

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Waterman Group PLC, please forward this document and the accompanying Form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

A Form of Proxy for the Annual General Meeting is enclosed and should be completed and returned in accordance with the instructions printed on it so as to reach the Company's registrar no later than 10.30 am on Wednesday 05 December 2012. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual. Completion and return of the Form of Proxy will not prevent you from attending and voting at the Meeting in person, should you so wish.

Waterman Group Plc

(Registered in England company number 2188844)

Chairman's Letter to Shareholders and Notice of Annual General Meeting 2012

Directors:

Roger Fidgen
Nicholas Taylor
Geoffrey Wright
John Archibald
Alex Steele
John Waiting
Craig Beresford
Simon Harden

Chairman and Non-executive Director
Chief Executive
Non-executive Director
Non-executive Director
Finance Director
Director
Director
Director

Registered Office:

Pickfords Wharf
Clink Street
London
SE1 9DG

6 November 2012

Dear Shareholder,

Annual General Meeting

The Annual General Meeting (AGM) of Waterman Group Plc (the **Company** or **Waterman Group**) is to be held at Glaziers Hall, 9 Montague Close, London Bridge, London, SE1 9DG on Friday 07 December 2012 at 10.30 am. The formal notice convening the AGM is set out on pages 4 to 7 of this document. This document describes, and gives a detailed explanation of, each resolution to be proposed at the AGM.

Explanatory Notes

The following paragraphs set out in summary form the resolutions to be proposed at the AGM.

Ordinary Resolutions

Report & Accounts – Resolution 1

The directors are required to present the financial statements of the Company for the year ended 30 June 2012, together with the reports of the directors and auditors, to the AGM. The annual report and accounts include the business review and statements on Waterman Group's compliance with corporate governance and on corporate social responsibility.

Directors' Remuneration Report – Resolution 2

This resolution is to receive and approve the directors' remuneration report for the year ended 30 June 2012. The report is set out on pages 35 to 38 of the annual report.

Payment of final dividend – Resolution 3

The directors recommend the payment of a final dividend on the ordinary shares of the Company of 0.2 pence per ordinary share. If you approve the recommended final dividend, this will be paid on 11 January 2013 to all ordinary shareholders who are on the register of members at the close of business on 14 December 2012.

Re-election of directors – Resolutions 4 to 6 (inclusive)

Under the Company's Articles of Association, any director who has held office as a director for two preceding consecutive annual general meetings must retire from the office of director at the third annual general meeting. The UK Corporate Governance Code presently requires all directors to submit themselves for re-election at intervals of no more than three years. In accordance with these requirements, Simon Harden, Alex Steele and Geoffrey Wright are retiring at the AGM and submit themselves for re-election.

The UK Corporate Governance Code requires sufficient biographical detail to be provided to you for the purpose of considering their re-election and this is as follows:

Re-election of Simon Harden – Resolution 4

Mr Harden joined Waterman Group in 1977 and started its international business in Moscow in 1991. Following considerable organic and acquisition growth by the international businesses, he was appointed to the board in July 2007. Mr Harden is currently managing director of Waterman International with strategic responsibility for the Waterman Group's international operations.

Re-election of Alex Steele – Resolution 5

Ms Steele joined Waterman Group in March 2008 as Group Divisional Director of Finance and was appointed to the board in February 2010 as Finance Director. She graduated from Sheffield University in 1991 and qualified as a chartered accountant in 1997. She has previously worked for PricewaterhouseCoopers in the UK and Australia.

Re-election of Geoffrey Wright – Resolution 6

Mr Wright was appointed to the Group upon joining Waterman Group in June 2007. He was previously the director responsible for construction and project management at Hammerson plc, one of the UK's major property development companies. Mr Wright is a non-executive director of Severfield-Rowen plc and a director of several private companies.

Re-appointment of auditors – Resolution 7

This resolution proposes the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next general meeting at which accounts are laid before the Company.

Auditors' remuneration – Resolution 8

This resolution proposes that the remuneration of the auditors be determined by the directors.

Authority to allot shares - Resolution 9

Your directors may allot shares and grant rights to subscribe for, or convert any security into, shares only if authorised by the shareholders. The authority previously given to the directors at the last annual general meeting of the Company will expire at this year's AGM.

This resolution will grant the directors new authorities to allot shares and grant rights to subscribe for, or convert any security into, shares (a) up to an aggregate nominal amount of £1,025,000 and (b) comprising equity securities up to an aggregate nominal amount (when added to allotments under part (a) of this resolution) of £2,050,000 where the allotment is in connection with a rights issue.

These amounts represent approximately one third and two thirds respectively of the total issued ordinary share capital of the Company as at 6 November 2012 (being the latest practicable date before the posting of this document). If given, these authorities will expire at the conclusion of the annual general meeting of the Company in 2013. Where usage of these authorities exceeds the thresholds suggested by the Association of British Insurers (the **ABI**) in their December 2008 guidance, your directors will stand for re-election at the following annual general meeting to the extent required by the ABI.

The directors have no present intention to exercise this authority other than in respect of the Company's obligations under the Waterman Group share option and incentive schemes. As at 6 November 2012 (being the latest practicable date before the posting of this document), the Company held no treasury shares.

Special Resolutions

Purchase of own shares - Resolution 10

This resolution will give the Company authority to purchase its own shares in the market up to a limit of 10 per cent of its issued ordinary share capital. The maximum and minimum prices are stated in the resolution. Your directors believe that it is advantageous for the Company to have this flexibility to make market purchases of its own shares. Your directors will only exercise this authority if they are satisfied that a purchase would result in an increase in expected earnings per share and would be in the interests of shareholders generally. In the event that shares are purchased, they would either be cancelled (and the number of shares in issue would be reduced accordingly) or, in accordance with the Companies Act 2006, be retained as treasury shares. The Company will consider holding repurchased shares pursuant to the authority conferred by this resolution as treasury shares. This would give the Company the ability to re-issue treasury shares quickly and cost effectively and would provide the Company with additional flexibility in the management of its capital base. Any issues of treasury shares for the purposes of the Company's employee share schemes will be made within the 10 per cent anti-dilution limit set by the ABI. As at 6 November 2012, the total number of options over shares that were outstanding under all of the Company's share option plans was 213,000, which if exercised would represent 0.7 per cent of the Company's issued share capital at that date. If the Company were to purchase its own shares to the fullest possible extent of its authority from shareholders (existing and being sought), this number of outstanding options could potentially represent 0.8 per cent of the issued share capital of the Company. There are no warrants outstanding.

Notice of meetings other than general meetings – Resolution 11

Changes made to the Companies Act 2006 by the Companies (Shareholders' Rights) Regulations 2009 increase the notice period required for general meetings of the Company to at least 21 clear days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. Annual general meetings will continue to be held on at least 21 clear days notice.

Until the coming into force of the Companies (Shareholders' Rights) Regulations 2009 on 3 August 2009, the Company was able to call general meetings other than an annual general meeting on at least 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, Resolution 11 seeks the necessary shareholder 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 shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Action to be taken

You will find enclosed with this document a Form of Proxy for use in relation to the AGM. Whether or not you are able to attend the AGM, Forms of Proxy should be completed and returned in accordance with the instructions printed thereon so that they arrive at the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event not later than 48 hours before the time of the AGM. Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual. Completion and return of a Form of Proxy will not preclude a member from attending and voting in person at the AGM should they wish to do so. In calculating this date, and in accordance with the provisions of the Company's Articles of Association and section 360B of the Companies Act 2006, no account has been taken of a day that is not a working day whilst granting shareholders the longest possible time to be entered on the register.

Recommendation

The directors consider all of the proposed resolutions set out in the Notice of the AGM to be in the best interests of the Company and the shareholders as a whole and unanimously recommend that shareholders vote in favour of all the resolutions as they intend to do in relation to their beneficial holdings amounting in aggregate to 289,889 ordinary shares (representing approximately 0.9 per cent of the current issued share capital of the Company).

Yours faithfully

Roger S Fidgen
Chairman

WATERMAN GROUP PLC

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty fourth annual general meeting (the **AGM**) of Waterman Group plc (the **Company** or **Waterman Group**) will be held at Glaziers Hall, 9 Montague Close, London Bridge, London, SE1 9DG on Friday, 07 December 2012 at 10.30 am to consider and, if thought fit, to pass the following resolutions. It is intended to propose resolutions 10 to 12 as special resolutions. All other resolutions will be proposed as ordinary resolutions.

Ordinary resolutions

1. To receive, consider and adopt the Company's report and accounts for the financial year ended 30 June 2012, together with the reports of the directors and the auditors thereon.
2. To receive, consider and approve the Directors' Remuneration Report for the financial year ended 30 June 2012.
3. To declare a final dividend of 0.2p per share for the financial year ended 30 June 2012.
4. To re-elect Mr Simon Harden as a director of the Company.
5. To re-elect Ms Alex Steele as a director of the Company.
6. To re-elect Mr Geoffrey Wright as a director of the Company.
7. **To re-appoint PricewaterhouseCoopers LLP as auditors to the Waterman Group.**
8. To authorise the directors to set the remuneration of PricewaterhouseCoopers LLP as auditors of the Waterman Group.
9. That the directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the **Act**), to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares:
 - (a) up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) of £1,025,000; and
 - (b) comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) (when added to any allotments made under (a) above) of £2,050,000 in connection with or pursuant to an offer or invitation by way of a rights issue in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or if the directors consider it necessary, as permitted by the rights of those securities), but subject to such exclusions or other arrangements as the directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in, any territory or any other matter whatsoever,

these authorisations to expire at the conclusion of the next annual general meeting of the Company in 2013, save that the Company may before such expiry make any offer or agreement that would or might require shares to be allotted or rights to be granted, after such expiry and the directors may allot shares, or grant rights to subscribe for or to convert any security into shares, in pursuance of any such offer or agreement as if the authorisations conferred hereby had not expired. This authority shall be in substitution for and shall replace any existing authority to the extent not utilised at the date of passing of this resolution.

Special resolutions

10. That the Company is generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the **Act**) to make market purchases (within the meaning of section 693(4) of the Act) of any of its ordinary shares of 10p each in the capital of the Company on such terms and in such manner as the directors may from time to time determine, provided that:
- (a) the maximum number of ordinary shares which may be purchased is 3,075,882 (representing approximately ten per cent of the Company's issued share capital as at 6 November 2012);
 - (b) the minimum price that may be paid for each ordinary share is 10p which amount shall be exclusive of expenses, if any;
 - (c) the maximum price (exclusive of expenses) that may be paid for each ordinary share is an amount equal to the higher of: (i) 105 per cent of the average of the middle market quotations for the ordinary shares of the Company as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which such share is contracted to be purchased; and (ii) that stipulated by article 5(1) of the EU Buyback and Stabilisation Regulation 2003 (No. 2273/2003);
 - (d) unless previously renewed, revoked or varied, this authority shall expire at the conclusion of the annual general meeting in 2013; and
 - (e) the Company may, before this authority expires, make a contract to purchase ordinary shares that would or might be executed wholly or partly after the expiry of this authority, and may make purchases of ordinary shares pursuant to it as if this authority had not expired.
11. That a general meeting of the Company (other than an annual general meeting) may be called on not less than 14 clear days' notice.

By the order of the Board:

Graham R Hiscocks
Company Secretary
6 November 2012

Registered office: Pickfords Wharf, Clink Street, London SE1 9DG
Registered in England and Wales number 2188844

NOTES:

1. Proxies

A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the meeting. 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. A proxy need not be a member of the Company. To be valid, forms of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 must be received by or deposited with the Registrar of Waterman Group plc, c/o Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time of the AGM. Completion of a form of proxy or other instrument appointing a proxy or any CREST Proxy Instruction will not preclude a member attending and voting in person at the AGM.

2. CREST members

Alternatively, if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained below.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by using the procedures, and to the address, described in the CREST Manual subject to the provisions of the Company's Articles of Association. 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 and Ireland Limited's (formerly CRESTCo's) (Euroclear) specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). 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 RA10) no later than 48 hours before the time of the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp 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 provider(s) 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 provider(s) 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.

3. Documents on display

Copies of executive directors' service agreements, copies of the terms and conditions of appointment of non-executive directors and a copy of the Articles of Association of the Company are available for inspection at the Company's registered office during normal business hours from the date of this notice until the close of the AGM (Saturdays, Sundays and public holidays excepted) and will be available for inspection at the place of the AGM for at least 15 minutes prior to and during the AGM.

A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at the Company's website at www.watermangroup.com.

4. **Right to attend and vote**

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at close of business on Wednesday 05 December 2012, or, in the event of any adjournment, at close of business on the date which is two days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

5. **Right to ask questions**

Any member attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

6. **Corporate members**

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

7. **Nominated persons**

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 have a right, under an agreement between him/her and the member by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right, under such an agreement, to give instructions to the member as to the exercise of voting rights.

The statement of the above rights of the members in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by shareholders of the Company.

8. **Website publication of audit concerns**

Shareholders should note that under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) 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 AGM; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year beginning on or after 01 July 2011 ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006, (in each case) that the members propose to raise at the AGM. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, 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 meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

9. **Total number of shares and voting rights**

As at 6 November 2012 (being the latest practicable date before the posting of this document), the Company's issued share capital consists of 30,758,824 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date are 30,758,824.

10. **Electronic communications**

Any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this Notice of AGM (or in any related documents including the Chairman's letter and proxy form) may not be used to communicate with the Company for any purposes other than those expressly stated.