



21 April 2006

Dear Shareholder

Annual General Meeting ("AGM")

I enclose the Notice for the AGM of Low & Bonar PLC (the "Company") to be held at The Cumberland Hotel, Great Cumberland Place, London W1A 4RF on Wednesday 24 May 2006 at 1 p.m.

Details of the items of special business to be considered at the AGM are as follows:

Resolution 8 (Directors' Report on Remuneration)

The Directors' Report on Remuneration prepared in accordance with the Directors' Remuneration Report Regulations 2002 can be found on pages 22 to 27 of the annual report and accounts of the Company for the year ended 30 November 2005. An ordinary resolution will be proposed to shareholders to approve the Directors' Report on Remuneration. It should be noted that the result of this resolution is advisory only.

Resolution 9 (Directors' authority to allot shares)

The directors consider it desirable that their authorities to allot relevant securities and to allot relevant securities for cash without first offering them pro rata to existing shareholders should be renewed. There are at present no plans to exercise such authorities other than in respect of shares which may be issued pursuant to the share option schemes.

Resolution 9 would renew the directors' authority, pursuant to Section 80 of the Companies Act 1985, granted at last year's annual general meeting to allot shares in the Company up to an aggregate nominal amount of £8,250,000 representing 33,000,000 shares, being approximately 33% of the ordinary share capital currently in issue, until the next annual general meeting or, if earlier, 15 months after the date of the passing of the resolution.

Resolution 10 (Renewal of the directors' authority to allot shares for cash other than to existing shareholders)

Conditional upon the passing of Resolution 9, Resolution 10 will be proposed which will enable the directors to allot not more than £1,250,000 in aggregate of the nominal value of the Company's issued share capital (being approximately 5% of the Company's ordinary share capital currently in issue) for cash, without first offering the shares to existing shareholders.

Resolution 11 (Authority for on-market purchases)

At the annual general meeting of the Company held on 20 April 2005, the Company was given authority to purchase up to a maximum of 10% of its own shares. This authority will expire at the annual general meeting to be held on 24 May 2006. Although no ordinary shares have been purchased by the Company during the period from 20 April 2005 to the date of this letter, the directors at the annual general meeting on 24 May 2006 will be seeking fresh authority from the Company to purchase its own shares. The resolution stipulates the minimum and maximum prices at which the ordinary shares can be bought reflecting Companies Act requirements. The authority will expire at the next annual general meeting of the Company but the directors intend to seek to renew this authority annually. The directors have no immediate intention to exercise an authority to purchase the Company's own shares, but will keep the possibility under review. If the authority is given, purchases would only be made where the directors believed that they were in the best interests of the Company, taking into account other available investment opportunities and the overall financial position of the Group. Purchases would only be made where earnings per share would be increased.

Resolution 12 (Dividend Rectification)

I would draw to your attention the fact that a technical issue has arisen in respect of the interim dividend paid by the Company to its Shareholders on 16 December 2005 (the "Dividend"). When the Company paid the Dividend, although the Company had sufficient profits to pay it at the relevant time, interim accounts showing the requisite level of distributable profits, which are required pursuant to the Companies Act 1985 (the "Act"), were not prepared. The total amount of the Dividend so paid was £1,703,934, representing 1.7 pence per ordinary share of the Company. The accounts of the Company for the year ended 30 November 2005 proposed to be received by the Company at the forthcoming AGM confirm the sufficiency of the level of distributable profits available for distribution to Shareholders.

It is proposed that this matter is remedied by Shareholders passing a resolution which puts Shareholders and Directors into the position in which they were always intended to be. In that regard, a special resolution is being proposed. The resolution is to sanction the appropriation of profits to the payments concerned, to waive any rights of the Company against the Shareholders who received the Dividend to recover the same, to waive any rights of the Company against the Directors in respect of the Dividend and approve the Company entering into deeds of release in favour of such Shareholders and Directors. Draft forms of the deeds are available for inspection as explained in Note 3 of the Notice for the AGM.

HM Revenue and Customs ("HMRC") has provided written confirmation that the Dividend will continue to be treated as a distribution for United Kingdom tax purposes (made at the time at which the Dividend was paid) and that the proposed releases will have no tax implications for Shareholders who received the dividend. HMRC will therefore treat the tax position of the Company and of United Kingdom tax resident Shareholders as being unaffected by the irregularity and the tax position will be as if the Dividend had been correctly paid in December 2005. Therefore, United Kingdom resident Shareholders need take no further action. HMRC has confirmed that it will accept the Dividend and tax credit vouchers already issued.

If any non-UK tax resident shareholder has any doubt about his or her foreign tax position, he or she should consult their own professional adviser.

Action to be Taken

A Form of Proxy in relation to the AGM accompanies this document. You are asked to complete, sign and date the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible and, in any event, so as to be received by the Company's Registrars, Computershare Investor Services PLC, no later than 1 p.m. on 22 May 2006. A reply-paid envelope is included for this purpose for use in the United Kingdom only.

Completion and return of the Form of Proxy will not preclude you from attending the AGM and voting in person if you wish to do so.

Recommendation

All of the Directors who are Shareholders (holding beneficially in the aggregate 0.26% of the ordinary shares of the Company) will not be voting on the resolution in respect of the Dividend Rectification in view of their interests in the subject matter of this proposal.

Yours sincerely

Duncan Clegg
Chairman

Notice of annual general meeting

Notice is hereby given that the ninety-fourth annual general meeting of Low & Bonar PLC (the "Company") will be held at The Cumberland Hotel, Great Cumberland Place, London W1A 4RF on Wednesday 24 May 2006 at 1 p.m., for the purpose of transacting the following business.

Ordinary business

- 1 To receive the accounts of the Company for the year ended 30 November 2005 together with the reports of the directors and auditors.
- 2 To declare a final dividend of 3.0p per ordinary share of the Company payable on 26 May 2006 to shareholders on the register at the close of business on 28 April 2006.
- 3 To re-elect Mr P A Forman as a Director.
- 4 To re-elect Mr S J Hannam as a Director.
- 5 To re-elect Mr C E Davies as a Director.
- 6 To reappoint KPMG Audit Plc as auditor of the Company to hold office from the conclusion of the meeting until the next meeting at which accounts are laid.
- 7 To authorise the Directors to determine the auditor's remuneration.

Special business

- 8 To consider and, if thought fit, pass the following resolution as an ordinary resolution.
To approve the Directors' Report on Remuneration for the year ended 30 November 2005.
- 9 To consider and, if thought fit, pass the following resolution as an ordinary resolution.
That the Directors be and are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (within the meaning of that Section) up to a maximum aggregate nominal amount of £8,250,000 (33,000,000 shares), being approximately 33% of the ordinary share capital currently in issue, provided that this authority shall expire at the conclusion of the next annual general meeting of the Company, or, if earlier, 15 months after the date of the passing of this resolution, but so that it shall allow the Company to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after its expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred has expired.
- 10 To consider and, if thought fit, pass the following resolution as a special resolution.
That, subject to the passing of Resolution 9 above, the Directors be and they are hereby generally and unconditionally authorised pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the Companies Act 1985) for cash pursuant to the authority conferred by that resolution as if Section 89(1) of the Companies Act 1985 did not apply to any such allotment, provided that this power shall:
 - a) be limited to the allotment of equity securities:
 - i) in connection with an issue (whether by way of rights issue, open offer or otherwise) in favour of holders of ordinary shares on the register on a fixed date in proportion (as nearly as may be practicable) to their then respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements or any legal or practical requirements under the laws of any territory, or the requirements of any regulatory body, stock or investment exchange, in any territory; and
 - ii) otherwise than pursuant to sub-paragraph (i) above, up to an aggregate nominal amount of £1,250,000 (5,000,000 shares), being approximately 5% of the ordinary share capital currently in issue; and
 - b) expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company but so that it shall allow the Company to make offers or agreements before its expiry which would or might require equity securities to be allotted after its expiry and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority hereby conferred has expired.
- 11 To consider and, if thought fit, pass the following resolution as a special resolution.
That, pursuant to Article 14 of the Company's Articles of Association and in accordance with Section 166 of the Companies Act 1985, the Company be and is hereby generally and unconditionally authorised, during the period ending at the conclusion of the next annual general meeting of the Company after the passing of this resolution, to make market purchases (as defined in Section 163 of the Companies Act 1985) of the Company's ordinary shares, on such terms and in such manner as the Directors may determine, provided that this authority shall:
 - i) be limited to a maximum of 10,000,000 ordinary shares, having an aggregate nominal value of £2,500,000, being approximately 10% of the ordinary share capital currently in issue;
 - ii) not permit the Company to pay less than 25 pence per ordinary share or more than 5% above the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for the ordinary shares for the five business days immediately preceding the day of purchase (in each case exclusive of expenses); and
 - iii) permit the Company to make a purchase of its ordinary shares after the expiry of this authority if the contract of purchase was concluded before the authority expired.
- 12 To consider and, if thought fit, pass the following resolution as a special resolution
That
 - i) the payment of the interim dividend (the "Dividend") of 1.7 pence per share on the ordinary shares of the Company, paid on 16 December 2005 to Shareholders on the register on 2 December 2005, and the appropriation of distributable profits of the Company (as shown in the audited accounts of the Company for the year ended 30 November 2005) to such payment, be and they are hereby ratified and confirmed;

- ii) any and all claims which the Company may have in respect of the payment of the Dividend or any of them against its Shareholders who appeared on the register of shareholders on the relevant record date be released and a deed of release in favour of such shareholders be entered into by the Company in the form of the deed produced to this meeting and signed by the Chairman for the purposes of identification and thereafter be delivered to the Secretary of the Company for retention by her on behalf of the said shareholders;
- iii) any distribution involved in the giving of such release in relation to any particular Dividend be made out of the profits appropriated to such Dividend as aforesaid by reference to a record date identical to the record date for the Dividend concerned; and
- iv) any and all claims which the Company may have against its Directors (both past and present) arising out of the payment of the Dividend be released and that a deed of release in favour of the Company's Directors be entered into by the Company in the form of the deed produced to this meeting and signed by the Chairman for the purposes of identification and thereafter be delivered to the Secretary of the Company for retention by her on behalf of the said Directors.

By order of the Board

Amanda Whalley
Company Secretary
50 Seymour Street
London
W1H 7JG
21 April 2006

Registered Office
50 Castle Street
Dundee
DD1 3RU

Notes

- 1 A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, vote instead of him or her. A proxy need not be a shareholder of the Company. To be effective, forms of proxy must be lodged at the offices of the Company's registrar, Computershare Investor Services PLC, PO Box 1075, Bristol BS99 3ZZ not less than 48 hours before the time of the meeting. Completion and return of the proxy will not prevent a shareholder of ordinary shares from attending the meeting and voting in person. Only ordinary shareholders are entitled to attend and vote at the annual general meeting.
- 2 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the register of members of the Company at 6.00 p.m. on 22 May 2006 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of the adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after 6.00 p.m. on 22 May 2006 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 3 The register of interests and transactions of Directors in the shares of the Company and the form of the deed of release in favour of shareholders and of the deed of release in favour of Directors to which reference is made in resolution 12 above will be made available for inspection at the registered office of the Company during normal business hours up to and including the date of the annual general meeting and on that day at the meeting from 12.45 p.m. until the conclusion of the meeting.