
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION TO TAKE YOU ARE RECOMMENDED TO CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000.

Notice of Annual General Meeting Hilton Food Group plc

Notice of the third Annual General Meeting which has been convened for Wednesday 26 May 2010 at 12:00 pm at The Old Bridge Hotel, 1 High Street, Huntingdon, Cambridgeshire PE29 3TQ.

If you have sold or transferred all of your ordinary shares in Hilton Food Group plc, you should pass this document, together with the accompanying form of proxy, to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.

To be valid, forms of proxy must be completed and returned in accordance with the instructions printed thereon so as to be received by the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL as soon as possible and in any event not later than 48 hours (excluding weekends and bank holidays) before the time appointed for holding the meeting.



HILTON FOOD GROUP PLC

2-8 The Interchange, Latham Road, Huntingdon, Cambridgeshire PE29 6YE England

Tel: +44 (0) 1480 387214 / Fax: +44 (0) 1480 387241

From the Non-Executive Chairman, Sir David Naish

21 April 2010

Dear Shareholder

Notice of Annual General Meeting 2010

I am pleased to be writing to you with details of the third Annual General Meeting of the Company, which will be held on Wednesday 26 May 2010 at 12:00 pm at The Old Bridge Hotel, 1 High Street, Huntingdon, Cambridgeshire PE29 3TQ. The Notice of the Meeting is set out in Appendix 1 of the document. Twelve resolutions will be voted on at the Annual General Meeting. Explanatory Notes for the Resolutions are set out in Appendix 2 of this document.

Recommendation

Your Board believes that the proposed Resolutions 1 to 12 are in the best interests of the Company and its shareholders as a whole. The Board will be voting in favour of Resolutions 1 to 12 and unanimously recommend that you vote in favour of them as well.

Yours faithfully,

Sir David Naish
Non-Executive Chairman

HILTON FOOD GROUP PLC

NOTICE OF ANNUAL GENERAL MEETING

Company number: 6165540

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hilton Food Group plc (the "**Company**") will be held at The Old Bridge Hotel, 1 High Street, Huntingdon, Cambridgeshire PE29 3TQ on Wednesday 26 May 2010 at 12:00 pm for the following purposes.

As ordinary business of an annual general meeting to consider and, if thought fit, pass the following ordinary resolutions:

1. To receive and adopt the annual accounts and reports of the Company for the 53 weeks ended 3 January 2010 and the reports of the Directors and auditors on those financial statements.
2. To receive, adopt and approve the Remuneration report for the 53 weeks ended 3 January 2010.
3. To re-elect Mr Robert Watson, who retires by rotation and offers himself for re-appointment by general meeting, as a Director of the Company.
4. To re-elect Sir David Naish, who retires by rotation and offers himself for re-appointment by general meeting, as a Director of the Company.
5. To re-elect PricewaterhouseCoopers LLP as auditors and to authorise the Directors to determine the auditors' remuneration.
6. To declare a final dividend of 1.22 pence per share on each of the Company's ordinary shares for the 53 weeks ended 3 January 2010.

As special business of an annual general meeting to consider and, if thought fit, pass Resolution 7 as an ordinary resolution and Resolutions 8 to 12 as special resolutions.

Ordinary resolutions

7. That the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "**Act**") to exercise all the powers of the Company to:
 - (a) allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £2,321,000; and
 - (b) allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £3,034,000 (such amount to be reduced by the nominal amount of any shares allotted or rights granted under paragraph (a) of this Resolution 7) in connection with an offer by way of a rights issue to:
 - (i) the holders of ordinary shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them; and
 - (ii) holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors of the Company otherwise consider necessary,and so that the Directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

These authorities shall apply in substitution for all previous authorities (but without prejudice to the validity of any allotment pursuant to such previous authority) and shall expire at the end of the next annual general meeting of the Company or, if earlier, 15 months after the date of this resolution, save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights granted to subscribe for or convert any security into shares after such expiry and the Directors may allot shares or grant such rights in pursuance of any such offer or agreement as if the power and authority conferred by this resolution had not expired.

Special resolutions

8. That, subject to the passing of Resolution 7 above, the Directors be generally and unconditionally empowered for the purposes of section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash:
 - (a) pursuant to the authority conferred by Resolution 7 above; or
 - (b) where the allotment constitutes an allotment by virtue of section 560(2)(b) of the Act,in each case as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:
 - (i) the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority granted under paragraph (b) of Resolution 7, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only) to:
 - (A) the holders of ordinary shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them; and
 - (B) holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors of the Company otherwise consider necessary,
 - (ii) the allotment of equity securities, other than pursuant to paragraph (i) above of this resolution, up to an aggregate nominal amount of £348,200.

This power shall (unless previously renewed, varied or revoked by the Company in general meeting) expire at the conclusion of the next annual general meeting of the Company following the passing of this resolution or, if earlier, on the date 15 months after the passing of such resolution, save that the Company may before the expiry of this power make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

9. That the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the "Act") to make market purchases (as defined in section 693(4) of the Act) of ordinary shares of 10 pence each in the capital of the Company ("Ordinary Shares") in such manner and on such terms as the Directors of the Company may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes set out in sections 727 or 729 of the Act, including for the purpose of its employee share schemes, provided that:
- (a) the maximum number of Ordinary Shares which may be purchased is 6,956,600;
 - (b) the minimum purchase price which may be paid for any Ordinary Share is 10 pence (exclusive of expenses);
 - (c) the maximum purchase price which may be paid for any Ordinary Share shall not be more than the higher of (in each case exclusive of expenses):
 - (i) 5% above the average middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and
 - (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid as derived from the London Stock Exchange Trading System (SETS); andthis authority shall take effect on the date of passing of this resolution and shall (unless previously revoked, renewed or varied) expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 15 months after the date of passing of this resolution, save in relation to purchases 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.
10. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.
11. That:
- (a) the articles of association of the Company be amended by deleting all the provisions formerly in the Company's memorandum of association which, by virtue of section 28 of the Companies Act 2006, are treated as provisions of the Company's articles of association; and
 - (b) the articles of association contained in the document produced to the meeting (and signed by the Chairman of the meeting for the purpose of identification) 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.
12. That:
- (a) the Directors be and are hereby authorised to appropriate distributable profits of the Company:
 - (i) as shown in the annual account of the Company made up to 31 December 2007, to the payment of the interim dividend of 2.2p per share paid on 7 December 2007 to shareholders on the register at the close of business on 2 November 2007;
 - (ii) as shown in the annual account of the Company made up to 31 December 2008, to the payment of the final dividend of 5.2p per share paid on 11 July 2008 to shareholders on the register at the close of business on 13 June 2008;
 - (iii) as shown in the annual account of the Company made up to 31 December 2008, to the payment of the interim dividend of 2.4p per share paid on 5 December 2008 to shareholders on the register of members at the close of business on 7 November 2008; and
 - (iv) as shown in the annual account of the Company made up to 31 December 2009, to the payment of the final dividend of 5.74p per share paid on 3 July 2009 to shareholders on the register of members at the close of business on 5 June 2009,(the dividends referred to in (i), (ii), (iii) and (iv) above together being the "**2007, 2008 and 2009 Dividends**");
 - (b) any and all claims which the Company may have in respect of the payment of the 2007, 2008 and 2009 Dividends on the Company's ordinary shares against its shareholders who appeared on the register on the relevant record dates 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
 - (c) any distribution involved in the giving of such a release in relation to the 2007, 2008 and 2009 Dividends be made of out profits appropriated to the 2007 and 2008 Dividends as aforesaid by reference to record dates identical to the respective record dates for the 2007, 2008 and 2009 Dividends.

By order of the Board

Neil George
Company Secretary

21 April 2010

Registered Office:
2-8 Interchange
Latham Road
Huntingdon
Cambridgeshire
PE29 6YE

Registered in England and Wales
No. 6165540

Notes:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting and at any adjournment of it. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. If a proxy appointment is submitted without indicating how the proxy should vote on any resolution, the proxy will exercise his discretion as to whether and, if so, how he votes.
2. A proxy need not be a member of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's Registrar, Equiniti Limited, on 0871 384 2030 (international callers: +44 121 415 7047). Calls to this number cost 8p per minute from a BT landline, other providers' costs may vary. Lines open 8:30am to 5:30pm, Monday to Friday. Members may also appoint a proxy through the CREST electronic proxy appointment service as described in note 13 below.
3. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand by Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL no later than 12:00 pm on Monday 24 May 2010, together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a duly certified copy of that power or authority.
4. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in note 13(a) below) will not prevent a member attending the meeting and voting in person if he/she wishes to do so.
5. A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 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 Annual 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.
7. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1, 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
8. To be entitled to attend and vote at the 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 pm on Monday 24 May 2010 (or, in the event of any adjournment, 6:00 pm on the date which is two days 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.
9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
10. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (i) to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information or (ii) the answer has already been given on a website in the form of an answer to a question or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
12. As at the date of issue of this notice the Company's issued share capital consists of 69,656,667 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at the date of issue of this notice are 69,656,667.
13. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this meeting by using the procedures described in the CREST Manual which can be viewed at www.euroclear.com\CREST. 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. Please note the following.
 - (a) 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 instructions, 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, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA 19) by the latest time(s) for receipt of proxy appointments specified in this notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer'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.
 - (b) 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, their 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.

- (c) 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.
14. Any corporation which is a member 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 so in relation to the same shares.
15. The following documents will be available for inspection during normal business hours at the registered office from the date of issue of this notice (Saturdays, Sundays and public holidays excepted) until the time of the AGM and at the AGM location from 15 minutes before the AGM until it ends:
- Copies of the Executive Directors' service contracts;
 - Copies of the letters of appointment of the Non-Executive Directors;
 - The annual accounts and reports of the Company for the 53 weeks ended 3 January 2010;
 - A copy of the proposed new articles of association of the Company, and a copy of the existing memorandum and articles of association marked to show the changes being proposed in Resolution 11; and
 - The deed of release referred to in Resolution 12 in respect of the 2007 and 2008 Dividends.
16. A copy of this notice, and other information required by section 311A of the Companies Act 2006 can be found at www.hiltonfoodgroupplc.com/agm.
17. You may not use any fax number or email address or other electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

EXPLANATORY NOTES

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 7 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 8 to 12 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Report and Accounts (Resolution 1)

The Directors of the Company must present the accounts to the meeting.

Remuneration report (Resolution 2)

In line with legislation, this vote will be advisory and in respect of the overall remuneration package and not specific to individual levels of remuneration. You can find the Remuneration report on pages 24 to 26 of the Company's annual report and accounts.

Re-election of Directors (Resolutions 3 and 4)

The Company's articles of association require that all Directors retire at least every three years and that all newly appointed Directors retire at the first annual general meeting following their appointment. Furthermore in line with the Combined Code on Corporate Governance, it is the Company's practice that any Non-Executive Director having been in post for nine years or more is subject to annual re-election.

At this meeting, Robert Watson and Sir David Naish will retire and stand for re-election or election as Directors. Having considered the performance of and contribution made by each of the Directors standing for re-election the Board remains satisfied that the performance of each of the relevant Directors continues to be effective and to demonstrate commitment to the role and, as such, recommends their re-election.

Robert Watson

Robert joined the Hilton Food Group as Chief Executive in 2002 and has overseen the successful growth of the Company over the last eight years. Prior to this, he worked for the Foyle Food Group, based in Northern Ireland of which he was a founder in 1977.

Sir David Naish

Sir David joined the Hilton Food Group in 2007, as a Non-Executive Director, after retiring from the Chairmanship of Arla Foods UK plc. Sir David is a past President of the National Farmers Union and is currently Chairman of his family farming businesses, a director of Wilson Insurance Broking Group Limited and Caunton Engineering Limited, in addition to being a Non-Executive Director of Woodard Schools (Nottinghamshire) and a Trustee of several charities related principally to the agrifood industry and education. Sir David was elected Non-Executive Chairman on 22 March 2010 and is Chairman of the Nomination and Related Party Supply Committees.

Re-appointment and remuneration of auditors (Resolution 5)

Resolution 5 proposes the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company and authorises the Directors to set their remuneration.

Declaration of a dividend (Resolution 6)

A final dividend can only be paid after the shareholders at a general meeting have approved it. A final dividend of 1.22 pence per ordinary share is recommended by the Directors for payment to shareholders who are on the register of members at the close of business on 4 June 2010. If approved, the date of payment of the final dividend will be 2 July 2010.

Directors' authority to allot shares (Resolution 7)

The purpose of Resolution 7 is to renew the Directors' authority to allot shares.

The authority in paragraph (a) will allow the Directors to allot new shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to a nominal value of £2,321,000, which is equivalent to approximately one-third of the total issued ordinary share capital of the Company as at the date of this notice. There is no present intention of exercising this general authority.

The authority in paragraph (b) will allow the Directors to allot new shares or to grant rights to subscribe for or convert any security into shares in the Company only in connection with a pre-emptive rights issue up to an aggregate nominal value of £3,034,000, which is the lower of two-thirds of the Company's issued share capital and the amount of unissued share capital as at the date of this notice (inclusive of the nominal value of £2,321,000 sought under paragraph (a) of the resolution). This is in line with corporate governance guidelines. There is no present intention to exercise this authority.

If the resolution is passed, the authority will expire on the earlier of 25 August 2011 (the date which is 15 months after the date of the resolution) and the end of next annual general meeting of the Company in 2011.

Disapplication of pre-emption rights (Resolution 8)

If the Directors wish to allot new shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) company law requires that these shares are first offered to existing shareholders in proportion to their existing holdings. There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of ordinary shares without a pre-emptive offer to existing shareholders. This cannot be done unless the shareholders have first waived their pre-emption rights.

Resolution 8 asks the shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities, the authority will be limited to the issue of shares for cash up to a maximum nominal amount of £348,200 (which includes the sale on a non-pre-emptive basis of any shares held in treasury), which is equivalent to approximately 5 per cent of the Company's issued ordinary share capital as at the date of this notice. The Company undertakes to restrict its use of this authority to a maximum of 7.5 per cent of the Company's issued ordinary share capital in any three-year period. Shareholders will note that this resolution also relates to treasury shares and will be proposed as a special resolution.

This resolution seeks a disapplication of the pre-emption rights on a rights issue so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders. If given, the authority will expire at the conclusion of the next annual general meeting of the Company in 2011 or, if earlier, 25 August 2011 (the date which is 15 months after the passing of the resolution).

Authority to purchase own shares (Resolution 9)

In certain circumstances, it may be advantageous for the Company to purchase its own shares and Resolution 9 seeks the authority from shareholders to continue to do so. The Directors will continue to exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and is in the best interests of shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account when exercising this authority.

Any shares purchased in this way will be cancelled and the number of shares in issue will be reduced accordingly, save that the Company may hold in treasury any of its own shares that it purchases pursuant to the Act and the authority conferred by this resolution. This gives the Company the ability to re-issue treasury shares quickly and cost-effectively and provides the Company with greater flexibility in the management of its capital base. It also gives the Company the opportunity to satisfy employee share scheme awards with treasury shares. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares.

The resolution specifies the maximum number of Ordinary Shares that may be acquired (approximately 10 per cent of the Company's issued ordinary share capital as at the date of this notice) and the maximum and minimum prices at which they may be bought.

Resolution 9 will be proposed as a special resolution to provide the Company with the necessary authority. If given, this authority will expire at the conclusion of the next annual general meeting of the Company in 2011 or, if earlier, 25 August 2011 (the date which is 15 months after the date of passing of the resolution).

The Directors intend to seek renewal of this power at subsequent annual general meetings.

General meetings: length of notice (Resolution 10)

The Companies (Shareholder Rights) Regulations 2009 (which implemented the EU Shareholder Rights Directive with effect from 3 August 2009) increased the notice period for general meetings (other than annual general meetings) of listed companies, such as the Company, to 21 days from 14 days, unless certain conditions are met.

A shareholder resolution reducing the period of notice to not less than 14 clear days must be passed at an immediately preceding AGM to ensure that the general meetings of the Company (other than AGMs) may continue to be held on 14 clear days' notice. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. Note that in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. It is intended that this flexibility will only be used for non-routine business and where merited in the interests of shareholders as a whole.

Adoption of new articles of association (Resolution 11)

It is proposed in Resolution 11 to adopt new articles of association (the "**New Articles**") in order to update the Company's current articles of association primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the "**Shareholder Rights Regulations**") and the implementation on 1 October 2009 of the last parts of the Act and amendments to the Uncertificated Securities Regulations 2001.

The principal changes introduced in the New Articles are summarised in Schedule 1. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Act, the Shareholder Rights Regulations or the Uncertificated Securities Regulations 2001 or conform the language of the New Articles with that used in the model articles for public companies contained in Schedule 3 to the Companies (Model Articles) Regulations 2008 (the "**Model Articles**") have not been included in the summary below. The New Articles showing all the changes to the Company's existing articles are available for inspection, as noted in note 15 of this notice.

Dividends in 2007 and 2008 (Resolution 12)

A technical issue has arisen in respect of:

- (a) the interim dividend of 2.2p per share paid on 7 December 2007 (the "2007 Interim Dividend");
 - (b) the final dividend of 5.2p per share paid on 11 July 2008 (the "2008 Final Dividend");
 - (c) the interim dividend of 2.4p per share paid on 5 December 2008 (the "2008 Interim Dividend"); and
 - (d) the final dividend of 5.74p per share paid on 3 July 2009 (the "2009 Final Dividend"),
- (together the "2007, 2008 and 2009 Dividends").

For the reasons outlined below, a special resolution (Resolution 12) has been proposed in relation to this matter at the Annual General Meeting.

The aggregate amount of the 2007, 2008 and 2009 Dividends was £10.8m. The requirements of the Companies Act 1985 (in relation to the 2007 Interim Dividend) and the Companies Act 2006 (in relation to the 2008 Final Dividend, the 2008 Interim Dividend and the 2009 Final Dividend) included that interim accounts, prepared in accordance with the provisions in the Acts, should have been filed with the Registrar of Companies. These requirements were not met in respect of the 2007, 2008 and 2009 Dividends as no such interim accounts were filed by the time each of the 2007, 2008 and 2009 Dividends were declared.

The Company has been advised that it may have claims against past and present shareholders who received any of the 2007, 2008 and 2009 Dividends to recover the amounts paid. Any sums recoverable from the shareholders would be repayable with interest at a reasonable rate.

It is not the intention of the Company that any claims of this kind should be made. This matter can be remedied by passing a special resolution that puts shareholders into the position in which it was always intended that they should be. The proposed special resolution would:

- (a) sanction the appropriation of profits to the payment of the 2007, 2008 and 2009 Dividends;
- (b) release any claims of the Company against the shareholders who received the 2007, 2008 and 2009 Dividends and approve the Company entering into a deed of release in favour of those shareholders; and
- (c) confirm that any distribution constituted by the release be made by reference to record dates identical to the record dates for the 2007, 2008 and 2009 Dividends.

The form of the deed of release is available for inspection as set out in the Notes to the Notice of the Annual General Meeting.

HM Revenue & Customs ("HMRC") has provided written confirmation that the 2007, 2008 and 2009 Dividends will continue to be treated as a distribution for tax purposes (made at the time at which the 2007, 2008 and 2009 Dividends were paid) and that the proposed release will have no tax implications for shareholders. HMRC will therefore treat the tax position of the Company and of the UK tax resident shareholders as being unaffected by the irregularity and the tax position will be as if the 2007, 2008 and 2009 Dividends had been lawfully paid on 7 December 2007, 11 July 2008, 5 December 2008 and 3 July 2009. UK resident shareholders need thus take no further action. HMRC has confirmed that it will accept the dividend tax credit vouchers already issued.

If any non-UK tax resident shareholder is in any doubt about his tax position, he should consult a professional advisor in the jurisdiction in which he is tax resident.

EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

1. The Company's objects

The provisions regulating the operations of the Company have in the past been set out in the Company's memorandum and articles of association. The Company's memorandum contained, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Act significantly reduced the constitutional significance of a company's memorandum. The Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Act the objects clause and all other provisions which (before 1 October 2009) used to be contained in the Company's memorandum of association (save for details of the original subscribers) are now deemed to be contained in the Company's articles of association, but the Company can remove these provisions if it wishes.

Further, the Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Act, are to be treated as forming part of the Company's articles of association. Resolution 11 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement previously in the Company's memorandum regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the shareholders.

2. Authorised share capital and unissued shares (Article 2)

The Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Act, save in respect of employee share schemes.

The Company proposes to dispense with authorised share capital and, accordingly, references to the authorised share capital (including those from the memorandum that are deemed now to form part of the articles of the Company) are not included in the New Articles.

3. Authority to purchase own shares, consolidate and subdivide shares, and reduce share capital (Article 2)

A company previously required specific enabling provisions in its articles to purchase its own shares, to consolidate or subdivide its shares and to reduce its share capital or other undistributable reserves, as well as needing shareholder authority to undertake the relevant action. The current articles include these enabling provisions. Under the Act a company only requires shareholder authority to do any of these things and it is no longer necessary for articles to contain enabling provisions. Accordingly, the relevant enabling provisions have been removed in the New Articles. The Company will still need shareholder authority to subdivide or consolidate its shares, purchase its own shares or reduce its share capital.

4. Redeemable shares (Article 3)

At present if a company wishes to issue redeemable shares, it must include in its articles the terms and manner of redemption. The Act enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the Directors would need shareholders' authority to allot new shares in the usual way.

5. Power to close register (Article 7)

The Act repeals the existing statutory provision which allows a company to close the register of members for any time or times not exceeding a total of 30 days per year. The current articles refer to such provision. Accordingly, this provision has been removed from the New Articles.

6. Notice of general meetings (Article 12)

The Shareholders' Rights Regulations amended the Act to require the Company to give 21 clear days' notice of general meetings unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles amend the provisions of the current articles to be consistent with the new requirements.

7. Voting by proxies on a show of hands (Article 14)

The Shareholders' Rights Regulations amended the Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles remove provisions in the current articles dealing with proxy voting on the basis that these are dealt with in the Act and contain a provision clarifying how the provision of the Act giving a proxy a second vote on a show of hands should apply to discretionary authorities.

8. Voting by corporate representatives (Article 14)

The Shareholders' Rights Regulations amended the Act in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles contain provisions which reflect these amendments.

9. Voting record date (Article 14)

Under the Act (as amended by the Shareholders' Rights Regulations) the Company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The New Articles remove provisions in the current articles dealing with the voting record date on the basis that this is dealt with in the Act.

10. Electronic conduct of meetings (Article 16)

Amendments made to the Act by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The current articles have been amended to reflect more closely the relevant provisions.

11. Directors' interests (Articles 18 and 20)

The New Articles clarify the position in relation to directors' interests by removing the reference to the pre 1 October 2008 position.

12. Notice of board meetings (Article 20)

The current articles contain a provision stating that it shall not be necessary to give notice of a meeting of the Board to any Director for the time being absent from the UK. This article is removed in the New Articles, as modern communications mean there is no particular obstacle to giving notice to a Director who is abroad.

13. Use of seals (Article 28)

A company no longer requires authority in its articles to have an official seal for use abroad. Accordingly the relevant authorisation has been removed in the New Articles.

14. Change of name (Article 37)

Previously, a company could only change its name by special resolution. Under the Act a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the Directors to pass a resolution to change the Company's name.

15. Articles which duplicate statutory provisions

Provisions in the existing articles which replicate provisions contained in the Act are in the main removed in the New Articles, in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution.

