

PANMURE GORDON & CO

Notice of Annual General Meeting

Thursday 22 May 2008 at 2.00 pm
Moorgate Hall, 155 Moorgate, London EC2M 6XB

Notice is hereby given that the Annual General Meeting of the Company will be held at Moorgate Hall, 155 Moorgate, London EC2M 6XB on Thursday 22 May 2008 at 2.00 pm for the following purposes: (Please see notes on pages 4 to 11 for a brief explanation of each of the proposed resolutions)

Ordinary Business

To consider and, if thought fit, pass the following resolutions numbered 1 to 11 (inclusive) as ordinary resolutions:

1. To receive the accounts together with the reports of the Directors and auditors for the year ended 31 December 2007.
2. To elect Anthony Cann, who was appointed as a director of the Company since the last Annual General Meeting.
3. To elect Simon Bax, who was appointed as a director of the Company since the last Annual General Meeting.
4. To elect Paul Gismondi, who was appointed as a director of the Company since the last Annual General Meeting.
5. To re-elect Tony Caplin, who retires by rotation, as a director.
6. To re-elect Charles Stonehill, who retires by rotation, as a director.
7. To re-elect Richard Wyatt, who retires by rotation, as a director.
8. To re-appoint KPMG Audit Plc as auditors of the Company to hold office until the conclusion of the next meeting at which the accounts are laid before.
9. To authorise the Directors to set the remuneration of the auditors.
10. To approve the Directors' remuneration report for the year ended 31 December 2007.
11. To declare a final dividend for the year ended 31 December 2007 of 1.5p per ordinary share payable to shareholders on the register at close of business on 2 May 2008.

Special Business

To consider and, if thought fit, pass the following resolutions of which resolutions 12 to 14 (inclusive) will be proposed as ordinary resolutions and resolutions 15 to 18 (inclusive) will be proposed as special resolutions.

Ordinary resolutions

12. Authority to allot shares

That, in substitution for all existing authorities granted to the Directors in respect of the allotment of relevant securities but without prejudice to the proper exercise of such authorities, the Directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £897,689 provided that such authority shall expire on 21 May 2013 save that the Company may, before such expiry, make an offer or agreement which would, or might, require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.

13. Approval of Accrued Bonus Plan and Performance Pool Plan

That

- a) the ThinkEquity Accrued Bonus Plan, as amended to date and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and adopted; and
- b) the ThinkEquity Performance Pool Plan as amended to date, referred to in the Chairman of the Board's letter to shareholders dated 1 April 2008, and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and adopted.

14. Approval of the Performance Share Plan

That the rules of the Panmure Gordon & Co. plc Performance Share Plan (the "Plan") referred to in the Chairman of the Board's letter to shareholders dated 1 April 2008 and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and adopted and the Directors be authorised to:

- a) make such modifications to the Plan as they may consider appropriate to take account of the requirements of best practice and for the implementation of the Plan and to adopt the Plan as so modified and to do all such other acts and things as they may consider appropriate to implement the Plan; and

- b) establish further plans based on the Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the Plan.

Special resolutions

15. Authority to disapply pre-emption rights

That, subject to, and conditional upon, the passing of resolution 12, the Directors be empowered, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the Act) for cash pursuant to the authority conferred by resolution 12 as if section 89(1) of the Act did not apply to such allotment but without prejudice to the prior exercise of such authorities, provided that this power shall be limited to the allotment of equity securities:

- (a) in connection with an offer of such securities by way of rights to holders of ordinary shares, open for acceptance for a fixed period by the Directors on a fixed record date, in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange in any territory; and
- (b) otherwise than pursuant to sub-paragraph 15 (a) above, up to an aggregate nominal amount of £269,307;

and shall expire on 21 May 2013, save that the Company may, before such expiry, make an offer or agreement which would, or might, require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by resolution 12" were omitted.

16. Authority to purchase own shares

That, the Company be generally and unconditionally authorised in accordance with section 166 of the Act to make market purchases (within the meaning of section 163(3) of the Act) of ordinary shares of 4p each in the capital of the Company ("Ordinary Shares") on such terms as the Directors think fit, and where such shares are held as treasury shares, the Company may use them for the purposes set out in section 162D of the Act, including for the purpose of its employee share schemes, provided that:

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 6,732,665 Ordinary Shares (representing 10% of the Company's issued ordinary share capital at the date of this notice (excluding treasury shares));
- (b) the minimum price, exclusive of expenses, which may be paid for each Ordinary Share is 4p;
- (c) the maximum price, exclusive of expenses, which may be paid for each Ordinary Share is an amount equal to 5% above the average of the middle market price of the Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Shares are purchased; and
- (d) the authority hereby conferred shall, unless previously revoked or varied, expire on the earlier of the conclusion of the next Annual General Meeting of the Company or 21 November 2009 except in relation to the purchase of Ordinary Shares the contract for which was concluded before the expiry of this authority and which will or may be executed wholly or partly after such expiry.

17. Adoption of new articles of association

That, with immediate effect, the articles of association of the Company produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, 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.

18. Amendment of the new articles of association

That (i) subject to and conditional upon the passing of resolution 17 and (ii) with effect on and from 1 October 2008 or such later date as section 175 of the Companies Act 2006 shall be brought into force, articles 93 and 101 of the articles of association adopted pursuant to resolution 17 be deleted in their entirety and articles 93, 94 and 102 as produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be substituted therefor and the remaining articles be re-numbered.

By order of the Board

Sarah Wigley

Company Secretary

1 April 2008

Notes

1. Only holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend, vote and speak at the meeting. A member so entitled may appoint (a) proxy(ies), who need not be (a) member(s), to attend, speak and vote on his/her behalf. A form of proxy is enclosed with this Notice.
2. To be effective, a completed and signed form of proxy and any power of attorney under which it is signed (or a notarially certified copy of such power of attorney) must be lodged with the Company's Registrars, Computershare Investor Services PLC, PO Box 82, Bridgewater Road, Bristol, BS99 7NH, not less than 48 hours before the time of the meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder from attending and voting at the meeting in person.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Register of Members of the Company as at close of business on the day which is two days before the date of the meeting (or, if the meeting is adjourned, those members registered on the Register of Members of the Company not later than 48 hours before the time fixed for the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Subsequent changes to entries on the register after this time shall be disregarded in determining the rights of any persons to attend or vote at the AGM.
4. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy, but the vote of the first named on the Register of Members will be accepted to the exclusion of other joint holders.
5. A copy of the articles of association being proposed by resolution 17 together with a copy of the revised articles of association referred to in resolution 18 showing the further changes to the articles of association will be available for inspection at the Company's registered office for at least 15 minutes prior to the Annual General Meeting until its conclusion.

Explanatory notes

To the notice of Annual General Meeting

Resolution 1 – Report and Accounts

The Directors are required to lay the accounts for the year ended 31 December 2007 before a general meeting.

Resolutions 2 – 4 – Appointment of Directors

The articles of association of the Company require any director appointed since the previous Annual General Meeting to stand for election at the next Annual General Meeting. Anthony Cann was appointed as a director of the Company on 1 September 2007, Simon Bax was appointed on 1 October 2007 and Paul Gismondi was appointed on 1 December 2007.

Resolutions 5 – 7 – Re-appointment of Directors

The articles of association of the Company require one third of the Directors to retire at each Annual General Meeting. Tony Caplin, Charles Stonehill and Richard Wyatt will each retire by rotation and seek re-election.

Resolution 8 – Re-appointment of auditors

The Company is required to appoint auditors at each Annual General Meeting to hold office until the next general meeting at which accounts are presented. It is proposed that the Company's current auditors, KPMG Audit Plc, be re-appointed.

Resolution 9 – Remuneration of auditors

It is proposed that the Directors be authorised to agree the remuneration of the auditors.

Resolution 10 – Remuneration report

In the interests of good corporate governance, the members of the Company are invited to approve the Directors' remuneration report for the year ended 31 December 2007.

Resolution 11 – Declaration of dividend

A final dividend can only be paid if it is recommended by the Directors and approved by the shareholders at a general meeting. The Directors recommend that a final dividend of 1.5p per Ordinary Share be paid to shareholders who are on the register of the Company at the close of business on 2 May 2008.

Resolution 12 – Authority to allot shares

The Company requires the flexibility to allot equity securities from time to time. Accordingly, this resolution seeks to grant the Directors authority to allot equity securities up to an aggregate nominal amount of £897,689. If granted, such authority would expire in five years' time. Save in respect of the issue of new Ordinary Shares pursuant to the employee share schemes, the Directors currently have no plans to allot relevant securities but the Directors believe it to be in the interests of the Company for the Board to be granted this authority to enable the Board to take advantage of appropriate opportunities which may arise in the future.



Resolution 13 – Approval of Accrued Bonus Plan and Performance Pool Plan

As part of the acquisition (the "Acquisition") of ThinkEquity Holdings LLC ("ThinkEquity") on 30 March 2007, and as announced to shareholders at the time, the Company established the ThinkEquity Accrued Bonus Plan (the "Accrued Bonus Plan") and the ThinkEquity Performance Pool Plan (the "Performance Pool Plan"). In order to comply with certain US law requirements, the terms of both the Accrued Bonus Plan and the Performance Pool Plan are required to be approved by the Company in general meeting.

The Accrued Bonus Plan provides for the issuance of Ordinary Shares to ThinkEquity employees as partial payment of certain bonuses awarded to ThinkEquity employees before the consummation of the Acquisition.

The Performance Pool Plan provides for the issuance of Ordinary Shares to ThinkEquity employees upon the achievement of certain after-tax earning levels, with the number of shares to be issued (if any) varying with the actual after-tax earning levels. Under the terms of the Performance Pool Plan, "Performance Pools" (each, a "Performance Pool") are established for the 12-month periods beginning on each of 1 April 2007, 2008 and 2009 (each, a "Plan Year"). Up to 5,616,352 shares are allocated to each Performance Pool, based on ThinkEquity's actual after-tax earnings for that year. If actual after-tax earnings for a year do not meet certain thresholds, no allocations will be made for that year. Allocations not made in one year may be made in a following year (in addition to the succeeding year's allocation) if the after-tax earnings would permit it. Since the Performance Pool Plan was established, and owing to the deterioration in market conditions since the second half of 2007, the Plan's tool for retention and motivation of the US employees has diminished.

In order to preserve an incentive for ThinkEquity employees, the Performance Pool Plan has been amended to permit participants under the plan a one-time opportunity to exchange their entitlements for awards under the Performance Share Plan to be presented to the meeting. To the extent that participants do not choose to exchange their entitlements under the Performance Pool Plan for awards under the Performance Share Plan, they will retain their entitlement to the issue of Ordinary Shares under the Performance Pool Plan upon the achievement of certain actual after-tax earning levels.

Assuming each participant chooses to exchange their entitlements under the Performance Pool Plan for awards under the Performance Share Plan, it is not expected that the Performance Pool Plan will take up more than 50% of the shares awarded under the Performance Share Plan.

Details of the Accrued Bonus Plan and the Performance Pool Plan (as will apply to any participants who do not choose to exchange their entitlements under the Performance Pool Plan for awards under the Performance Share Plan) are set out in Appendices 1 and 2 respectively.

Resolution 14 – Approval of the Performance Share Plan

The Company intends to introduce a new share-based long term incentive plan. Details of the plan are summarised in Appendix 3.

Resolution 15 – Authority to disapply pre-emption rights

This resolution seeks to disapply the pre-emption rights provisions of section 89 of the Companies Act 1985 in respect of the allotment of equity securities pursuant to rights issues and other pre-emptive issues and in respect of other issues of equity securities for cash up to an aggregate nominal value of £269,307, being approximately 10% of the issued ordinary share capital. If given, this power will expire at the same time as the authority referred to in resolution 12. The Directors consider this power desirable due to the flexibility afforded by it. They have no present intention of issuing any equity securities pursuant to this disapplication.

Resolution 16 – Authority to purchase own shares

The articles of association of the Company provide that the Company may from time to time purchase its own shares subject to any conditions imposed by law. Such purchases must be authorised by the shareholders at a general meeting. This resolution seeks to grant (until the earlier of the next Annual General Meeting or 18 months following the passing of this resolution) the Directors authority to purchase the Company's own shares up to a maximum of 10% of the issued ordinary share capital of the Company. In proposing this resolution, the Directors consider that it is in the best interests of the Company and its shareholders that the Directors should keep the ability to make market purchases of the Company's own shares without the cost and delay of a general meeting to seek specific authority for a share purchase.

Resolution 17 – Changes to the articles of association

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 changes in English company law brought about by certain provisions of the Companies Act 2006 which are already in force.

The principal changes introduced in the New Articles are summarised in Appendix 4. Other changes, which are of a minor, technical or clarifying nature and some other minor changes which merely reflect changes made by the Companies Act 2006 have not been noted. A copy of the New Articles and a copy of the Current Articles are available for inspection as noted on page 4 of this document.

In addition to the amendments proposed by resolution 18, over the coming year, the Company intends to conduct a further review of the New Articles (in conjunction with its legal advisers), incorporating any further changes which are necessary or desirable reflecting the full implementation of the Companies Act 2006.

Resolution 18 – Amendment of the New Articles

It is proposed to make further revisions with effect on and from 1 October 2008 to cater for changes being introduced by the Companies Act 2006 relating to directors' conflicts of interest.

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1 October 2008, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles, are proposed to be revised with effect on and from 1 October 2008 (or a later date as referred to in the resolution) to allow the directors to authorise conflicts and potential conflicts and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards that will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and second, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think that this is appropriate.

It is proposed to include provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors.

Appendix 1

Summary of the principal terms of the ThinkEquity Accrued Bonus Plan (the "Accrued Bonus Plan")

(i) Eligibility

Each employee of ThinkEquity who is entitled to an "accrued bonus" is a participant ("Participant") in the Accrued Bonus Plan.

(ii) Limit

The maximum aggregate number of Ordinary Shares which may be issued pursuant to the Accrued Bonus Plan is 961,773.

(iii) Accounts

ThinkEquity established a bookkeeping account to record each Participant's right to receive payment of such Participant's accrued bonus (each an "Account") and credited each Account with an amount not exceeding such Participant's accrued bonus. Such Account balances are in lieu of cash payment of the corresponding amount of such Participant's accrued bonus. The aggregate amount of credits to Accounts under the Accrued Bonus Plan equal 25% of the total accrued bonuses. Accounts are not credited with interest.

(iv) Purchase of shares

Distributions under the Accrued Bonus Plan are automatically applied to the purchase of or subscription for Ordinary Shares at a price of £1.815 per Ordinary Share.

(v) Vesting of Units

One third ($\frac{1}{3}$) of each Account vests on each of the first three anniversaries of the completion of the Acquisition. If a Participant voluntarily terminates his or her employment for any reason (other than for a 'Good Reason' (as defined in the Accrued Bonus Plan) or the death or disability of Participant) or if ThinkEquity terminates a Participant's employment or other relationship with the Company for Cause (as defined in the Accrued Bonus Plan), the unvested portion of the Participant's Account shall be forfeited. If a Participant's employment is terminated by ThinkEquity without Cause or by the Participant for Good Reason, or if the Participant's employment terminates due to the Participant's death or disability, the Participant's Account will be fully vested on the date of the termination of employment.

(vi) Distributions

The vested portion of each Account shall be applied to the purchase of or subscription for Ordinary Shares and distributed as soon as practicable after that portion of the Account vests.

(vii) Change of control

In the event of a change in control of the Company, all Accounts will become fully vested.

(viii) Non-assignability

Units may not be transferred and no benefits, payments, proceeds or claims of any Participant or beneficiary shall be subject to any claim of any creditor of any Participant or beneficiary.

(ix) Amendments

The ThinkEquity Board of Directors may amend the Accrued Bonus Plan or any Account, provided that the Company's representatives to the ThinkEquity Board of Directors must have unanimously consented in advance to the amendment. No amendment of the Accrued Bonus Plan or any Accounts may adversely affect any of the rights of Participants to the benefits under the Accrued Bonus Plan or any outstanding Accounts without the express written consent of the affected Participant.

Appendix 2

Summary of the principal terms of the ThinkEquity Performance Pool Plan (the "Performance Pool Plan")

(i) Eligibility

All employees of the Company, ThinkEquity and any subsidiaries of either entity are eligible to participate, with the actual participants (a "Participant") being selected by the Board of Directors of ThinkEquity (the "Board of Directors") or the Compensation Committee (the "Committee") of the Board of Directors.

(ii) Limit

The maximum aggregate number of Ordinary Shares which may be issued pursuant to the Performance Pool Plan is 16,849,057. The maximum value of the cash awards on which the Ordinary Share awards are based is US\$60 million (to be reduced to the extent that Participants elect to exchange their entitlements under the Performance Pool Plan for awards under the Performance Share Plan).

(iii) Purchase of shares

The Plan provides for cash awards, which are automatically applied to the purchase of or subscription for shares at £1.815 per Ordinary Share.

(iv) Establishment of Performance Pools

Performance Pools (each, a "Performance Pool") are established for the 12-month periods beginning on each of 1 April 2007, 2008 and 2009 (each, a "Plan Year"). Up to US\$20 million (to be reduced to the extent that Participants elect to exchange their entitlements under the Performance Pool Plan for awards under the Performance Share Plan) will be allocated to each Performance Pool, based on ThinkEquity's after-tax earnings for that year. If after-tax earnings for a year do not meet certain thresholds, no allocations will be made for that year. Allocations not made in one year may be made in a following year (in addition to the succeeding year's US\$20 million allocation (as so reduced to the extent that Participants elect to exchange their entitlements under the Performance Pool Plan for awards under the Performance Share Plan)) if the after-tax earnings would permit it.

(v) Award of Units in Performance Pools

The Board of Directors awarded "Units" in each of the Performance Pools. If any Units are forfeited, the Board of Directors or the Committee must award the forfeited Units to other eligible individuals. Each Unit represents a right to receive distributions equal to a portion of the applicable Performance Pool. The aggregate of the Units for each Performance Pool equals 100%.

(vi) Vesting of Units

One third of each Performance Pool and the Units of that Performance Pool vest on each of the first three anniversaries of the last day of the year to which that Performance Pool relates (each a "Vesting Date"). If a Participant voluntarily terminates his or her employment for any reason (other than Good Reason or the death or disability of Participant) or if ThinkEquity terminates a Participant's employment or other relationship with the Company for Cause, all of the Participant's unvested Units shall be forfeited. If a Participant's employment is terminated by ThinkEquity without Cause or by the Participant for Good Reason, or if the Participant's employment terminates due to the Participant's death or disability, all Units relating to a Performance Pool with respect to Plan Years that ended prior to the date of termination shall be vested as of the effective date of the Participant's termination of employment or other relationship, and all other Units shall be forfeited.

(vii) Distributions

The value of each Unit shall be applied to the purchase of or subscription for Ordinary Shares and distributed as soon as practicable after that portion of the Unit vests.

(viii) Key management changes

If the employment of certain "key employees" of ThinkEquity is terminated without Cause or terminates for Good Reason, then, depending on ThinkEquity's after-tax earnings, all Units will immediately be vested and US\$30 million (to be reduced to the extent that Participants elect to exchange their entitlements under the Performance Pool Plan for awards under the Performance Share Plan) will be allocated to the Performance Pools (subject to the US\$60 million limit (as so reduced to the extent that Participants elect to exchange their entitlements under the Performance Pool Plan for awards under the Performance Share Plan)).

(ix) Change of control

In the event of a change in control of the Company, all unvested Units relating to a Performance Pool with respect to Plan Years that ended prior to the date of the change in control shall be vested as of the effective date of the change in control, and all Units relating to a Performance Pool subsequently earned shall vest on the applicable Vesting Date.

(x) Non-assignability

Units may not be transferred and no benefits, payments, proceeds or claims of any Participant or beneficiary shall be subject to any claim of any creditor of any Participant or beneficiary.

(xi) Amendments

The Board of Directors may amend the Plan or any Units, provided that the Panmure Gordon representatives to the Board of Directors must have unanimously consented in advance to the amendment. No amendment of the Plan or any Units may adversely affect any of the rights of Participants to the benefits under the Plan or any outstanding Units without the express written consent of the affected Participant.

Appendix 3

Summary of the principal terms of the Panmure Gordon & Co. plc Performance Share Plan (the "Plan")

Operation

The Board of Directors of the Company (the "Board") will supervise the operation of the Plan (although its powers may be delegated to a duly authorised committee – e.g. the Remuneration Committee).

Eligibility

Any employee (including an executive director) of the Company and its subsidiaries will be eligible to participate in the Plan at the discretion of the Board.

Grant of awards

The Board may grant awards to acquire ordinary shares in the Company ("Shares") within six weeks following the Company's announcement of its results for any period. The Board may also grant awards within six weeks of shareholder approval of the Plan or at any other time when the Board considers there are exceptional circumstances which justify the granting of awards. It is intended that the first awards will be made shortly following the AGM.

The Board may grant awards as conditional shares or as nil (or nominal) cost options. The Board may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

An award may not be granted more than ten years after shareholder approval of the Plan.

No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

Individual limit

An employee may not receive awards in any financial year over Shares having a market value in excess of 200% of his annual base salary. In exceptional circumstances, such as recruitment or retention, this limit is increased to 400% of an employee's annual base salary.

Vesting of awards

Awards will normally vest at least three years after grant to the extent that any applicable performance conditions (see below) have been satisfied and provided the participant is still employed in the Company's group.

Performance conditions

The vesting of awards may be subject to performance conditions set by the Board. It is currently envisaged, however, that all awards granted to Executive Directors and senior executives will be subject to performance conditions.

The performance conditions to be imposed on the awards proposed to be granted to the Executive Directors and certain other senior executives shortly following the adoption of the Plan will relate to the growth in the Company's adjusted earnings per share ("EPS") over three financial years commencing with the financial year in which the awards are granted (i.e. the base year will be the financial year ended 31 December 2007 and performance from that base will be measured over the financial years ending 31 December 2008, 2009 and 2010). The extent to which such awards will vest will be as follows:

Annual compound growth in adjusted EPS over the performance period	Proportion of an award which vests
Less than 15% per annum	0%
15% per annum	One-third
25% per annum or more	100%
Between 15% per annum and 25% per annum	Straight line vesting between one-third and 100%

Notwithstanding the above, the participant will (subject to continued employment) only then be able to receive the vested shares as follows:

Relevant period	Proportion of vested shares which a participant can receive
On the third anniversary of grant	One-third
On the fourth anniversary of grant	One-third
On the fifth anniversary of grant	One-third

The Board can set different performance conditions from those described above for future awards and for any awards granted to employees who are not Executive Directors or senior executives.

The Board may also vary the performance conditions applying to existing awards if an event has occurred which causes the Board to consider that it would be appropriate to amend the performance conditions, provided the Board considers the varied conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to hold employment or be a director within the Company's group. However, if a participant ceases to be an employee or a director because of his death, ill-health, injury, disability, retirement, redundancy, his employing company or the business for which he works being sold out of the Company's group or in other circumstances at the discretion of the Board, then his award will vest when he leaves. The extent to which an award will vest in these situations will depend upon two factors: (i) the extent to which, in the opinion of the Board, the performance conditions have been satisfied by reference to the date of cessation (or would have been satisfied had the performance period run its full course); and (ii) the pro-rating of the award to reflect the period of time between grant and cessation relative to the period of three years, although the Board can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation), all awards will vest early subject to: (i) the extent that the performance conditions have, in the opinion of the Board, been satisfied at that time (or would have been satisfied had the performance period run its full course); and (ii) the pro-rating of the awards to reflect the period of time between their grant and vesting relative to the period of three years, although the Board can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company unless the Board decides that awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Board, would affect the market price of Shares to a material extent, then the Board may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

Participants' rights

Awards will not confer any shareholder rights until they have vested or been exercised (in the case of options) and the participants have received their Shares.

The Board may decide that participants will receive a payment (in cash and/or Shares) on or shortly following the vesting of any part of their awards of an amount equivalent to the dividends that would have been paid on those Shares between the time when the awards were granted and the time when they vest. The provision of the payment may assume the reinvestment of dividends. Alternatively, participants may have their awards increased as if dividends were paid on the Shares subject to their award and then reinvested in further Shares.

Rights attaching to Shares

Any Shares allotted when an award vests or is exercised will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Shares, the Board may make such adjustment as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any).

Overall Plan limits

The Plan may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 20% of the issued ordinary share capital of the Company under the Plan and any other relevant employee share plan adopted by the Company (being the Panmure Gordon & Co. plc 2002 Approved Share Option Plan, the Panmure Gordon & Co. plc 2002 Unapproved Share Option Plan, the Panmure Gordon & Co. plc Matching Share Plan and any other share plans adopted by the Company in future).

For the purposes of this limit: (a) the Panmure Gordon & Co. plc 2005 Employee Share Option Plan, the Panmure Gordon & Co. plc Performance Share Option Plan, the Panmure Gordon & Co. plc Overseas Share Option Plan, the ThinkEquity Accrued Bonus Plan and the ThinkEquity Performance Pool Plan shall be disregarded; (b) treasury Shares will not count as new issue Shares; and (c) Shares subject to options granted under the Panmure Gordon & Co. plc 2002 Unapproved Share Option Plan which the Board has determined will be net-settled on exercise shall only be taken into account on such net basis as the Board determines.

Alterations to the Plan

The Board may, at any time, amend the Plan in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing the limits on participation and the overall limits on the issue of Shares.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

Overseas Plans

The shareholder resolution to approve the Plan will allow the Board to establish further plans for overseas territories, any such plan to be similar to the Plan, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the Plan.



Appendix 4

Explanatory notes of principal changes to the Company's articles of association

It was decided that, in light of the substantial number of changes the Company was required to make to its current articles of association (the "Current Articles"), as a result of the implementation of the Companies Act 2006, that an entirely new set should be adopted rather than amending the existing articles piecemeal. The new articles of association (the "New Articles") not only address a number of the various law changes introduced by the Companies Act 2006 but are also in plainer English than the Current Articles.

Articles which duplicate statutory provisions

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

Directors' age limit

The Current Articles contain a provision requiring, in certain circumstances, a director to retire from office at the conclusion or adjournment of the Annual General Meeting commencing next after he attains the age of 70 years. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special resolution is also effective. This provision is being removed as it is reflected in the Companies Act 2006. In addition the concept of an extraordinary resolution has been abolished under the Companies Act 2006 and, save as otherwise permitted by the Companies Act 2006, where the Current Articles provided for an extraordinary resolution, this has been replaced by a special resolution.

Convening extraordinary and 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 the new provisions in the Companies Act 2006. The Companies Act 2006 reduces the minimum notice period for all general meetings (other than an Annual General Meeting) to 14 clear days and the New Articles allow the Company to take advantage of such provision. The New Articles reflect the fact that the concept of extraordinary general meetings has been abolished in the Companies Act 2006 and all meetings (other than an Annual General Meeting) are referred to as general meetings.

Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only permitted to vote on a poll. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the member. The time limits for the appointment of a proxy have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting, excluding days that are not working days. The New Articles reflect these new rules, as appropriate.

Under the Companies Act 2006, multiple corporate representatives may be appointed but if they purport to exercise their rights in different ways, then the power is treated as not being exercised. There is currently uncertainty and differing views on the legal interpretation of section 323 of the Companies Act 2006. For this reason the provisions in the Current Articles dealing with the rights of corporate representatives have been removed.

Disclosure of interests

The provisions relating to the disclosure of interests in shares contained in the Companies Act 1985, including section 212 on company investigation powers, were repealed in January 2007. Section 793 of the Companies Act 2006 and related sections in Part 22 of the Companies Act 2006, which contain the corresponding company investigation powers previously contained in section 212 of the Companies Act 1985 were brought into force simultaneously. The New Articles reflect the replacement of section 212 of the Companies Act 1985 with section 793 of the Companies Act 2006.

Directors' indemnities

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure in connection with certain actions against directors. In particular, a company can now indemnify a director of a company that is a trustee of an occupational pension scheme against liability incurred in connection with the company's activities as trustee of that scheme. This is reflected in the New Articles.

General

Consequential amendments have been made across the New Articles to reflect new definitions in the Companies Act 2006 and other amendments which are of a minor, technical or clarifying nature.

Panmure Gordon & Co. plc

155 Moorgate, London EC2M 6XB
T: 020 7459 3600 F: 020 7459 3609
W: www.panmure.com