

Dear Shareholder

ANNUAL GENERAL MEETING OF IMPERIAL TOBACCO GROUP PLC

I am pleased to inform you that the Imperial Tobacco Group PLC (the "Company") 2009 Annual Report and Accounts has now been published.

If you have requested a printed copy of the Company's 2009 Annual Report and Accounts, it is enclosed with this notice together with the associated documents. If you requested to receive the 2009 Annual Report and Accounts electronically or did not return the election card previously sent to you, please accept this letter as notification that the Company's 2009 Annual Report and Accounts and associated documents have now been published on our website (www.imperial-tobacco.com) and can be accessed via the home page and then clicking on the investors section of the website. We have also published a brief summary of the Company's performance which I hope you will find useful and which, if you are receiving this letter in hardcopy, is included with this letter or is available on the Company's website. If you have recently become a shareholder in Imperial Tobacco Group PLC we will write to you in early 2010 with information about your options for shareholder communications.

Our 2010 Annual General Meeting (the "AGM") will be held at the Bristol Marriott Hotel City Centre on Tuesday, 2 February 2010 at 2.30pm. The formal notice of the AGM, particulars of the resolutions on which you can vote and details of the administrative arrangements we have made for the AGM are set out on the following pages.

At the AGM all resolutions will be voted on a poll. If you are unable to attend the AGM you can nonetheless use your vote if you appoint a proxy. To appoint a proxy you can complete your proxy form electronically at www.sharevote.co.uk. To do this you will need your shareholder reference number which is shown on your enclosed proxy form. Alternatively, you can complete your paper proxy form and return it to the Company's registrars, Equiniti Limited, in the enclosed reply paid envelope. Please note all proxy forms, whether completed electronically or on paper, must be received by the Company's Registrars not less than 48 hours before the start of the AGM.

The result of the polls will be announced on both a regulatory information service and the Company's website shortly after the AGM.

Your Directors believe that all the proposals to be considered at the AGM are in the best interests of both the Company and its shareholders. They unanimously recommend shareholders to vote in favour of all the resolutions set out in this notice. Your Directors will all be voting in favour of the resolutions in respect of their own shareholdings.

If you have recently sold or transferred all of your shares in the Company, please pass both this document and the accompanying associated documents, if any, to the purchaser, transferee or agent through whom the transfer was effected for transmission to the purchaser or transferee.

For the safety and comfort of those attending the AGM, large bags, other large items, cameras and recording equipment will not be allowed into the auditorium. Small bags may be searched before you are permitted to take them into the auditorium. Cloakroom facilities will be provided but for security reasons the hotel may not accept large bags or other large items. The Company does not accept any liability or responsibility for any items deposited in the cloakroom. Please ensure mobile phones and similar devices are switched off during the AGM.

Yours sincerely



Iain Napier
Chairman

IMPERIAL TOBACCO GROUP PLC NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO ANY ASPECT OF THE CONTENTS OF THIS DOCUMENT OR THE ACTION YOU SHOULD TAKE YOU ARE RECOMMENDED TO CONSULT AN INDEPENDENT ADVISOR AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000.

Notice is hereby given that the Company's AGM will be held at the Bristol Marriott Hotel City Centre, 2 Lower Castle Street, Old Market, Bristol, BS1 3AD on Tuesday, 2 February 2010 at 2.30pm (doors open from 1.30pm) for the transaction of the following business:

ORDINARY BUSINESS

Resolution 1

THAT the Accounts for the financial year ended 30 September 2009 together with the Directors' and Auditors' reports thereon be received.

Resolution 2

THAT the Directors' Remuneration Report for the financial year ended 30 September 2009 together with the Auditors' report thereon be received and approved.

Resolution 3

THAT a final dividend for the financial year ended 30 September 2009 of 52.0 pence per ordinary share of 10 pence payable on 19 February 2010 to those shareholders on the register at the close of business on 22 January 2010 be declared.

Resolution 4

THAT Dr K M Burnett be re-elected as a Director of the Company.

Resolution 5

THAT Mr J-D Comolli be re-elected as a Director of the Company.

Resolution 6

THAT Mr R Dyrbus be re-elected as a Director of the Company.

Resolution 7

THAT Mr C F Knott be re-elected as a Director of the Company.

Resolution 8

THAT Mr I J G Napier be re-elected as a Director of the Company.

Resolution 9

THAT PricewaterhouseCoopers LLP be reappointed as Auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

Resolution 10

THAT the Directors be authorised to set the remuneration of the Auditors.

SPECIAL BUSINESS

To consider and, if thought fit, pass resolutions 11 and 12 as ordinary resolutions and resolutions 13 to 16 as special resolutions:

Resolution 11

THAT in accordance with section 366 of the Companies Act 2006, Imperial Tobacco Group PLC and its subsidiaries are hereby authorised, during the period commencing on the date of this resolution and ending at the conclusion of the Annual General Meeting of Imperial Tobacco Group PLC held in 2011 or, if earlier, the close of business on 30 April 2011, to:

- i. make political donations to political parties, political organisations other than political parties, or independent election candidates, as defined in sections 363 and 364 of the Companies Act 2006, not exceeding £100,000 in total; and
- ii. during the aforementioned period, incur political expenditure, as defined in section 365 of the Companies Act 2006, not exceeding £100,000 in total.

Resolution 12

THAT the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to exercise all the powers of Imperial Tobacco Group PLC to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:

- i. up to an aggregate nominal amount of £35,500,000 (such amount to be reduced by the nominal amount of any equity securities (as defined in section 560 of the Companies Act 2006) allotted under paragraph (ii) below in excess of £35,500,000); and
- ii. comprising equity securities (as defined in section 560 of the Companies Act 2006) up to a maximum nominal amount of £71,000,000 (such amount to be reduced by any shares allotted or rights granted under sub-paragraph (i) above) in connection with an offer by way of a rights issue:
 - a. to holders of shares in proportion (as nearly as may be practicable) to their existing holdings; and
 - b. to holders of other equity securities if this is required by the rights of those equity securities or, if the Directors consider it necessary, as permitted by the rights of those equity securities;

and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter.

This authority shall expire at the conclusion of the next Annual General Meeting of Imperial Tobacco Group PLC or, if earlier, the close of business on 30 April 2011, save that Imperial Tobacco Group PLC may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

All previous unutilised authorities under section 80 of the Companies Act 1985 shall cease to have effect at the conclusion of the Annual General Meeting (save to the extent that the same are exercisable pursuant to section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

Resolution 13

THAT the Directors be and are hereby generally and unconditionally empowered pursuant to section 571(1) of the Companies Act 2006: (a) subject to the passing of Resolution 12 set out in the notice of Annual General Meeting of Imperial Tobacco Group PLC convened for 2 February 2010, to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash pursuant to the authority conferred by Resolution 12; and (b) to allot equity securities (as defined in Section 560(3) of the Companies Act 2006 (sale of treasury shares)) for cash, in either case as if section 561 of the Companies Act 2006 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 or issue of equity securities (but in the case of the authority granted under resolution 12(ii), by way of a rights issue only) to or in favour of: (a) holders of shares in proportion (as nearly as may be practicable) to their existing holdings; and (b) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates, shares represented by depositary receipts, legal or practical problems arising under the laws of any territory or the requirements of any relevant regulatory body or any stock exchange or any other matter; and
- ii. the allotment (otherwise than pursuant to sub-paragraph (i)) of equity securities pursuant to the authority granted under Resolution 12(i) and/or by virtue of section 560(3) of the Companies Act 2006, up to a maximum nominal amount of £5,330,000.

This power shall expire at the conclusion of the next Annual General Meeting of Imperial Tobacco Group PLC or, if earlier, the close of business on 30 April 2011, unless previously renewed, varied or revoked by Imperial Tobacco Group PLC in general meeting, save that Imperial Tobacco Group PLC may before such expiry 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 hereby had not expired.

All previous unutilised authorities under section 95 of the Companies Act 1985 shall cease to have effect at the conclusion of the Annual General Meeting.

Resolution 14

THAT in accordance with the Companies Act 2006 Imperial Tobacco Group PLC be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 10 pence each in the capital of the Company ("Ordinary Shares") on such terms and in such manner as the Directors may from time to time determine, provided that:

- i. the maximum number of Ordinary Shares hereby authorised to be acquired is 106,794,000;
- ii. the minimum price which may be paid for each Ordinary Share is 10 pence (exclusive of all expenses);

- iii. the maximum price which may be paid for each Ordinary Share is the higher of the amount equal to 105 per cent of the average of the middle market quotations, or the market values, 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 Ordinary Share is purchased and the amount stipulated by article 5(1) of the Buy-back and Stabilisation Regulations 2003 (in each case exclusive of expenses); and
- iv. the authority hereby conferred shall, unless previously revoked or varied, expire at the conclusion of the next Annual General Meeting of Imperial Tobacco Group PLC to be held in 2011 or, if earlier, the close of business on 30 April 2011 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, where the Company may make a purchase of Ordinary Shares in pursuance of any such contract.

All previous unutilised authorities for the Company to make market purchases of Ordinary Shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and where such purchase has not yet been executed.

Resolution 15

THAT a general meeting of Imperial Tobacco Group PLC other than an annual general meeting of Imperial Tobacco Group PLC may be called on not less than 14 clear days' notice.

Resolution 16

THAT, with immediate effect:

- i. the Articles of Association of Imperial Tobacco Group PLC be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and
- ii. the Articles of Association produced to the meeting and initialled 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.

Registered Office:
PO Box 244
Upton Road
Bristol BS99 7UJ
Registered in England and Wales No: 3236483

By order of the Board
Matthew R Phillips
Company Secretary

11 December 2009

Notes

1. Only holders of Ordinary Shares are entitled to attend and vote at this AGM. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend, speak and vote instead of him/her. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company. A proxy form is enclosed with this notice and instructions for its completion are shown on the form. Proxy forms and the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority need to be deposited with the Company's Registrars, Equiniti Limited, not less than 48 hours before the scheduled start of the AGM or any adjournment thereof. Completion of a proxy form does not preclude a member attending and voting in person at the AGM. A vote withheld option is provided on the proxy form to enable you to instruct your proxy not to vote on any particular resolution. It should, however, 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.

A 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 AGM. 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.

The statements of the rights of members in relation to the appointment of proxies in this notice do not apply to a Nominated Person. The rights of members in relation to the appointment of proxies can only be exercised by registered members of the Company. Nominated Persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.

Under section 319A of the Companies Act 2006, a member attending the meeting has the right to ask questions in relation to the business of the meeting. 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 (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

2. As at 10 December 2009 (being the last business day prior to publication of this notice) the Company's issued share capital consists of 1,067,942,881 Ordinary Shares carrying one vote each (including 51,481,000 Ordinary Shares held by the Company in treasury which do not carry any voting rights). The total voting rights in the Company as at 10 December 2009 are, therefore, 1,016,461,881.
3. The following documents, which are available for inspection during normal business hours at the registered office of the Company on any weekday (Saturdays, Sundays and public holidays excluded), will also be available for inspection at the place of the AGM from 1.30pm on the day of the AGM until the conclusion of the AGM:
 - i. copies of the service contracts of the Executive Directors under which they are employed by the Company and the letters of appointment (and other related documents) of the Non-Executive Directors;
 - ii. the Memorandum and Articles of Association of the Company; and
 - iii. copies of the rules of the International Sharesave Plan, the Share Matching Scheme, the Bonus Match Plan, the Long Term Incentive Plan and the deeds of the Employee Benefit Trusts.

From the date of this notice until the conclusion of the AGM a version of the Articles of Association incorporating the changes proposed by Resolution 16 will be available for inspection at the registered office of the Company, at the offices of Allen & Overy LLP, namely One Bishops Square, London E1 6AD and, for at least 15 minutes before the AGM commences and during the AGM at the place of the AGM.

4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00pm on 31 January 2010 shall be entitled to attend or vote at the aforesaid AGM in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 6.00pm on 31 January 2010 shall be disregarded in determining the rights of any person to attend or vote at the AGM.
5. **Electronic proxy appointment through CREST**

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for our AGM to be held on 2 February 2010 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.

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 ("EUI")'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 relates to 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 RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of the AGM. 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 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.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI 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. The CREST Manual can be reviewed at www.euroclear.com/CREST. 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.

6. In accordance with the Company's established practice, all resolutions will be taken on a poll so as to accurately record the decision of all members based on their shareholding interests in the Company.
7. 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 do so in relation to the same shares.
8. It is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM or any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on its website.
9. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found on the Company's website (www.imperial-tobacco.com).
10. Under section 338 and section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in such business. A resolution may properly be moved or a matter may properly be included in the business of the meeting unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business of the meeting, must be authorised by the person or persons making it, must be received by the Company not later than 21 December 2009, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business of the meeting only) must be accompanied by a statement setting out the grounds for the request.

EXPLANATORY NOTES

Report and Accounts (Resolution 1)

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

Directors' 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 Report on pages 55 to 70 of the 2009 Annual Report and Accounts which is available on the Company's website www.imperial-tobacco.com.

Declaration of a dividend (Resolution 3)

A final dividend can only be paid after the shareholders at a general meeting have approved it. A final dividend of 52.0 pence per Ordinary Share is recommended by the Directors for payment to shareholders who are on the Register at the close of business on 22 January 2010. If approved, the date of payment of the final dividend will be 19 February 2010. An interim dividend of 21.0 pence per Ordinary Share was paid on 19 August 2009. Adjusting for the impact of the Rights Issue in June 2008, this represents an increase of 9.9 pence per share, or 16 per cent on the total 2008 dividend.

Re-election of Directors (Resolutions 4 to 8)

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 AGM following their appointment. It is also the Company's policy for any non-independent Non-Executive Director to stand for re-election each year. At this AGM Dr K M Burnett, Messrs J-D Comolli, R Dyrbus, C F Knott and I J G Napier will retire and stand for re-election as Directors. Brief details of all the Directors, including those not standing for re-election, appear on pages 36 and 37 of the 2009 Annual Report and Accounts and appear on the Company's website at www.imperial-tobacco.com. 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.

Reappointment and remuneration of Auditors (Resolutions 9 and 10)

Resolutions 9 and 10 propose the reappointment of PricewaterhouseCoopers LLP as Auditors of the Company and authorise the Directors to set their remuneration.

Authority to make donations to political organisations and to incur political expenditure (Resolution 11)

Part 14 of the Companies Act 2006, amongst other things, prohibits the Company and its subsidiaries from making donations to an EU political party or other EU political organisation or to an independent election candidate in the EU of more than £5,000 in any 12 month period unless they have been authorised to make donations by the Company's shareholders.

The Companies Act 2006 defines political organisations widely. It includes organisations which carry on activities which are capable of being reasonably regarded as intended to affect public support for a political party or an independent election candidate in any EU Member State or to influence voters in relation to any referendum in any EU Member State. As a result, it is possible that the definition may include bodies, such as those concerned with policy review and law reform or with the representation of the business community or sections of it, which the Company and/or its subsidiaries may see benefit in supporting.

Accordingly, the Company wishes to ensure that neither it nor its subsidiaries inadvertently commits any breaches of the Companies Act 2006 through the undertaking of routine activities, which would not normally be considered to result in the making of political donations and political expenditure being incurred. The resolutions authorise the Company and its subsidiaries to:

- i. make political donations to political parties, political organisations other than political parties, or independent election candidates, not exceeding £100,000 in total; and
- ii. incur political expenditure up to an aggregate amount not exceeding £100,000,

in the period commencing on the date of the resolution and ending at the conclusion of the AGM of the Company held in 2011 or, if earlier, the close of business on 30 April 2011.

Neither the Company nor any of its subsidiaries has any intention of making political donations nor incurring any political expenditure under the terms of this resolution.

For the purpose of this resolution the terms "political donations", "political parties", "independent election candidates", "political organisations" and "political expenditure" have the meanings set out in sections 363 to 365 of the Companies Act 2006.

Directors' authority to allot securities (Resolution 12)

The Company's Directors may only allot Ordinary Shares or grant rights over Ordinary Shares if authorised to do so by shareholders. The authority granted at the last AGM under section 80 of the Companies Act 1985 to allot relevant securities is due to expire at the conclusion of this year's AGM. Accordingly, this resolution seeks to grant a new authority under section 551 of the Companies Act 2006 (which has superseded section 80 of the Companies Act 1985) to authorise the Directors to allot shares (including treasury shares) in the Company or grant rights to subscribe for, or convert any security into, shares in the Company and will expire at the conclusion of the next AGM of the Company in 2011 or, if earlier, the close of business on 30 April 2011.

If passed, paragraph (i) of Resolution 12 would give the Directors authority to allot shares or grant rights to subscribe for, or convert any security into, shares in the Company up to an aggregate nominal value of £35,500,000 representing approximately one third (33.33%) of the Company's existing issued share capital (excluding shares held in treasury) and calculated as at 10 December 2009 (being the latest practicable date prior to publication of this notice). In accordance with the latest institutional guidelines issued by the Association of British Insurers ("ABI"), paragraph (ii) of Resolution 12, if passed, would give the Directors authority to allot, including the shares referred to in paragraph (i) of Resolution 12, further of the Company's shares in connection with a pre-emptive offer by way of a rights issue to shareholders up to a maximum nominal amount of £71,000,000, representing approximately two thirds (66.67%) of the Company's existing issued share capital (excluding shares held in treasury) and calculated as at 10 December 2009 (being the latest practicable date prior to publication of this notice).

There is no present intention of exercising this authority. However, it is considered prudent to maintain the flexibility that this authority provides. If they do exercise the authority, the Directors intend to follow emerging best practice as regards its use (including as regards the Directors standing for re-election in certain cases), as recommended by the ABI. As at 10 December 2009, the Company held 51,481,000 Ordinary Shares in treasury, which represent approximately 4.82 per cent of the total ordinary share capital in issue (excluding shares held in treasury) as at 10 December 2009. The Company's Directors intend to renew this authority annually.

Disapplication of pre-emption rights (Resolution 13)

Under section 561(1) of the Companies Act 2006, if the Directors wish to allot any of the unissued shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of shares without a pre-emptive offer to existing shareholders. This cannot be done under the Companies Act 2006 unless the shareholders have first waived their pre-emption rights. Resolution 13 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 aggregate nominal value of £5,330,000 (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 10 December 2009 (being the latest practicable date prior to publication 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 AGM of the Company in 2011 or, if earlier, the close of business on 30 April 2011. The Company's Directors intend to renew this authority annually.

Authority to purchase own shares (Resolution 14)

In certain circumstances it may be advantageous for the Company to purchase its own shares and Resolution 14 seeks the authority from shareholders to continue to do so. Authority was given to the Company to make market purchases up to an aggregate of 106,794,000 of its Ordinary Shares at the AGM held on 3 February 2009 (being equal to approximately 10 per cent of the Company's issued ordinary share capital as at 15 December 2008, the latest practicable date prior to the publication of the notice for the AGM held on 3 February 2009). This authority is due to expire at the end of the AGM and it is proposed that the Company be authorised to continue to make market purchases up to an aggregate of approximately 10 per cent of the Company's issued ordinary share capital as further described below. 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 will be likely to promote the success of the Company for the benefit of its members as a whole. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account when exercising this authority. Save to the extent purchased pursuant to the Companies Act 2006, any shares purchased in this way will be cancelled and the number of shares in issue will be reduced accordingly. The Company may hold in treasury any of its own shares that it purchases pursuant to the Companies Act 2006 and the authority conferred by this resolution. This gives the Company the ability to reissue 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.

The proposed authority would be limited to purchases of up to 106,794,000 Ordinary Shares which is equal to approximately 10 per cent of the Company's issued ordinary share capital as at 10 December 2009 (being the latest practicable date prior to publication of this notice). The resolution specifies the maximum and minimum prices at which the Company's shares may be bought.

For information, as at 10 December 2009 (being the latest practicable date prior to publication of this notice) there were outstanding 5,709,700 awards and options to subscribe for Ordinary Shares, representing 0.56 per cent of the Company's issued ordinary share capital (excluding treasury shares). If the new authority and the existing authority were exercised in full, the awards and options would represent 0.71 per cent of the Company's issued ordinary share capital (excluding treasury shares).

Resolution 14 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 AGM of the Company in 2011 or, if earlier, the close of business on 30 April 2011.

The Directors intend to seek renewal of this power at subsequent AGMs.

Authority to hold general meetings (other than annual general meetings on 14 clear days' notice (Resolution 15))

This Resolution is required to reflect the changes made to the Companies Act 2006 by the Companies (Shareholders' Rights) Regulations 2009 (the "Shareholders' Rights Regulations"). The Shareholders' Rights Regulations increased the notice period for general meetings of the Company to 21 days unless shareholders approve a shorter period, which cannot however be less than 14 clear days. Prior to the coming into force of the Shareholders' Rights Regulations the Company was able to call general meetings (other than an annual general meeting) on 14 clear days' notice and would like to restore this ability. In order to be able to do so the Company's shareholders must approve the calling of such meetings on 14 clear days' notice. Resolution 15 seeks such approval. The Company undertakes to meet the requirements for electronic voting under the Shareholders' Rights Regulations before calling a general meeting on 14 clear days' notice. If given, the approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

Adoption of new Articles of Association (Resolution 16)

It is proposed to adopt new Articles of Association (the "New Articles") with immediate effect to update the Company's current Articles of Association (the "Current Articles") primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the "Shareholders' Rights Regulations"), the implementation of the last parts of the Companies Act 2006 and amendments to the Uncertificated Securities Regulations 2001.

The principal changes introduced in the New Articles are set out below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006, the Shareholders' 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 produced by the Department for Business, Innovation and Skills, have not been noted. A copy of the New Articles and a copy of the Current Articles marked to show changes being proposed by this resolution are available for inspection as noted on page 5 of this document.

1. The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, 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 Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 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 Companies Act 2006 the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further, the Companies Act 2006 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 Companies Act 2006, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 16(i) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

2. Articles which duplicate statutory provisions

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

3. Change of name

Under the Companies Act 1985, a company could only change its name by special resolution. Under the Companies Act 2006, a company will be 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.

4. Authorised share capital and unissued shares

The Companies Act 2006 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 Companies Act 2006, save in respect of employee share schemes.

5. Redeemable shares

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The Companies Act 2006 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 issue new shares in the usual way.

6. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Companies Act 2006, a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly, the relevant enabling provisions have been removed in the New Articles.

7. Provision for employees on cessation of business

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the directors may exercise this power.

8. Use of seals

Under the Companies Act 1985, a company required authority in its articles to have an official seal for use abroad. Under the Companies Act 2006, such authority will no longer be required. Accordingly, the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

9. Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

10. Vacation of office by directors

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills.

11. Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the Companies Act 2006 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 Current Articles have been amended to reflect these changes.

12. Voting by corporate representatives

The Shareholders' Rights Regulations have amended the Companies Act 2006 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 rely on the provisions dealing with voting by corporate representatives which are contained in the Companies Act 2006.

13. Electronic conduct of meetings

Amendments made to the Companies Act 2006 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.

14. Chairman's casting vote

The New Articles remove the provision giving the chairman a casting vote in the event of an equality of votes at a general meeting as this is no longer permitted under the Companies Act 2006.

15. Notice of general meetings

The Shareholders' Rights Regulations amend the Companies Act 2006 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.

16. Adjournments for lack of quorum

Under the Companies Act 2006 as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The Current Articles have been changed to reflect this requirement.

17. Voting record date

Under the Companies Act 2006 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 Current Articles have been amended to reflect this requirement.

18. General

Generally, the opportunity has been taken to bring clearer language into the New Articles and to make minor or technical changes and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills.