Association. Under the Act, the Memorandum no longer contains an objects clause and simply records the names of the original subscribers and the number of shares each subscriber agreed to take in the Company upon incorporation. Under the Act, the objects clause and all other provisions in the Memorandum are treated as part of the Articles with effect from 1 October 2009 but the Company can remove these provisions by special resolution. Unless the articles provide otherwise, the Company’s objects will be unrestricted. The Company is proposing to remove its objects clause together with certain other provisions of its memorandum which, by virtue of the Act, are now treated as forming part of the Company’s Articles. Resolution 11(a) removes these provisions and adopts the New Articles.

### (b) Liability of Members

Under the Act, the Memorandum of Association no longer contains a clause stating that the liability of the members of a company is limited. For existing companies, this statement is automatically treated as having moved into the Articles on 1 October 2009, but for the avoidance of doubt, an explicit statement of the members’ limited liability is included in the New Articles.

### (c) Change of Name

Under the Companies Act 1985 a company could only change its name by special resolution. Under the Act 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.

### (d) Authorised Share Capital and Unissued Shares

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

### (e) Redeemable Shares

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

## **Appendix** continued

### (f) Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other un-distributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Act, 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.

### (g) Use of Seals

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

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

### (h) Voting by Proxies on a show of hands

The Shareholders' Rights Regulations have amended the Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The Current Articles have been amended to reflect these changes.

### (i) Voting by corporate representatives

The Shareholders' Rights Regulations have amended the Act in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles rely on the provisions dealing with voting by corporate representatives which are contained in the Act.

### (j) Chairman's Casting Vote

The New Articles remove the provision giving the chairman a casting vote in the event of an equality of votes at a general meeting as this is no longer permitted under the Act.

### (k) Retirement by Rotation

The New Articles deal with circumstances where the requirements to retire by rotation require all Executive Directors to retire. The New Articles provide that in such circumstances one of the Executive Directors shall not retire.

### (l) General

The opportunity has been taken to make minor technical changes and update references in the New Articles.

## **Work Group plc**

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