

## NOTICE OF MEETING

# NOTICE OF ANNUAL GENERAL MEETING 2009

Notice is hereby given that the Annual General Meeting of DS Smith Plc will be held at the Andaz (formerly Great Eastern) Hotel, Liverpool Street, London EC2M 7QN, on Tuesday 8 September 2009 at 12 noon to consider and, if thought fit, pass the following resolutions, of which Resolutions 1 to 7 will be proposed as ordinary resolutions and Resolutions 8, 9 and 10 will be proposed as special resolutions.

- 1 To receive and adopt the Directors' Report, the Auditors' Report and financial statements for the year ended 30 April 2009.
  - 2 To declare a final dividend on the ordinary shares.
  - 3 To approve the Report on Remuneration.
  - 4 To re-elect Mr P M Johnson as a Director of the Company.
  - 5 To re-appoint Deloitte LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are to be laid before the Company and to authorise the Directors to determine the remuneration of the auditors.
  - 6 That the authorised share capital of the Company be increased from £41,000,000 to £70,000,000 by the creation of 290,000,000 additional ordinary shares of 10 pence each in the capital of the Company ranking *pari passu* in all respects with the existing ordinary shares of 10 pence each in the capital of the Company.
  - 7 That:
    - (a) in accordance with article 6 of the Articles of Association of the Company
      - (i) the Directors be authorised to allot relevant securities up to a maximum nominal amount of £13,111,863.10; and further
      - (ii) the Directors be authorised to allot relevant securities up to an additional maximum nominal amount of £13,111,863.10 in connection with a rights issue (as defined in article 7 of the Company's Articles of Association);
    - (b) this authority shall expire at the conclusion of the next Annual General Meeting after the passing of this resolution or, if earlier, 1 November 2010; and
    - (c) all previous unutilised authorities under Section 80 of the Companies Act 1985 shall cease to have effect (save to the extent that the same are exercisable pursuant to Section 80(7) of the Companies Act 1985 by reason of any offer or agreement made prior to the date of this resolution which would or might require relevant securities to be allotted on or after that date).
  - 8 That:
    - (a) in accordance with article 7 of the Articles of Association of the Company, the Directors be given power to allot equity securities for cash;
    - (b) the Directors be empowered to allot equity securities within Section 94(3A) of the Companies Act 1985 as if Section 89(1) of the Companies Act 1985 did not apply;
    - (c) the powers under paragraph (a) above (other than in connection with a rights issue) and paragraph (b) above shall be limited to the allotment of equity securities having a maximum nominal amount of £1,966,779;
  - (d) these authorities shall expire at the conclusion of the Annual General Meeting to be held in 2010 or, if earlier, 1 November 2010, save that the Company shall be entitled under such authorities to honour at any time before expiry thereof any commitment to allot its ordinary shares which will or might be concluded wholly or partly after the expiry of such authority; and
  - (e) all previous unutilised authorities under Section 95 of the Companies Act 1985 be revoked.
- 9 That in accordance with article 11 of the Articles of Association of the Company and the Companies Act 1985, the Company is generally and unconditionally authorised to make market purchases (within the meaning of the Companies Act 1985) of ordinary shares of 10 pence each in the capital of the Company in such manner and on such terms as the Directors may from time to time determine provided that:
- (a) the maximum number of ordinary shares hereby authorised to be purchased is 39,335,589 ordinary shares;
  - (b) the minimum price which may be paid for each ordinary share is 10 pence (exclusive of expenses payable by the Company);
  - (c) the maximum price which may be paid for each ordinary share is an amount equal to the higher of 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of any such purchase and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003 (in each case exclusive of expenses payable by the Company); and
  - (d) the authority hereby conferred shall, unless previously varied, revoked or renewed, expire at the conclusion of the Annual General Meeting to be held in 2010 or, if earlier, 1 November 2010, save that the Company shall be entitled under such authority to make at any time before the expiry thereof any contract to purchase its ordinary shares which will or might be concluded wholly or partly after the expiry of such authority.
- 10 That in accordance with the Company's Articles of Association, a general meeting (other than an Annual General Meeting) may be called on not less than 14 clear days' notice.

By Order of the Board

### CAROLYN CATTERMOLE

Company Secretary  
4-16 Artillery Row  
London SW1P 1RZ

From end August 2009:  
Beech House  
Whitebrook Park  
68 Lower Cookham Road  
Maidenhead  
Berkshire SL6 8XY

16 July 2009

## NOTES

- (i) Only those Members registered in the Register of Members of the Company as at 6pm on 6 September 2009 shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their names at that time.
- (ii) Members are entitled to appoint a proxy to exercise all or any of their rights to attend and speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.
- (iii) A Form of Proxy is enclosed. To be effective, Forms of Proxy must reach the Registrars at the address shown on the Form not later than 48 hours before the time of the Meeting. Completion and return of the Form will not, however, prevent a Member from attending and voting at the Meeting.
- (iv) Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between them and the shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- (v) The statement of rights of shareholders in relation to the appointment of proxies in Notes (ii) and (iii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- (vi) Nominated persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.
- (vii) CREST Members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting to be held on 8 September 2009 and any adjournment(s) thereof 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'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 the latest time for receipt of proxy appointments specified in (iii) above. 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 issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST Members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear 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.

- (viii) As at 24 June 2009 (being the latest practicable date prior to publication of this document), the Company's issued share capital consists of 393,355,893 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 24 June 2009 are 393,355,893.
- (ix) 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; and
  - (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.
- (x) It is possible that, pursuant to requests made by Members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the Annual General Meeting. 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 Companies Act 2006, to publish on its website.
- (xi) Copies of the following documents will be available for inspection at the Company's Registered Office and at the offices of Allen & Overy LLP, One Bishops Square, London E1 6AD during normal business hours and at the place of the Meeting from 11.45am until its conclusion:
  - (a) service contracts of the Executive Directors; and
  - (b) letters of appointment of the Chairman and the Non-Executive Directors.
- (xii) The Chairmen of the Audit, Remuneration and Nomination Committees will be available to answer relevant questions at the Meeting.

**EXPLANATORY NOTES ON THE RESOLUTIONS**

**Resolution 1:**

**Report and financial statements**

The Directors present to shareholders at the Annual General Meeting the Reports of the Directors and Auditors and the financial statements of the Company for the year ended 30 April 2009. These are contained in the Annual Report.

**Resolution 2:**

**Declaration of a final dividend**

Final dividends declared by shareholders must not exceed the amount recommended by the Directors. By passing Resolution 2, shareholders will declare a final dividend. The amount of the final dividend recommended by the Directors is 1.8 pence net per ordinary share.

**Resolution 3:**

**Approval of Report on Remuneration**

As required by section 439 of the Companies Act 2006, shareholder approval is sought for the Remuneration Report set out on pages 41 to 48.

**Resolution 4:**

**Re-election of Directors**

The Articles of Association of the Company require that all Directors retire from office at least once every three years but are eligible to submit themselves for re-election by shareholders. The Directors who retire at each Annual General Meeting are those who would otherwise have served for over three years without re-election by the date of the following Annual General Meeting.

Mr Johnson will retire and, being eligible, offers himself for re-election at this year's Annual General Meeting. Mr Johnson is Chairman of the Board and of the Nomination Committee.

A biography of each Director, including those seeking re-election, appears on pages 36 and 37 of the Annual Report.

**Resolution 5:**

**Re-appointment of Auditors and Auditors' remuneration**

The auditors of a company must be re-appointed at each general meeting at which accounts are presented. Resolution 5 proposes the re-appointment of the Company's existing auditors, Deloitte LLP, until the next Annual General Meeting and also gives authority to the Directors to determine the auditors' remuneration.

**Resolution 6:**

**Increase in authorised share capital**

The Company's current authorised share capital is £41,000,000, and the Company's issued share capital as at 24 June 2009 was £39,335,589.30, comprising 393,355,893 ordinary shares of 10 pence each. Accordingly, in order to renew the authority to allot ordinary shares as proposed by Resolution 7 for the full amount permitted in the latest guidelines issued by the Association of British Insurers, it is necessary to increase the Company's authorised share capital. The proposed increase is of £29,000,000 by the creation of 290,000,000 additional ordinary shares of 10 pence each. This represents an increase of 70.73% in the authorised share capital of the Company.

**Resolution 7:**

**Directors' authority to allot shares**

At the Annual General Meeting held in 2008, shareholders authorised the Directors, under section 80 of the Companies Act 1985, to allot relevant securities without the prior consent of shareholders for a period expiring at the conclusion of the Annual General Meeting to be held in 2009 or, if earlier, on 2 December 2009. It is proposed to renew this authority and to authorise the Directors to allot relevant securities for a period expiring no later than 1 November 2010.

In accordance with the latest institutional guidelines issued by the Association of British Insurers, the proposed new authority will allow the Directors to allot relevant securities equal to an amount of up to one-third of the Company's existing issued share capital (£13,111,863.10) plus, in the case of a fully pre-emptive rights issue only, a further amount of up to an additional one-third of the Company's existing issued share capital (£13,111,863.10), calculated as at 24 June 2009 (being the latest practicable date prior to the publication of this document).

The Directors have no present intention of exercising this authority. However, if they do exercise the authority, the Directors intend to follow emerging best practice as regards its use (including as regards the Directors standing for re-election in certain cases) as recommended by the Association of British Insurers.

Resolution 7 will be proposed as an ordinary resolution to renew this authority until the conclusion of the next AGM or, if earlier, 1 November 2010.

**Resolution 8:**

**Directors' power to disapply pre-emption rights**

This Resolution, which will be proposed as a special resolution, supplements the Directors' authority to allot shares in the Company (proposed by Resolution 7). Section 89 of the Companies Act 1985 requires a company proposing to allot equity securities for cash to offer them first to existing shareholders pro rata to their existing shareholdings. Authority was granted to the Directors at last year's Annual General Meeting and the Directors propose to seek shareholders' approval to renew this authority, pursuant to Section 95 of the Companies Act 1985, to allot such securities, notwithstanding the requirement imposed by Section 89, in two cases:

- in connection with a rights issue; and
- allotments of shares for cash up to a total nominal value of £1,966,779 (representing approximately 5% of the Company's issued share capital at 24 June 2009, being the latest practicable date prior to publication of this document) although it is not intended without prior consultation with the investment committee of the Association of British Insurers to issue or transfer in this way more than 7.5% of the share capital in a rolling three-year period. This gives the Directors flexibility to take advantage of business opportunities as they arise, including the sale of any shares the Company has purchased and held in treasury, whilst the 5% limit ensures that existing shareholders' interests are protected, and is in line with guidelines issued by institutional investors' bodies.

This authority will expire at the conclusion of the next Annual General Meeting, or, if earlier, on 1 November 2010, except in so far as commitments to allot shares have been entered into before that date. It is the present intention of the Directors to seek a similar authority annually.

**Resolution 9:**

**Company's authority to purchase shares**

This Resolution, which will be proposed as a special resolution, seeks to renew the existing authority for the Company to purchase its own shares in the market. This authority gives the Company greater flexibility in managing its capital resources. The Directors have no specific intention of using this authority and would do so only when, in the light of market conditions, they believed that the effect of such purchases would be to increase earnings per share, and that the purchases were in the interests of shareholders generally. The Directors would also give careful consideration to gearing levels of the Company and its general financial position. The purchase price would be paid out of distributable profits. Resolution 9 specifies the maximum number of shares which may be purchased (representing approximately 10% of the Company's issued share capital at 24 June 2009, being the latest practicable date prior to publication of this document), the minimum and maximum prices at which they may be bought and when the authority will expire, reflecting the requirements of the Companies Act 1985 and the Listing Rules of the FSA.

The maximum price at which the shares may be purchased is the higher of 5% above the average of the middle market values of those shares for the five business days before the purchase is made and the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003.

The Companies Act 1985 enables certain listed companies to hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares by the Company. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under the Company's share schemes. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings, in respect of those shares. Further, no dividend or distribution of the Company's assets may be made to the Company in respect of those shares whilst held in treasury.

Accordingly, if the Directors exercise the authority conferred by Resolution 9, the Company will have the option of holding those shares in treasury rather than cancelling them. The total number of ordinary shares that are under option through the Company's share option schemes at 24 June 2009 (being the latest practicable date prior to publication of this notice) is 5,593,483 of which 4,675,676 are options over unissued ordinary shares.

The proportion of issued ordinary share capital that the options over unissued ordinary shares represented on this date was 1.19% and the proportion of issued ordinary share capital that they will represent if the full authority to purchase shares (existing and being sought) is used is 1.08%. The authority will expire on 1 November 2010 or at the conclusion of the next Annual General Meeting (whichever is the earlier). It is the present intention of the Directors to seek a similar authority annually.

#### **Resolution 10: Notice of general meetings**

Resolution 10 is required in view of the implementation in the UK in August 2009 of the Shareholder Rights Directive ('SRD'). The Company's Articles of Association provide that it is able to call general meetings (other than annual general meetings) on 14 clear days' notice and the Company would like to preserve the ability to do so. The regulation implementing the SRD has increased the notice period for general meetings of the Company to 21 days except in those cases where shareholders have approved the calling of meetings on 14 days' notice.

Resolution 10 will be proposed as a special resolution. Under the terms of the SRD, the resolution 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 need to meet the requirements for electronic voting under the SRD before it can call a general meeting on 14 days' notice.

#### **Recommendation**

Your Directors believe that all the proposals to be considered at the Annual General Meeting are in the best interests of the Company and its shareholders and recommend shareholders to vote in favour of the resolutions. The Directors will be voting in favour of the resolutions in respect of their own shareholdings.

## **IMPORTANT NOTES ABOUT THE ANNUAL GENERAL MEETING**

### **Date**

Tuesday 8 September 2009

### **Location**

Andaz (formerly Great Eastern) Hotel, Liverpool Street, London EC2M 7QN

### **Timing**

The Meeting will start promptly at 12 noon and shareholders wishing to attend are advised to be in the venue no later than 11.50am. The reception area will be open from 11.30am, from which time refreshments will be served.

### **Travel information**

A map on the reverse of the Admittance Card shows the location of the Andaz (formerly Great Eastern) Hotel and the nearest underground and railway stations. The venue is less than five minutes' walk from Liverpool Street station. There are no car-parking facilities at the venue.

### **Admission**

Please bring the Admittance Card (which is the tear-off section at the bottom of the Form of Proxy) with you to the Meeting. You may be asked to show the Card before being admitted to the venue. Shareholders and proxy holders may also be required to provide proof of identity. The registration process may take longer without these documents. Shareholders are politely requested to bring no more than one guest to the Meeting except by prior arrangement with the Company Secretary.

### **Facilities**

The Andaz (formerly Great Eastern) Hotel has wheelchair access. If you are planning to come to the Meeting and are a wheelchair user, it would be helpful if you would telephone the venue in advance on 020 7618 5618.

### **Enquiries and questions**

Shareholders who intend to ask a question related to the business of the Meeting are asked to provide their name, address and question at the Registration desk. Staff from Equiniti will be on hand to provide advice and assistance.