

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 2011 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

2 September 2011

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

2011 Annual General Meeting

I am writing to you to explain the background to the holding of the Company's one hundredth Annual General Meeting which will be held at 12 noon on 30 September 2011 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 2011, which are enclosed with this letter.

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

The Company's articles of association require that each Director shall retire at the Annual General Meeting held in the third calendar year following the year in which he was elected or last re-elected by the Company.

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

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 30 September 2011.

Resolution 5: Authority to purchase own shares (Special Resolution)

Buyback Authority

Resolution 5 seeks to authorise the Company to make market purchases of its Ordinary Shares. Publicly traded companies often use the mechanism of market purchases of their own shares where they perceive that such purchases would be value-enhancing for shareholders, measured typically by reference to earnings per share and/or net asset value per share. Due to the unusual share capital structure of the Company, and restrictions contained within the City Code on Takeovers and Mergers (the "Takeover Code") (see below under the heading "Panel Issues"), the Board has not, in recent years, considered it appropriate for the Company to seek a market purchase authority from shareholders. Given the current share price, however, which stands at a significant discount to net asset value, the Board is now of the view that the possibility of the Company making market purchases should be explored further.

The authority given by this Resolution would, if capable of being exercised (see "Panel Issues" below), be exercised only after careful consideration by the Directors having taken into account market conditions prevailing at the relevant time, and if the Directors were satisfied that any purchase would result in an increase in earnings per share of the Ordinary Share capital in issue after the purchase and, accordingly, that the purchase was in the interests of shareholders generally. Any shares so repurchased would either be cancelled or held by the Company as treasury shares. If the Company were to purchase its own shares, it would consider holding them as treasury shares as this would give the Company the ability to re-issue shares quickly and cost-effectively. In particular, the Directors are currently in the early stages of considering the implementation of an employee share scheme for employees of the Company's trading subsidiary, John Swan Limited, and treasury shares might be used for this purpose.

The maximum number of Ordinary Shares which would be purchased under the proposed authority, if capable of exercise, would be 30,000, representing approximately 5 per cent. of the issued share capital of the Company as at 1 September 2011, being the latest practicable date prior to publication of this document.

The price paid for Ordinary Shares would not be less than the nominal value of the shares nor more than the higher of (a) 5% above the average of the middle market quotations of the Company's Ordinary Shares as derived from the London Stock Exchange Daily Official List for the 5 business days preceding the day on which the Ordinary Shares were purchased, and (b) an amount equal to the higher of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from all London Stock Exchange trading systems.

The authority will in any event expire on 31 October 2012, or, if earlier, at the end of the 2012 Annual General Meeting, unless previously cancelled or varied by the Company in general meeting.

Panel Issues

Should Resolution 5 be passed at the Annual General Meeting, the Company would still require to consult the Panel on Takeovers and Mergers (the "Panel"), being the body which governs the operation of the Takeover Code, in order to determine the basis on which the market purchase authority might be capable of being used. The Company has an unusual voting capital structure in that the Board could be regarded as having effective control over the voting rights attaching to the Company's deferred share capital which represent, in voting terms, 44 per cent. of the Company's voting capital. This has resulted in the Panel previously determining that any increase in the percentage of shares carrying voting rights in which the Board is interested (such an increase would occur in the event that the Company makes market purchases of its shares) would be treated as an acquisition for the purposes of the "mandatory offer" provisions set out in Rule 9 of the Takeover Code ("Rule 9"). This would (in the absence of a relevant waiver) result in the Directors, as a group of persons deemed under the Takeover Code to be "acting in concert", having to make a full cash takeover offer for the Company. This is clearly not something which any of the Directors, whether individually or as a group, wishes to trigger. The purpose of the consultation with the Panel would, therefore, be to determine the basis on which a relevant waiver of the Rule 9 provisions might be secured.

So, whilst the authority being sought pursuant to Resolution 5 cannot be exercised without prior consultation with the Panel (and the possible need to revert to shareholders in general meeting at a later date to seek relevant shareholder approval), the Directors consider it prudent to seek the authority at this year's Annual General Meeting in order to establish shareholder appetite for the principle of using the mechanism of market purchases as a tool with which to seek to enhance shareholder value.

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 28 September 2011. 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 one hundredth Annual General Meeting of John Swan & Sons PLC (the "Company") will be held at 12 noon on 30 September 2011 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 2011.
2. To re-elect James Allen, 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 2011.

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

5. That, the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (as amended) ("the Act") to make market purchases (within the meaning of section 693 of the Act) of ordinary shares of 25p each ("Ordinary Shares") on such terms and in such manner as the Directors of the Company may decide provided that:
 - (i) the maximum number of Ordinary Shares that may be purchased by the Company pursuant to this authority is 30,000;
 - (ii) the minimum price that may be paid for any such Ordinary Share shall be the nominal value of that share (exclusive of expenses payable by the Company in connection with the purchase);
 - (iii) the maximum price that may be paid for any Ordinary Share purchased pursuant to this authority is an amount equal to the higher of (a) 105% of the average of the middle market prices shown in the quotations for the Company's Ordinary Shares in the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which that Ordinary Share is contracted to be purchased and (b) an amount equal to the higher of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from all London Stock Exchange trading systems exclusive of expenses payable by the Company in connection with the purchase; and
 - (iv) this authority shall expire on 31 October 2012, or, if earlier at the conclusion of the annual general meeting of the Company to be held in 2012, but the Company may make a contract to purchase Ordinary Shares under this authority before its expiry which will or may be completed wholly or partly after the expiry of this authority, and may complete such a purchase as if this authority had not expired.

By order of the Board

Geoghegans

Secretaries

Registered office:

6 St Colme Street

Edinburgh

EH3 6AD

2 September 2011

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 or wish to change or revoke your proxy instruction, 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 28 September 2011 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 28 September 2011 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.