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ServicePower Technologies plc

(incorporated and registered in England and Wales with registered number 03941006)

Proposed adoption of New Share Option Plan

Notice of General Meeting

Nominated Adviser

KBC Peel Hunt Ltd

This document should be read in its entirety. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which includes a recommendation that you vote in favour of the Resolution to be proposed at the General Meeting referred to below.

KBC Peel Hunt Ltd, which is regulated in the United Kingdom by The Financial Services Authority, is the Company's nominated adviser for the purposes of the AIM Rules and is acting exclusively for ServicePower Technologies plc. KBC Peel Hunt Ltd is not acting for, and will not be responsible to, any person other than ServicePower Technologies plc for providing the protections afforded to customers of KBC Peel Hunt Ltd or for advising any other person on the contents of this document or any transaction or arrangement referred to herein.

Notice of a General Meeting of ServicePower Technologies plc, to be held at the offices of KBC Peel Hunt, 111 Old Broad Street, London, EC2N 1PH at 11.00 a.m. on Thursday 11 December 2008 is set out at the end of this document. Shareholders will find enclosed a form of proxy for use at the General Meeting. The form of proxy should be completed and returned to the Company's registrar, Capita Registrars, in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 11.00 a.m. on Tuesday 9 December 2008.

PART I

LETTER FROM THE CHAIRMAN OF SERVICEPOWER TECHNOLOGIES PLC

ServicePower Technologies plc

(incorporated and registered in England and Wales with registered number 03941006)

Directors:

Mark Duffin (*Chief Executive Officer*)
Lindsay Claude Neils Bury (*Non-Executive Chairman*)
Hugh Fitzwilliam-Lay (*Non-Executive Director*)
Barry Harvey Welck (*Non-Executive Director*)

Registered Office:

Petersgate House
St Petersgate
Stockport Cheshire
SK1 1HE

24 November 2008

To shareholders and, for information only, to any Option holders

Dear Shareholder,

As referred to in ServicePower Technologies plc's (the "**Company**") recent circular to shareholders dated 30 July 2008, the Company intends to introduce a new share option plan in order to update the Company's share incentive arrangements in line with current market practice and further incentivise directors and employees of the Company. The purpose of this letter is to inform you of the details of the proposed new share option plan and seek shareholder approval for its adoption.

Proposed adoption of a new share option plan

The Company currently operates two share option schemes for selected executives and employees, the ServicePower Technologies plc (Approved) 2000 Share Option Scheme and the ServicePower Technologies plc (Unapproved) 2000 Share Option Scheme (the "**Existing Schemes**"). The Existing Schemes are, respectively, an HM Revenue & Customs ("**HMRC**") approved discretionary share option scheme, which enables the Company to grant tax-approved options, and a non-HMRC approved discretionary share option scheme. The Company's ten year authority to operate the Existing Schemes will expire at the end of March 2010.

With the forthcoming expiry of authority to grant options under the Existing Schemes, together with the Company's recent move to AIM and the appointment of Mark Duffin to the board of directors in November 2007, the remuneration committee of the board of directors of the Company (the "**Committee**") has undertaken a review of the group's employee share incentive arrangements.

As a result of this review, the Committee has recommended the Company adopt a new discretionary share option scheme to be known as the ServicePower Share Option Plan (the "**New Plan**") under which tax advantaged or unapproved options can be granted to both UK and US participants. The New Plan is drafted to take account of the different requirements which apply to the grant of tax-favoured Enterprise Management Incentives ("**EMI Options**") to UK employees and the grant of tax-favoured Incentive Stock Options ("**ISOs**") to US employees.

Key features of the New Plan include:

- EMI Options and ISOs give participants rights to acquire shares normally at a price equal to the market value of the shares at the grant date, subject generally to continued employment and achievement of performance targets. The directors wish to retain the ability to grant tax efficient awards at the levels permitted by relevant UK and US tax legislation;

- unapproved options give participants rights to acquire shares normally at a price equal to the market value of the shares at the grant date, subject generally to continued employment and achievement of performance targets, although such options will not be tax-efficient. Unapproved options will be granted to those who cannot benefit from the tax advantages associated with EMI Options or ISOs (for example because the directors wish to grant awards in excess of the levels permitted by relevant tax legislation);
- a limited number of options granted to UK participants who were employed at the time of the Company's placing on its admission to AIM (the "**Placing**") will be granted with an exercise price of 5p per share, to reflect the price paid by investors in the placing. Further details of such grants are set out below under the heading "Initial grants under the New Plan";
- options will not normally be exercisable until at least two years following the date of grant, or such other date as the directors shall determine at the date of grant;
- the New Plan will be subject to an 11.2 per cent. dilution limit which applies to all shares issued or remaining issuable pursuant to options and awards granted to employees under the Company's share plans over a rolling ten year period;
- in addition, for US law reasons, the New Plan will also be subject to a limit of 4,000,000 shares over which ISOs may be granted and a limit of 11.2 per cent. of the issued ordinary share capital of the Company from time to time over which options may be granted to employees resident in California (together, the "**US Limits**"). Any options granted which are subject to the US Limits and which then lapse will no longer count towards the US Limits and the shares previously subject to such lapsed options will again be available for grant, as ISOs or to employees resident in California, as appropriate, subject to the US Limits; and
- the Company may use new shares, treasury shares and shares purchased in the market to satisfy options.

The directors are keen to encourage key employees to build up or increase their shareholdings in the Company, so aligning their interests with the Company's shareholders. The directors also recognise the importance of share incentives in recruiting and retaining key employees on whose performance the success of the Company depends. In order to supplement the Existing Schemes and further incentivise employees and directors of the Company, the directors now seek your authority to adopt the New Plan.

The main features of the New Plan are summarised in more detail in Part II of this circular.

Initial Grants under the New Plan

It is proposed that options with an exercise price of 5p per share (to reflect the price paid by investors in the Placing) are granted to UK participants who were employed at the time of the Placing (the "**Placing Grants**").

The performance target for the Placing Grants will be a share price growth target, measuring growth in the Company's share price following the second anniversary of the grant date, with full vesting if the share price reaches 10p over three consecutive dealing days. Options granted as part of the Placing Grants will normally be exercisable in two equal tranches, half when the performance target is met and the other half one year later.

It is proposed that Mark Duffin be granted 10,000,000 options under the Placing Grants of the New Plan. In consideration for the grant of options under the Placing Grants, Mark Duffin has agreed to surrender 3,000,000 options granted by the Existing Schemes.

It is also proposed that an additional 2,933,596 options are granted to other UK participants under the Placing Grants. In consideration for the options under the Placing Grants, UK participants have agreed to surrender 1,033,534 options allotted under the Existing Schemes.

In addition to the Placing Grants, certain existing US participants will receive 2,769,596 options under the New Plan. Such grants will be made at market price. In consideration for the grant of such options under the New Plan, those US participants have agreed to surrender 264,785 options allotted under the Existing Schemes.

Shareholder Resolutions

The Company is seeking shareholder approval of the New Plan by ordinary resolution (*Resolution 1*) together with authority for the directors to allot securities in accordance with the New Plan (*Resolution 2*). Accordingly, the purpose of this document is to provide shareholders with information on the New Plan and to seek the requisite approvals, either in person or by proxy, by way of ordinary resolution at the General Meeting, notice of which is set out at page 8 of this document.

Given the Company's recent move from the Main Market to the AIM Market of the London Stock Exchange plc, the directors do not intend that any new share-based incentives or any substantive changes to existing schemes (including the New Plan) which the Committee or the directors may propose will be subject to prior approval by shareholders in the future.

Action to be taken

You are requested to complete and sign the enclosed form of proxy for use at the General Meeting. The form of proxy should be completed and returned to the Company's registrar, Capita Registrars, in accordance with the instructions printed on it as soon as possible and, in any event not later than 11.00 a.m. on Tuesday 9 December 2008, 48 hours before the date of the General Meeting. The completion and return of the form of proxy will not preclude you from attending the General Meeting and voting in person if you so wish.

Documents available for inspection

Copies of the draft rules of the New Plan may be inspected during normal office hours at the Company's registered office at Petersgate House, St. Petersgate, Stockport, Cheshire, SK1 1HE during normal business hours on any weekday (excluding bank holidays) from the date of this letter until the date of the General Meeting and at the place of the General Meeting for at least 15 minutes prior to, and during, the General Meeting.

Recommendation

The board of directors considers that the New Plan will be in the best interests of the Company and its shareholders as a whole. Accordingly the board unanimously recommends that shareholders vote in favour of the resolutions authorising the establishment of the New Plan, as they intend to do in respect of their own holdings.

Yours faithfully

Lindsay Bury
Chairman

PART II

SUMMARY OF THE PRINCIPAL TERMS OF THE NEW PLAN

General

The New Plan provides for the grant of rights to acquire (whether by subscription or purchase) ordinary shares in the Company (“**Options**”). Options may be granted to UK participants as tax-favoured EMI Options, to US participants as tax-favoured ISOs or, to any participant, as non tax-favoured Options (“**Unapproved Options**”). Options are not transferable and there is no entitlement to employer pension contributions in respect of them. The operation of the New Plan will be overseen by the board of directors of the Company or a duly authorised committee (the “**Directors**”).

Eligibility

Participation in the New Plan will be restricted to selected employees, including executive directors, of the Company or any subsidiary (the “**Group**”). The Directors have discretion as to the selection of employees to whom Options are to be granted. EMI Options and ISOs may only be granted to employees who qualify for the grant of such Options in accordance with the legislation governing EMI Options and ISOs from time to time. In addition, ISOs may only be granted to employees who are resident in or citizens of the USA.

Grant of Options

Options may initially be granted under the New Plan within 42 days following shareholder approval. Thereafter, Options may be granted in the period of 42 days beginning with the fourth dealing day following an announcement of the Company’s results for any period and within the period of 28 days after a new employee first joins the Group or becomes eligible to be granted an EMI Option, but otherwise only in circumstances judged by the Directors to be exceptional. No Option may be granted in breach of the AIM Rules or applicable US securities laws. No Options may be granted after the period ending ten years from the date the New Plan is adopted by the Directors or approved by the shareholders of the Company, whichever is earlier.

Exercise Price

The price per ordinary share payable on the exercise of an Option under the New Plan is determined by the Directors when Options are granted on any occasion. In the case of all other Options (including all Options to be granted to US participants), the exercise price per share shall not be less than the market value of an ordinary share of the Company or, for Options to subscribe for new shares, a share’s nominal value.

EMI and US Limits

The grant of EMI Options is subject to limits (both individual and Company), as specified in the legislation governing EMI Options from time to time. In addition, Options granted to US participants are subject to additional limits and conditions as set out in the relevant legislation and set out in Part I.

Limit on the Issue of Shares

In any ten year period there is a limit, of 11.2 per cent. of the issued ordinary share capital of the Company from time to time, on the number of new ordinary shares which are issued or remain issuable pursuant to Options and awards granted under the New Plan or under any other employees’ share scheme of the Company. Shares issued out of treasury shall, to the extent required by ABI guidelines, count towards the limit on the issue of new ordinary shares.

Sourcing the Option Shares

Options may be granted by the Company, as rights to subscribe for new ordinary shares in the Company or as rights to acquire ordinary shares from the trustee of an employees' share trust established by any member of the Group. However, the Company does not currently intend to use a trust for these purposes.

Performance Conditions

The exercise of Options may be subject to the attainment of one or more objective conditions set by the Directors at the time of grant relating to the performance of all or any combination of the Company, a subsidiary, a division and/or the participant or any other performance condition (a "**Performance Target**") over such period as the Directors may determine. In appropriate circumstances, the Directors may amend (or, in exceptional circumstances, waive) a Performance Target but must be satisfied that any amended Performance Target is no more difficult to satisfy than was the original Performance Target when first set.

Options granted shortly following the Company's placing on AIM will be subject to a share price target (as set out above).

Exercise and Lapse of Options

An Option may not normally be exercised before the second anniversary of the date of grant (or such other date as the Directors shall determine) and may be subject to exercise in tranches. An Option may not in any event be exercised after the day immediately preceding the tenth anniversary of the date of grant or such earlier time as may be specified at the date of grant.

If a participant leaves employment within the Group by reason of injury, ill-health, disability, redundancy, retirement or because the business or company for which he works is sold outside the Group, he may exercise his Option within 6 months of the date of leaving normally over such number of shares as were vested shares at the time of leaving (subject to the Directors' discretion to allow exercise over a greater proportion of the shares).

If a participant dies, his personal representatives may exercise his Option within 12 months of the date of death normally over such number of shares as were vested shares at the date of death (subject to the Directors' discretion to allow exercise over a greater proportion of the shares).

If the participant leaves the Group for any other reason, his Option will lapse unless and insofar as the Directors determine otherwise.

Options granted to the CEO, Mark Duffin, shortly following the Company's placing on AIM, will be subject to slightly different terms if he leaves, to reflect his contribution since joining the Company. If Mark Duffin leaves for any reason, he will be entitled to exercise his Option over at least one third of the shares for each year of service he has completed since he joined the Company.

An Option may not be exercised if to do so would contravene the rules governing AIM or applicable US securities laws.

Corporate Events

On a change of control, an Option may be exercised in full during a specified period without the need to satisfy the Performance Target. Similar provisions apply on a demerger, compromise or arrangement, a resolution for the voluntary winding up of the Company and, subject to the Directors' discretion, prior to a loss of corporation tax relief or following a disqualifying event for EMI Options.

National Insurance Contributions ("NICs")

The Directors shall determine whether any employer's NICs arising in connection with Options granted to UK participants shall be transferred to participants.

Rights Attaching to Shares

Ordinary shares issued or transferred in connection with Options shall rank equally in all respects with other ordinary shares then in issue (save as regards any rights attaching to such shares by reference to a record date prior to the allotment or transfer of such shares).

Variation of Share Capital

In the event of a variation of the ordinary share capital of the Company, the Directors may adjust the aggregate number or amount of ordinary shares subject to any Option and/or the exercise price. In the case of any variation other than a sub-division, consolidation or capitalisation issue, the Company's independent advisers must confirm in writing that any adjustment proposed is fair and reasonable.

Alteration of the New Plan

The Directors may amend the rules of the New Plan. However, no alteration or addition to the advantage of existing or new participants may be made to the provisions regarding eligibility; the overall limits on the issue of new shares; the basis for determining a participant's rights to acquire shares under the New Plan; and the adjustment of such rights on a variation of share capital, without the prior approval of shareholders. This is subject to an exception for minor amendments necessary or appropriate to benefit the administration of the New 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 member of the Group.

The above summary of the principal terms of the New Plan does not form part of the rules of the New Plan and should not be taken as affecting the interpretation of its detailed terms and conditions. The Directors reserve the right, up to the time of the forthcoming general meeting of shareholders, to make amendments and additions to the rules of the New Plan that they consider necessary or appropriate, provided that any amendment may not conflict in any material aspect with the above summary.

NOTICE OF GENERAL MEETING

ServicePower Technologies plc

(incorporated and registered in England and Wales with registered number 03941006)

(the “Company”)

NOTICE IS HEREBY GIVEN that a general meeting of the members of the Company will be held on Thursday 11 December 2008 at 11.00 a.m. (local time) for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTIONS

1. THAT, the directors be and are, by this resolution, authorised to take all such actions as they consider necessary, desirable or expedient to establish and implement the ServicePower Share Option Plan (the “**New Plan**”), the principal terms of which are summarised in the circular forming part of this Notice and to be constituted by the draft rules produced to the meeting and, for the purposes of identification, initialled by the Chairman subject to such modifications as the directors may consider necessary or desirable to take account of applicable statutory or regulatory requirements or prevailing practice;
2. THAT, in addition to the existing authorities to allot relevant securities granted to the directors by a resolution of the shareholders of the Company passed on 22 August 2008, the directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) in connection with the grant, exercise or otherwise of securities under the New Plan provided that this authority (unless previously revoked, varied or renewed) shall expire on the earlier of the conclusion of the next annual general meeting of the Company after the passing of this resolution and the date falling 15 months after the passing of this resolution and 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 offer or agreement notwithstanding that the authority conferred hereby has expired.

Dated: 24 November 2008

Registered office:

Petersgate House
St Petersgate
Stockport Cheshire
SK1 1HE

By order of the Board

Sally Gillings
Secretary

NOTES: In addition to the notes set out below, notes governing appointment of proxies are set out in the form of proxy.

- (1) A member entitled to attend and vote at the meeting of which the foregoing gives notice is entitled to appoint a proxy to attend, speak and vote in his or her place. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from attending and voting at the meeting.
- (2) A form of proxy is enclosed for use at the meeting.
- (3) To be valid, the form of proxy must be completed and deposited (together with any power of attorney or other written authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors) at the Company's Registrars, Capita Registrars, (Proxies) The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 48 hours before the time appointed for the meeting.
- (4) In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administration on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.
- (5) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the register of members of the Company at 6.00 p.m. on the day which is two days before the day of the meeting or, if the meeting is adjourned, shareholders entered on the Company's register of members at 6.00 p.m. on the two days before the date of the adjournment shall be entitled to attend and vote at the meeting.
- (6) Any person to whom this Notice is sent who is a person nominated under Section 146 of the CA 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

