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If you have sold or otherwise transferred all of your STV Group plc shares, please send this document at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or otherwise transferred only part of your registered holding of STV Group plc shares, please consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

This document should be read in whole and in conjunction with the Form of Proxy provided with this circular.

**Supplemental Notice of Annual General Meeting of
STV Group plc**

(incorporated under the Companies Act 1985 and registered in Scotland with registered number SC203873)

to consider and approve a discretionary performance related bonus plan

Circular to STV Group plc shareholders

A letter from the Chairman of STV Group plc, including a unanimous recommendation by the STV Group plc Board to vote in favour of the resolution to be proposed at the Annual General Meeting, is set out in this document.

A supplemental notice of the Annual General Meeting of STV Group plc to be held at Pacific Quay, Glasgow, G51 1PQ on 20 April 2011 is set out at the end of this document.

Chairman's Letter

STV Group plc
(incorporated in Scotland with registered number SC203873)
Pacific Quay
Glasgow
G51 1PQ

To: Shareholders and, for information only, to option holders

Dear Shareholder,

Discretionary Performance Related Bonus Plan

Introduction

The Company wishes to award bonus payments earned during 2010 by members of the Leadership Team and key senior managers of STV Group plc ("the Company"), in shares. These payments have been earned under the STV Group plc Discretionary Performance Related Bonus Plan (the "Bonus Plan"). The Bonus Plan is the only performance related remuneration arrangement in place in 2010 and there are no other share-based plans that have been awarded or implemented during 2010.

The Company has determined to put the Bonus Plan and the issue of shares pursuant to the Plan Year Schedule 2010 (as hereinafter defined) to Shareholder approval at the Annual General Meeting on 20 April 2011. This letter and attached Appendix sets out the background to, and reasons for, as well as details of, the Bonus Plan and the Plan Year Schedule 2010 and why the Company believes their implementation, and the payment of bonus earned to be made wholly in shares, to be in the best interests of Shareholders.

Executive summary

The key features of the Bonus Plan are:

- eligible participants will be entitled to receive a bonus award payable in cash and/or shares and it is the Company's preference to make an award in shares;
- payments are deferred and partially subject to additional future financial performance conditions to align the interests of participants with shareholders and provide a long-term retention incentive;
- the Bonus Plan will run annually on a calendar year basis from 1 January to 31 December ("Plan Year");
- the payment of a bonus under the Bonus Plan will be dependent on the achievement of financial related targets and personal objectives (together the "Performance Criteria") by participants which will be approved by the Company's Remuneration Committee for each Plan Year;
- the Remuneration Committee will set percentage weightings of the Performance Criteria; and
- the maximum bonus payment payable will be calculated as a percentage of a participant's salary.

The Bonus Plan will operate by granting eligible participants an annual bonus award on the achievement of financial related targets and satisfaction of personal objectives, as approved by the Remuneration Committee of the Company.

The financial related targets and performance objectives, together with their relative weightings and the relationship between these and the bonuses payable to participants are set out in a schedule approved by the Company's Remuneration Committee (the "Plan Year Schedule 2010"). The Plan Year Schedule 2010 is set out in the Appendix together with further details of the Bonus Plan rules.

See Appendix for further details.

Background to and reasons for the Bonus Plan

The Bonus Plan and the Plan Year Schedule 2010 are designed to:

- ensure a link between achievement of key performance indicators of the business and key financial performance targets whilst encouraging a longer term performance focus through a deferred reward component;
- support executives in building up a shareholding in the business through rewards made in shares;
- ensure that in recognition of the absence of a long-term equity based award in 2010, that there is an appropriate balance between short-term cash based rewards and mid-longer term equity based rewards.

Bonus payments have been triggered in 2010 under the Plan Year Schedule 2010 as a result of strong financial performance delivered against the performance targets, all of which have been met in full.

In recognition of the need for continued restraint in remuneration at the present time, the Chief Executive Officer has volunteered and agreed with the Committee and the Board that he will not receive any payment of tranche 1 of Bonus earned in 2010 and that this will be deferred for a period of 24 months and will be payable wholly in shares and subject to performance conditions being met.

Remuneration policy

The guiding principles behind the remuneration policy of the Company are:-

- to ensure that it maintains a competitive package of total compensation commensurate with comparable packages available with other similar companies operating in similar sectors;
- to make a significant percentage of potential maximum reward conditional on long-term performance;
- to ensure that the interests of executives are closely aligned with those of the Company's shareholders through the provision of equity incentives;
- to link reward to the satisfaction of the targeted objectives which are the main drivers of shareholder value; and
- to be sensitive in determining executives' remuneration to the current economic climate.

In line with the above remuneration philosophy, the Chairman strongly believes that the implementation of the Bonus Plan and the Plan Year Schedule 2010 supports the Company's overall business strategy and objectives.

The Company believes that the Bonus Plan and the Plan Year Schedule 2010 are optimally structured to support the delivery of substantial value to Shareholders.

Recommendation

The Directors consider the proposal contained in this document to be in the best interests of Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 12 to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial holdings amounting (as at 10 March 2011, being the latest practicable date prior to the posting of this document) to an aggregate of 2,501,442 shares, representing approximately 6.52 per cent. of the Company's current issued share capital.

Yours faithfully

Richard Findlay
Chairman

Appendix

Terms and Conditions of the STV Group plc

Discretionary Performance Related Bonus Plan

The following table sets out the meaning of terms used in this Appendix:

Term	Meaning
"Board"	the board of directors of the Company
"Bonus"	amount payable to a Participant in accordance with the Plan Year Schedule and expressed as a percentage of that Participant's Salary
"Bonus Payment Date"	the date on which a Bonus will be awarded to a Participant in accordance with the Plan Year Schedule
"Close Period"	any time when employees of the Company are prohibited from dealing in Shares by the appendix to Chapter 9 of the Listing Rules of the Financial Services authority, a Company code or any other regulation which prohibits dealing in Shares.
"Committee"	the Remuneration Committee of the Company.
"Control"	the meaning of control set out in Section 995 of the Income Tax Act 1997.
"Leadership Team and key senior managers"	the executive directors, executives and senior managers responsible for the delivery of company strategy, goals and targets
"Leadership Team"	the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Commercial Director, Director of Content, Director of Channels, Director of HR and Communications
"Participant"	an eligible member of the Leadership Team and certain key senior managers approved by the Board, following recommendation by the Committee
"Plan Year"	a calendar year from 1 January to 31 December during which the Bonus Plan operates
"Plan Year 2010"	the Plan Year ended 31 December 2010
"Plan Year Schedule"	the document setting out performance measures and targets, and relationship between these and the Bonus payable to Participants, which is approved by the Committee for a Plan Year
"Rules"	the rules of the Bonus Plan setting out the terms and conditions relating to participation.
"Salary"	base annual gross salary as at the start of a Plan Year
"Shares"	ordinary shares of the Company.

Operation

The Committee will approve the overall policy and operation of the Bonus Plan and the target and maximum bonus payments available in respect of Participants.

The Committee shall also be responsible for agreeing and approving the specifics of the Bonus Plan in respect of each Plan Year, including:

- the financial targets and performance criteria, together with their relative weightings;
- the performance thresholds in relation to performance against budget when Bonus is payable;
- any year-end discretion to be applied when assessing the profit performance of the Company within the market and other relevant conditions; and
- length of service pro-rating factors.

Participation

Any member of the Leadership Team or certain key senior managers selected by the Board as approved by the Committee will be eligible to participate.

In order to be eligible, Participants must also have a minimum of 12 months' continuous service with the Company. During the first year of employment with the Company, any otherwise potentially eligible members of the Leadership Team and key senior managers will be considered for a separate bonus payment as part of their employment package, as appropriate.

Bonus limits

The maximum Bonus a Participant shall be eligible to receive is expressed as a percentage of a Participant's Salary and shall be set prior to or around the start of a Plan Year by the Committee and set out in the Plan Year Schedule in respect of that Plan Year.

Payments

Bonus payments may be made in cash or in Shares (or a combination of both) as determined by the Committee.

Bonus payments in cash will be made to each Participant within four months of the announcement of the Company's annual results and shall be payable on the payment date specified in the Plan Year Schedule. A Bonus payable in cash will be subject to tax and any other statutory deductions.

A Bonus payable in Shares will be confirmed within four months of the publication of the annual results of the Company and will be awarded on the date specified in the Plan Year Schedule. Share Bonus payments will be calculated on the basis of the closing price per Share at the end of the Plan Year (or last day of trading during the Plan Year) to which such Bonus relates.

In the event of any deferred Bonus payable in Shares being awarded at an earlier date than the date specified in the Plan Year Schedule, the Committee may, at its discretion, apply a holding period in respect of such Bonus. The holding period may not subsist for a period longer than to the date on which the Shares would otherwise have been issued.

Performance conditions

The performance conditions, financial related targets and personal objectives will, as far as possible, be set prior to or around the start of a Plan Year by the Committee and set out in the Plan Year Schedule in respect of that Plan Year.

Bonus determination

At the end of a Plan Year, the Chief Executive of the Company will be responsible for the determination of the amount of the Bonus which relates to the financial performance targets specified in the Plan Year Schedule.

The Chief Executive will make recommendations for Bonus payments to Participants in accordance with the Plan Year Schedule. These recommendations will be made to the Committee in order to seek its recommendations. All recommendations for Bonuses will be subject to Board approval.

Cessation of employment

If a Participant leaves employment prior to the announcement of the Company's annual results, has resigned or is otherwise under notice of termination of employment during a Plan Year, they will not be entitled to receive a Bonus in respect of that Plan Year.

If a Participant leaves employment prior to the Bonus Payment Date as the result of specified events, for example injury, disability, ill health, retirement, redundancy or death, the Committee may in its absolute discretion determine that part or all of that Participant's Bonus award will be payable. In applying this discretion, the Committee shall pro-rate the amount of the Bonus on the basis of the number of months which the Participant is employed by the Company during the Plan Year divided by the total number of months in that Plan Year.

Change of control

In the event of a takeover, reconstruction, amalgamation or winding up of the Company, or in the event that the Company sells all or substantially all of its assets, any unpaid Bonuses which are due immediately prior to the change of control may be payable at the absolute discretion of the Committee.

Status of Bonus

Any Bonus received by a Participant under the Bonus Plan does not form part of a Participant's terms of employment with the Company and is treated as wholly discretionary.

Allotment of Shares

Shares subscribed will not rank for dividends payable by reference to a record date falling before the date on which the Shares are issued but will otherwise rank *pari passu* with existing ordinary shares.

Application will be made for the admission of the new ordinary shares to be issued to the Official List of, and to trading on, the London Stock Exchange's markets for listed securities following the award of the Shares on the date specified in the Plan Year Schedule.

Adjustments

On a variation of the capital of the Company, the threshold share price in relation to awards of Shares may be adjusted in such manner as the Committee determines and the advisors of the Company confirm to be fair and reasonable.

Duration

The Bonus Plan will operate on annually on a calendar year basis from 1 January to 31 December, with the first Plan Year being the calendar year ended 31 December 2010.

Amendments

Amendments to the Rules may be made at the discretion of the Committee. However, the provisions governing eligibility requirements, limits and individual participation limits in respect of Plan Year 2010 cannot be altered to the advantage of Participants without prior shareholder approval, except for minor amendments to benefit the administration of the Bonus Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or for the Company.

The Committee may add to, vary or amend the Rules of the Bonus Plan by way of a separate schedule in order that the Bonus Plan may operate to take account of local legislative and regulatory treatment for Participants or the Company, provided that the parameters of these arrangements will provide no greater benefits than the Rules of the Bonus Plan as summarised above.

Subject to the safeguards noted above, the Committee may amend the Bonus Plan (including by the addition of one or more sub-plans relating to shares in a group company) in such manner as may be necessary to obtain approval of the Bonus Plan (or one or more sub-plans) by HM Revenue & Customs as a company share option plan under Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003.

General

Awards and any other rights granted pursuant to the Bonus Plan are non-pensionable.

Plan Year Schedule 2010

Under the Plan Year Schedule for Plan Year 2010, the Participants' financial targets measures will account for up to of 75% of the maximum Bonus payable and will be weighted in the following proportions:

Level	% Weighting of Performance Measures		
	Group PBT	EPS	Television Operating Profit
Executive Directors	25%	25%	25%
Executives with Profit Responsibility	n/a	n/a	75%
Executives with Functional Responsibility	n/a	n/a	75%
Key senior managers	n/a	n/a	75%

In Plan Year 2010, 25% of the maximum potential Bonus payable to a Participant is dependent upon the achievement of personal objectives agreed and approved by the Company for each Participant. In the case of the Leadership Team, it has been agreed with the Committee and the Board that entitlement to this element of the Bonus payments, although earned, will be waived.

In Plan Year 2010, the maximum Bonus payments are as follows:

Level	Bonus Opportunity Range (% salary)	
	On Target	Maximum
Executive Directors	60	150
Executives with Profit Responsibility	32	80
Executives with Functional Responsibility	32-60	80-150
Key senior managers	12	30

In respect of Plan Year 2010 the Bonus shall be paid in Shares, calculated at 124 pence per Share, being the closing price of the Shares on 31 December 2010.

Any Bonus payments due to the Leadership Team in respect of the Plan Year 2010 will be payable in three tranches as follows:

- Tranche 1 will be payable in Shares and will be confirmed within four months of the publication of the Company's annual results.
- Tranche 2 will be payable in Shares and deferred for a period of 12 months.
- Tranche 3 will be payable in Shares after a period of 24 months, subject to the financial performance conditions for the financial year 2011 being achieved.

In recognition of the need for continued restraint in remuneration at the present time, the Chief Executive Officer has volunteered and agreed with the Committee and the Board that he will not receive any payment of tranche 1 of Bonus earned in 2010 and that this will be deferred for a period of 24 months and will be payable wholly in Shares and subject to performance conditions being met.

Any Bonus payment due to key senior managers in respect of Plan Year 2010 will be payable in full in Shares and will be confirmed within four months of the publication of the Company's annual results.

The number of Shares to be issued to the Leadership Team and key senior managers in respect of Plan Year 2010 is 713,784 Shares in total, which will be awarded over 2 years. 361,365 Shares will be awarded in 2011 and the balance of 352,419 shares will be deferred for a period of 12 months and awarded in 2012. This is with the exception of the Chief Executive Officer and Director of Content, both of whom have volunteered and agreed with the Committee and the Board that they will not receive any payment of tranche 1 of Bonus earned in 2010 and that this will be deferred for a period of up to 24 months and will be payable wholly in shares and subject to performance conditions being met.

The total Share Award of 713,784 Shares is equivalent to approximately 1.86% of the Company's current issued share capital. This amount does not include any Shares which may potentially be issued in respect of the tranche 3 referred to above, following the satisfaction of further performance conditions.

Note

This Appendix summarises the main features of the Bonus Plan but does not form part of it and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the Rules. Copies of the Rules will be available for inspection at the Company's London offices, 21 – 25 St Anne's Court, London, W1F 0BJ and Glasgow offices, Civic Quay, Glasgow, G51 1PQ during usual office hours (Saturdays, Sundays and bank holidays excepted) from the date of despatch of the Chairman's letter up to and including the date of the Annual General Meeting and at the meeting itself. The Directors reserve the right, up to the time of the Annual General Meeting, to make such amendments and additions to the Rules as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out in this Appendix.

Supplemental Notice of Annual General Meeting

Notice is hereby given that at the Annual General Meeting of the Company to be held at Pacific Quay, Glasgow G51 1PQ on Wednesday 20 April 2011 at 11am the additional resolution below will be considered.

Resolution 12 will be proposed as an ordinary resolution.

Ordinary resolution

12. "That, the STV Group plc Discretionary Performance Related Bonus Plan (the "Bonus Plan"), the main features of which are summarised in the Appendix and the rules of which are produced to this meeting and signed by the Chairman for the purpose of identification, be and is hereby approved and adopted and that the directors of the Company be and are hereby authorised to allot equity securities (within the meaning of Section 560 of the Act) to satisfy the Bonus payments payable in accordance with the Plan Year Schedule 2010 and to do all such acts and things as they may consider necessary or expedient to carry the same into effect".

By order of the Board

Jane E A Tames

Company Secretary
STV Group plc
Pacific Quay Glasgow G51 1PQ
10 March 2011

Notes

1. Information regarding the meeting, including the information required by Section 311A of the Companies Act 2006, is available from the Investor Centre at www.stvplc.tv.
2. 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. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder 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 Capita Registrars on 0871 664 0300 or ssd@capitaregistrars.com (calls cost 10p per minute plus network extras; lines are open 8.30am to 5.30pm Monday to Friday). Alternatively, you may appoint a proxy electronically at www.capitashareportal.com. Please see the notes to the form of proxy for further details. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
3. To be valid any proxy form or other instrument appointing a proxy must be received by post or online or (during normal business hours only) by hand at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 11am on 18 April 2011 or 48 hours before the time of any adjournment of the meeting.
4. The return of a completed proxy form, in writing or online or any CREST Proxy Instruction (as described in paragraph 10 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
5. 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.
6. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 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.
7. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company at 6pm on the date two days before the meeting (or, in the event of any adjournment, at 6pm 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.
8. As at 10 March 2011 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 38,336,436 ordinary shares of 50p each, carrying one vote each. Therefore, the total voting rights in the Company as at 10 March 2011 are 38,336,436.

9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so 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 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.
10. 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 and Ireland ("EUI") specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrars, Capita Registrars (ID RA10) by 11 am on 18 April 2011 or 48 hours before the time of any adjournment of the meeting. 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.
11. 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 message. 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, 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. 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.
13. Under Section 319A of the Companies Act 2006, the Company must answer any question asked which relates to the business being dealt with at the meeting unless:
 - answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) 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 Annual General Meeting; or (ii) 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 in accordance with Section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
15. Members satisfying the thresholds in Section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting. A resolution may properly be moved at the Annual General Meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. The business which may be dealt with at the Annual General Meeting includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the Annual General Meeting.
16. Except as provided above, members who have general queries about the Annual General Meeting should call our shareholder helpline on 0871 664 0300.

You may not use any electronic address provided either:

- in this notice of Annual General Meeting; or
- any related document (including the chairman's letter and proxy form)
- to communicate with the Company for any purposes other than those expressly stated.