

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should immediately consult your independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Lupus Capital plc, please hand this document and the accompanying form of proxy to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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# Lupus Capital plc

*(Incorporated and registered in England and Wales with company number 02806007)*

Notice of General Meeting

and

Letter from the Chairman

and

Letter from Greg Hutchings

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Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 3 to 5 of this document.

Notice of a General Meeting of the Company to be held at The Barbican Centre (Cinema 1), Silk Street, London, EC2Y 8DS on Friday 30 October 2009 at 11.00 a.m. is set out at the end of this document.

## **YOUR BOARD STRONGLY URGES YOU TO VOTE AGAINST ALL OF THE RESOLUTIONS**

A poll vote will be taken on all resolutions at the General Meeting as your Board believes that this is the most democratic and fair approach.

Shareholders will find enclosed with this document a form of proxy for use in connection with the General Meeting. To be valid, the form of proxy should be completed, signed and returned in accordance with the instructions printed thereon, as soon as possible and, in any event, so as to reach the Company's registrars, Capita Registrars, by no later than 11.00 a.m. on 28 October 2009. The form of proxy can be delivered by post or by hand to Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Kent BR3 4TU (or by using the reply paid envelope enclosed). Completion and return of a form of proxy will not preclude shareholders from attending and voting at the General Meeting should they choose to do so. Further instructions relating to the form of proxy are set out in the Notice of the General Meeting.

CREST members who wish to appoint a proxy or proxies for the General Meeting and any adjournment thereof through the CREST electronic proxy appointment service should refer to the Notice of General Meeting and to the CREST Manual.

## SHAREHOLDER HELPLINE

If you have any questions, please telephone the Shareholder Helpline on 0871 664 9232 (from inside the UK) or +44 (0)800 141 2240 (from outside the UK). The helpline is available from 8.30am to 5.30pm (UK time) Monday to Friday and will remain open until 30 October 2009.

Calls to the 0871 664 9232 number cost 10 pence per minute plus your service provider's network extras. Calls to the Shareholder Helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones.

Please note that, for legal reasons, the Shareholder Helpline will be unable to give advice on the proposed resolutions or to provide legal, financial, tax or investment advice.

## PART 1 - LETTER FROM THE CHAIRMAN

# LUPUS CAPITAL

Lupus Capital plc

*(Incorporated and registered in England and Wales with company number 02806007)*

### Directors:

Michael Jackson (Non Executive Chairman)  
Keith Taylor (Chief Executive Officer)  
Paul Felton-Smith (Chief Financial Officer)  
Denis Mulhall (Chief Operating Officer)  
Roland Tate (Non Executive Director)

### Registered office:

Crusader House  
145-157 St John Street  
London EC1V 4RU

12 October 2009

Dear Shareholder,

I am writing to you following the requisitioning of a general meeting of the Company by Mr Greg Hutchings, a shareholder and formerly the Company's Executive Chairman, to consider substantial changes to your Board, including his reinstatement. In summary, the resolutions proposed by Mr Hutchings are to appoint himself, Giles Daubeney and Fred Hoad as directors of the Company and to remove Keith Taylor, Paul Felton-Smith, Roland Tate and me as directors of the Company. A notice of this general meeting is set out in Part 3 of this document. The general meeting will be held on Friday, 30 October 2009 at 11.00 a.m. at The Barbican Centre (Cinema 1), Silk Street, London, EC2Y 8DS.

**For the reasons set out below, your Board unanimously recommends that shareholders vote against each of the resolutions to be proposed at the general meeting.**

Your Board fully appreciates that the circumstances surrounding the departure of Mr Hutchings as a director of the Company continue to be of significant interest to shareholders. However, the Company and Mr Hutchings are both subject to a Compromise Agreement put in place at the time of Mr Hutchings' resignation, which contains (among other things) strict confidentiality terms.

Nevertheless, I hope that what follows will leave you in no doubt as to why your Board unanimously believes that the changes to your Board that Mr Hutchings is seeking would not be in the interests of your Company or its shareholders.

### Background

Mr Hutchings was responsible for building the Company through a series of equity and debt funded acquisitions. However, on 1 April 2009 the Company announced that it had defaulted under its financing facilities and that it had entered into discussions with its bankers in relation to the renegotiation of those financing facilities.

During the renegotiation of these facilities, the Company was subjected to a thorough independent review by a leading firm of accountants. That review identified a number of significant issues, including the need for improved management controls and reporting systems, that would be required as part of an initiative to effect an urgent turnaround plan. Additional management resources were therefore urgently required.

On 1 July 2009 the Company announced new banking arrangements and, at the same time, that the Board was being substantially restructured. Mr Hutchings (then Executive Chairman of the Company) resigned from the Company with immediate effect. I became non-executive Chairman, Keith Taylor was appointed as Chief Executive Officer, Paul Felton-Smith was appointed as Chief Financial Officer and Denis Mulhall became Chief Operating Officer.

**Your Board believes the Board appointments announced on 1 July and the turnaround plan, since adopted, to have been necessary and proportionate responses to the situation in which the Company found itself.**

## Your Board

As a result of the changes to the Board on 1 July, the roles of Chairman and Chief Executive Officer (both of which were previously held by Mr Hutchings) have now been separated in line with corporate governance best practice. Commensurate with a group of this complexity, the Board also significantly strengthened the Company's executive team by appointing both a dedicated Chief Financial Officer and a dedicated Chief Operating Officer, in addition to a Chief Executive Officer.

We were particularly pleased to appoint a Chief Executive Officer of the calibre of Keith Taylor to develop and implement the required turnaround plan following the turmoil experienced earlier this year.

Since 1 July, we have also significantly strengthened the Group's operational management structures; most notably an Executive Committee has been formed to bring Group and Divisional management closer together.

**Your Board believes that the Company has the right team in place to deliver the required turnaround plan successfully and stabilise your Company.**

Meanwhile, we are conducting a rigorous process to identify the most appropriate long-term Chief Executive Officer to lead the Company once Keith Taylor and his team have completed their important work which is providing your Company with a firm foundation for the future.

Additionally, to strengthen corporate governance in the Company further, your Board commenced last month a search for a Senior Independent Director. A number of candidates have already been interviewed and we look forward to confirming the appointment of a highly regarded individual, with both industry and City experience, in that post in the near future.

**I believe that these appointments, along with the changes announced in July, will further strengthen the Board and the Company's executive team.**

## Committed to restoring and delivering shareholder value

Keith Taylor, together with the Company's management, is successfully implementing the turnaround plan. This is stabilising the Company's operations, enhancing and strengthening its financial systems and controls and providing a firm foundation for improving the Company's performance. We have established specific systems to control and monitor the significant number of efficiency initiatives currently underway.

Keith Taylor and his team are also making good progress in the development of a comprehensive three-year strategic plan for the business. This plan is designed to build upon the firm foundations which have been established by the turnaround plan, with the aims of creating a leading building products business and the restoration of shareholder value.

As I have said on a number of previous occasions, I believe that the Company is already seeing early benefits from the decisive management actions that have been taken since 1 July and I am confident that these, along with other initiatives in the pipeline, will support the Group's performance into 2010 and beyond.

I am also pleased to confirm that, as previously announced on 25 September, we have concluded that the Group's capital structure, following the successful agreement of its revised banking facilities through to June 2012, is adequate, subject to the occurrence of unforeseen circumstances.

**Each member of your Board is firmly committed to acting in the best interests of all shareholders and to delivering enhanced shareholder value.**

## Supportive banking relationships

I would also like to draw your attention to the support that the Company and your Board has received from its banks since 1 July. Shareholders will be pleased to learn that the Company's banking syndicate recently wrote to me stating that since the announcement of the Company's new

banking facilities on 1 July “the Banks remain satisfied with the enhanced corporate governance structure and support the prevailing commercial strategy. We are satisfied with the current implementation of this strategy by the current Board which should facilitate the broader recovery of the Group.”

The current constructive banking relationship not only provides the Company with practical flexibility on a day-to-day basis but is particularly important as the Company will, in the ordinary course, need to consider refinancing its facilities significantly in advance of their mid-2012 expiry.

**Your Board believes that it is very important for the Company and its shareholders that this constructive banking relationship continues.**

### Shareholder undertakings

I am pleased to be able to tell you that we have received undertakings (which are either irrevocable or on a best endeavours basis) to vote against all of the resolutions at the general meeting from institutional shareholders representing (in aggregate) 50,826,945 shares as at the date of this letter, which equates to 39.2 per cent. of the Company’s issued share capital at the date of this letter (excluding shares held by the Company in treasury).

### Your Board strongly recommends voting against the resolutions

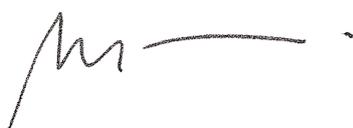
Your Board is focussed on the delivery of shareholder value and significant progress has already been made since 1 July.

Your Board and the executive team are fully supported by the Company’s largest institutional shareholders (as evidenced by the shareholder undertakings representing some 39.2 per cent. of the Company’s shares) and also by the Company’s banks.

Your Board believes that a vote against the resolutions is a vote in favour of good corporate governance, continued operational progress and the restoration of shareholder value.

**Your Board does not consider the resolutions to be in the interests of the Company or its shareholders as a whole and the Directors unanimously recommend that shareholders vote AGAINST each of the resolutions, as they intend to do in respect of their own shareholdings.**

Yours faithfully,



**MICHAEL JACKSON**  
Chairman

### Statement from the Requisitionists\*

The Requisitionists have requested that the Company circulates the statement set out in Part 2 of this Circular. The Company is legally required to circulate that statement to you, but your Board would like to make clear that **the statement is not endorsed by your Board and neither your Board nor the Company is responsible for the contents of that document or any inaccurate or misleading statements contained therein.**

\* the written requisition was received from three shareholders (Greg Hutchings, Walbrook Trustees (Guernsey) Limited and Alliance Trust Pensions Limited (GF Hutchings))

**PART 2 – LETTER FROM GREG HUTCHINGS (REQUESTED TO BE  
CIRCULATED TO SHAREHOLDERS BY GREG HUTCHINGS,  
WALBROOK TRUSTEES (GUERNSEY) LIMITED AND ALLIANCE TRUST  
PENSIONS LIMITED (G F HUTCHINGS)**

“12/10/09

Dear Shareholder,

I would really appreciate being in direct touch with you and would be grateful if you could contact me at [www.gregegm.com](http://www.gregegm.com) or [greg@gregegm.com](mailto:greg@gregegm.com).

**THIS IS IMPORTANT TO THE FUTURE OF YOUR LUPUS SHAREHOLDING.**

As you are aware, Lupus was affected firstly by the strength of the dollar which increased debts notionally as at 31 December 2008, causing a bank covenant breach, and secondly by the worldwide recession in the building products market. Nevertheless, under my management the cost base was cut with employees reduced by almost 30%. I produced record sales, pre-tax profits and earnings per share, yet again, for 2008 ensuring that Lupus was well placed to weather the recession. It should be pleasing for shareholders to note that on 25 September the new Board stated the “group’s operations are beginning to reflect the benefits of the actions taken to date” – thus carrying on my management team’s planning and ongoing initiatives. No turnaround requirements were mentioned. The bank syndicate, who together with KPMG closely examined Lupus, **has firmly committed to refinance the company for a three year term.** Material terms and conditions were announced on 1 July. Banking facilities through to 2012 were **re-confirmed** on 25 September.

**At the AGM on 29 July many things were made clearer by the new board:**

- Lupus had two new directors who are turnaround managers that were selected and appointed at the behest of the bank syndicate: The non-executive directors Messer’s Jackson and Tate readily accepted them as sole candidates.
- The opinions of the banks and mine (representing the company and shareholders) on the necessity and costs of turnaround appointments were different; consequently Mr Jackson said I became a “casualty of the process” and my contract was terminated.
- Denis Mulhall had to relinquish his CFO position to an interim manager.
- Fred Hoad (a long established non-executive director) resigned at the AGM.
- It was not clear why Mr. Jackson asked shareholders to vote for the re-election of the interim turnaround CEO and CFO without freely explaining details of their financial remuneration.
- Mr Taylor stated that his main qualification is as a turnaround manager and that he was not looking for a long term role at Lupus.
- The new directors own no Lupus shares.

I have always maintained that **THIS IS NOT A BUSINESS THAT NEEDS A TURNAROUND.** **HOWEVER** Mr. Jackson told shareholders that part of Mr. Taylor’s role is keeping the banks safe. A worry was the possibility of prematurely returning cash to the banks with a rights issue (now stated unnecessary), other capital raising or a dollar /pound debt swap. These, in my opinion, would be punitive for shareholders at this stage.

**The time must have come,** now that the operational and financial aspects of the business review for the banks is complete, that the banks have satisfied themselves Lupus is an excellent company and they should want the reinstatement of my experienced successful team and me for the benefit of shareholders and themselves. With the interim turnaround appointees tasks now fulfilled, is the cost of alternative recruitment, unknown new management abilities, loss of proven skilled management accredited with “admirable stewardship” worth the risk to shareholders and the banks ?

The fundamental issue is that the objectives of the shareholders as represented by me and almost all the shareholders speaking at the AGM were not in tandem with the new Board. As a result of this dissatisfaction and recent press speculation I would like to ask you to vote in favour of these resolutions in order to give the management of Lupus back to the successful team that effectively founded your group.

- **Firstly**, the removal of the bank’s two turnaround Directors (Messer’s Taylor & Felton-Smith) who have acknowledged that my team and I have done a “wonderful job of screwing down costs” and a “cracking job” presenting Lupus as an excellent, well managed company.
- **Secondly**, the removal of the two current non-executive directors (Messer’s Jackson & Tate) because they accepted, together with the associated fees and rewards, what I genuinely considered were two unnecessary expensive board level turnaround appointments as CEO and CFO. Consequently I left the company and Mr. Mulhall relinquished his CFO position.
- **Thirdly**, the appointments of myself as Chairman, Giles Daubeney as senior non-executive director (he is COO of Robert Walters plc, a publicly quoted executive search company with worldwide operations ) and Fred Hoad as a non-executive director.

I would like to ensure current people with Lupus remain and fulfil other key Board positions of CEO, CFO and non-executive Director.

I strongly urge you to support these proposals that give the running of Lupus back to directors who not only represent the interests of shareholders but have a personal financial commitment of almost £9m invested (over 11% shareholding). I feel a huge sense of responsibility for fellow shareholders who like me have bought shares at 140p and 180p. I am determined that Lupus will emerge from the recession stronger, and, under my management team’s control we will endeavour to repay shareholders, and banks, trust by continuing with my disciplined approach to cost control as well as acquiring, integrating, operating, building and developing businesses. We have over 20 years of public company (including FTSE 100) management experience, have run Lupus effectively despite the recession and produced record 2008 results.

**IF YOU HOLD SHARES THROUGH A NOMINEE OR OTHER ACCOUNT YOU SHOULD URGENTLY CONTACT YOUR ADVISER SO THEY HAVE TIME TO VOTE PER YOUR INSTRUCTIONS.**

Notable dates / closing prices	(Source: LSE website for Lupus Shares)
30 June:	24p
1 July (my leaving and refinancing announced):	16p
1 September (my large share purchase announced):	29p
25 September (closing price before announcement of Requisition):	29p
28 September (first full trading day following Requisition):	34p

Your help and support is vital. Please check [www.gregegm.com](http://www.gregegm.com) regularly for updates. I would be happy to answer questions and provide information of how you can help.

Yours sincerely



Greg Hutchings”

## PART 3 – NOTICE OF GENERAL MEETING

### Lupus Capital plc

*(Registered in England and Wales with company number 02806007)*

Notice is hereby given that a General Meeting of Lupus Capital plc (the “Company”) will be held at The Barbican Centre (Cinema 1), Silk Street, London, EC2Y 8DS on 30 October 2009 at 11.00 a.m., for the following purposes:

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

1. THAT Mr. Greg Hutchings be appointed as a director of the Company with immediate effect.
2. THAT Mr. Giles Daubeney be appointed as a director of the Company with immediate effect.
3. THAT Mr. Fred Hoad be appointed as a director of the Company with immediate effect.
4. THAT in accordance with section 168 of the Companies Act 2006 Mr. Keith Taylor be removed from office as a director of the Company with immediate effect.
5. THAT in accordance with section 168 of the Companies Act 2006 Mr. Paul Felton-Smith be removed from office as a director of the Company with immediate effect.
6. THAT in accordance with section 168 of the Companies Act 2006 Mr. Michael Jackson be removed from office as a director of the Company with immediate effect.
7. THAT in accordance with section 168 of the Companies Act 2006 Mr. Roland Tate be removed from office as a director of the Company with immediate effect.
8. THAT in accordance with section 168 of the Companies Act 2006, any director (excluding the persons named in ordinary resolutions numbered 1 – 3 above) appointed to the Board of the Company between 25 September 2009 and the conclusion of the general meeting convened to consider the above resolutions be removed from office as a director of the Company with immediate effect.

By order of the Board

**Cavendish Administration Limited**  
Company Secretary  
12 October 2009

**Registered Office**  
Crusader House  
145 – 157 St. John Street  
London EC1V 4RU

## Notice of General Meeting continued

### Notes:

1. Voting at the General Meeting in respect of each Resolution will be conducted by way of a poll. On a poll, each shareholder has one vote for every share he or she holds. The Board believes that this is the most fair and democratic approach since it allows all shareholders to have their votes counted whether or not they are able to attend the General Meeting and it is in line with best practice.
2. A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote on his behalf at the General Meeting. A proxy need not be a member of the Company. A form of proxy which may be used to make such appointment and give proxy voting instructions is enclosed with this notice. If you do not have a form of proxy and believe you should have one, please contact Capita Registrars on 0871 664 9232 (from within the UK, calls to this number cost 10 pence per minute plus your service provider's network extras) (or from outside the UK on +44 (0) 800 141 2240) between 8.30 a.m. and 5.30 p.m. (UK time), Monday to Friday.
3. A member of the Company may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or different shares held by that member. To do so, a separate form of proxy must be completed for each proxy appointed by a member of the Company, indicating the number of shares in respect of which each proxy is authorised to act. Additional forms of proxy can be obtained from Capita Registrars on 0871 664 9232 (from within the UK, calls to this number cost 10 pence per minute plus your service provider's network extras) (or from outside the UK on +44 (0) 800 141 2240) between 8.30 a.m. and 5.30 p.m. (UK time), Monday to Friday.
4. To be valid, a form(s) of proxy and any power of attorney or other authority under which it/they is/are signed (or a duly certified copy of such authority) must be lodged by post or by hand with Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Kent BR3 4TU (or by using the reply paid envelope enclosed) to arrive no later than 11.00 a.m. on 28 October 2009.
5. In the case of a member of the Company which is a company, forms of proxy must be executed either: (i) under its common seal; or (ii) signed on its behalf by a duly authorised officer, representative or attorney of that company, whose capacity should be stated.
6. Any corporation which is a member of the Company 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. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. 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 & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, to be valid, be transmitted so as to be received by the Company's agent, Capita Registrars (CREST ID: RA 10) by the latest time for receipt of proxy appointments specified in this Notice of General Meeting. 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 Company'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.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited 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, the CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. 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.
11. The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described in paragraphs 7 to 9 above) will not prevent a member of the Company from attending the General Meeting and voting in person if he wishes to.
12. If you submit more than one valid proxy appointment in relation to the same share or shares, the appointment received last before the latest time for the receipt of proxies (as set out in Note 4 above) will take precedence.
13. In the case of joint holdings any one holder may sign the enclosed form of proxy. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.

14. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of the proportion of votes for and against the Resolution. If no voting indication is given or if you complete the column marked "Discretionary" on the enclosed form of proxy, the proxy may vote or abstain from voting as he or she thinks fit on the specified Resolutions. Unless instructed otherwise, the proxy may also vote or abstain from voting as he or she thinks fit on any other business (including, without limitation, any resolution to amend a Resolution or to adjourn the General Meeting) which may properly come before the General Meeting.
15. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at 6.00 p.m. on 28 October 2009 (or, in the event of any adjournment, 48 hours (disregarding any part of any day that is not a working day) before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
16. As at 9 October 2009 (being the business day prior to the publication of this Notice) the Company's issued share capital consisted of 137,287,481 ordinary shares of 5 pence each carrying one vote each, of which 7,446,683 were held in treasury. Accordingly, the total voting rights in the Company as at 9 October 2009 were 129,840,798.



