

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker or other independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all your ordinary shares or deferred shares in John Swan & Sons PLC, you should pass this document, the accompanying form of proxy and the annual report and financial statements of John Swan & Sons PLC for the year ended 30 April 2010 without delay to the stockbroker, bank or other person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

JOHN SWAN & SONS PLC

(Registered Number SC007893)

Directors:

Alastair J Ritchie *(Non-executive Chairman)*

John C Clark *(Executive Director)*

James D Allen *(Non-executive Director)*

George R Forbes *(Non-executive Director)*

Registered office:

6 St Colme Street

Edinburgh

EH3 6AD

23 August 2010

To holders of ordinary shares of 25p each (the "Ordinary Shares") and deferred shares of 12.5p each (the "Deferred Shares") in the capital of John Swan & Sons PLC

Dear Shareholder

2010 Annual General Meeting

I am writing to you to explain the background to the holding of the Company's ninety-ninth Annual General Meeting which will be held at 12 noon on 22 September 2010 at The Lodge Hotel, Carfraemill, Lauder. The notice of meeting is set out at the end of this letter (the "Notice").

The following resolutions will be proposed at the Annual General Meeting:

Resolution 1: Receipt of Annual Report and Financial Statements (Ordinary Resolution)

This resolution relates to the receipt by the Annual General Meeting of the directors' and auditors' reports and the financial statements of John Swan & Sons PLC and its subsidiary undertakings for the year ended 30 April 2010, which are enclosed with this letter.

Resolution 2: Re-election of Director (Ordinary Resolution)

The Company's articles of association require that at each Annual General Meeting of the Company one-third of the directors for the time being shall retire from office.

Accordingly, the director to retire by rotation is Jack Clark who, being eligible, now offers himself for re-election. Resolution 2 proposes the re-election of Mr Clark.

Resolution 3: Re-appointment of Auditors (Ordinary Resolution)

This resolution is proposed to re-appoint Scott-Moncrieff as auditors of the Company and to authorise the directors to fix their remuneration.

Resolution 4: Declaration of Dividend (Ordinary Resolution)

The directors recommend the payment of a dividend of 5p per Ordinary Share which, if approved at the Annual General Meeting, would be paid to shareholders on 22 September 2010.

Resolution 5: Adoption of New Articles (Special Resolution)

Resolution 5 proposes that new articles of association (the "New Articles") be adopted in place of the Company's existing articles of association (the "Current Articles") to take account of the coming into force of the Companies Act 2006 (the "2006 Act"), the Companies (Shareholders' Rights) Regulations 2009, and certain other changes and developments in law, regulation and practice since adoption of the Current Articles. An explanation of the principal changes introduced in the New Articles is set out in the appendix at the end of this document. Other changes, which are of a minor, technical or clarifying nature, have not been noted in the appendix. A copy of the New Articles will be available for inspection as described in note 3 of the Notice. Resolution 5 will be proposed as a special resolution.

In accordance with the Current Articles, the consent of the holder of the Deferred Shares is required to the passing of resolution 5 and John Swan Trustee Limited (which holds the Deferred Shares as trustee of the John Swan Employee Benefit Trust) has provided the requisite consent.

Action to be taken

You will find enclosed with this document a form of proxy for use at the Annual General Meeting. Whether or not you propose to attend the Annual General Meeting in person you are requested to complete the form of proxy and return it to the Company's secretaries, Geoghegans, 6 St Colme Street, Edinburgh EH3 6AD so as to arrive no later than 12 noon on 20 September 2010. The completion and return of the form of proxy will not affect your right to attend and vote in person at the Annual General Meeting if you so wish.

Recommendation

Your Board believes that the proposed resolutions are in the best interests of the Company and unanimously recommends that you vote in favour of them as your directors intend to do in respect of their own beneficial shareholdings.

Yours faithfully

Alastair J Ritchie
Chairman

Notice of Annual General Meeting

Notice is hereby given that the ninety-ninth Annual General Meeting of John Swan & Sons PLC (the "Company") will be held at 12 noon on 22 September 2010 at The Lodge Hotel, Carfraemill, Lauder for the following purposes:

To consider and, if thought fit, pass the following as ordinary resolutions:

1. To receive and adopt the reports of the directors and the auditors and the financial statements for the year ended 30 April 2010.
2. To re-elect Jack Clark, who retires at the Annual General Meeting by rotation, as a director of the Company.
3. To re-appoint Scott Moncrieff as auditors of the Company to hold office until the conclusion of the next general meeting at which financial statements are laid before the Company and to authorise the directors to determine their remuneration.
4. To declare a dividend of 5p on each ordinary share of 25p in the capital of the Company for the year ended 30 April 2010.

To consider and, if thought fit, pass the following as a special resolution:

5. That:
 - (A) the articles of association of the Company be amended by deleting all the provisions of the Company's memorandum of association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's articles of association; and
 - (B) the articles of association produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company.

By order of the Board

Geoghegans
Secretaries
Registered office:
6 St Colme Street
Edinburgh
EH3 6AD

23 August 2010

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A member may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a member of the Company. A form of proxy for use at the meeting is enclosed. If used, proxies must be lodged together with the power of attorney or other authority (if any) under which they are signed, or an extract from the Books of Council and Session or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power or authority at the office of the Company's secretaries, Geoghegans, 6 St Colme Street, Edinburgh EH3 6AD not less than 48 hours before the time of the meeting. Appointment of a proxy will not preclude a member from attending and/or voting in person at the meeting. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's secretaries.
2. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered on the register of members of the Company as at 6pm on 20 September 2010 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the shares registered in their name at that time. Changes to the entries on the register of members after 6pm on 20 September 2010 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting, notwithstanding any provisions in any enactment, the articles of association of the Company or other instrument to the contrary.
3. A copy of the proposed new articles of association of the Company marked up to show the differences from the existing articles of association of the Company will be available for inspection at the Company's registered office during normal business hours Monday to Friday (public holidays excepted) up to and including the day of the day of the meeting, and at the venue for the meeting for at least 15 minutes before the time fixed for the meeting until the end of the meeting.

APPENDIX

Explanatory note setting out the principal changes to the Current Articles

The principal changes which would arise from the adoption of the New Articles are set out below.

1. Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the 2006 Act are in the main amended to bring them in line with the 2006 Act.

2. Form of resolution

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

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

3. Change of name

Under the Companies Act 1985, a company could only change its name by special resolution. Under the 2006 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.

4. The Company's objects

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

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the 2006 Act the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further, the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of the Memorandum which, by virtue of the 2006 Act, are treated as forming part of the Current Articles as of 1 October 2009. Resolution 5 (A) set out in the Notice confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Memorandum regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

5. Authorised share capital and unissued shares

The 2006 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 2006 Act, save in respect of employee share schemes.

6. 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 2006 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.

7. Variation of class rights

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

8. 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 undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the 2006 Act a company only requires shareholder authority to do any of these things and it is no longer necessary for articles to contain enabling provisions. The New Articles reflect this.

9. Suspension of registration of share transfers

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

10. Extraordinary general meetings

The concept of extraordinary general meetings no longer exists in the 2006 Act. Accordingly, references to extraordinary general meetings will simply refer to general meetings.

11. Convening general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the 2006 Act. In particular a general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

12. Votes of members

Under the 2006 Act proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the 2006 Act so that the articles cannot provide that they should be received more than 48 hours before the meeting or, in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. In addition, the Shareholders' Rights Regulations have amended the 2006 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.

13. Voting by corporate representatives

The Shareholders' Rights Regulations have amended the 2006 Act in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and on a poll. The New Articles contain provisions which reflect these amendments.

14. Vacation of office by directors

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

15. Age of directors on appointment

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

16. Retirement of directors by rotation

The Current Articles contain a provision requiring a minimum of one third of the directors who are subject to retirement by rotation to retire at every AGM. The New Articles accord with the Combined Code to provide that each director shall retire at the AGM held in the third calendar year following the year in which he was elected or last re-elected by the Company. In addition, any director who has been appointed by the board since the last AGM is required to retire. All such retiring directors may offer themselves for election or re-election.

17. 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 2006 Act, such authority will no longer be required. Accordingly, the relevant authorisation has been removed in the New Articles.

18. Directors' indemnities and loans to fund expenditure

The 2006 Act has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.

19. Communications by electronic means

The legislation that allows companies to send documents and information electronically to those shareholders who prefer to receive communications in that way has been updated by the implementation of the 2006 Act. The New Articles reflect the new legislation and facilitate communications by electronic means between the Company and its shareholders.

20. General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles.