

Dear Shareholder

ANNUAL GENERAL MEETING OF IMPERIAL TOBACCO GROUP PLC

I am pleased to inform you that the Imperial Tobacco Group PLC (the "Company") 2010 Annual Report and Accounts has now been published.

If you have requested a printed copy of the Annual Report and Accounts, it is enclosed with this notice together with the associated documents. If you requested to receive your 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 2010 Annual Report and Accounts and associated documents have now been published on our website (www.imperial-tobacco.com) and can be accessed by going to the Company's 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.

Our 2011 Annual General Meeting (the "AGM") will be held at the Bristol Marriott Hotel City Centre on Wednesday, 2 February 2011 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 personal voting 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 Annual General Meeting (the "AGM") of Imperial Tobacco Group PLC (the "Company") will be held at the Bristol Marriott Hotel City Centre, 2 Lower Castle Street, Old Market, Bristol, BS1 3AD on Wednesday, 2 February 2011 at 2.30pm (doors open from 1.30pm) for the transaction of the following business:

ORDINARY BUSINESS

To consider and, if thought fit, pass resolutions 1 to 14 as ordinary resolutions:

Resolution 1

THAT the Accounts for the financial year ended 30 September 2010 together with the Directors' and Auditor's reports thereon be received.

Resolution 2

THAT the Directors' Remuneration Report for the financial year ended 30 September 2010 together with the Auditor's report thereon be received and approved.

Resolution 3

THAT a final dividend for the financial year ended 30 September 2010 of 60.0 pence per ordinary share of 10 pence payable on 18 February 2011 to those shareholders on the register at the close of business on 21 January 2011 be declared.

Resolution 4

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

Resolution 5

THAT Mrs A J Cooper 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 M H C Herlihy be re-elected as a Director of the Company.

Resolution 8

THAT Dr P H Jungels be re-elected as a Director of the Company.

Resolution 9

THAT Ms S E Murray be re-elected as a Director of the Company.

Resolution 10

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

Resolution 11

THAT Mr B Setrakian be re-elected as a Director of the Company.

Resolution 12

THAT Mr M D Williamson be re-elected as a Director of the Company.

Resolution 13

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

Resolution 14

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

SPECIAL BUSINESS

To consider and, if thought fit, pass resolutions 15 to 17 as ordinary resolutions and resolutions 18 to 21 as special resolutions:

Resolution 15

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 2012 or, if earlier, the close of business on 31 March 2012, 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. incur political expenditure, as defined in section 365 of the Companies Act 2006, not exceeding £100,000 in total.

Resolution 16

THAT the authority of the Directors or a duly authorised committee of the Directors to grant options over ordinary shares in the Company under the French appendix (Appendix 4) to the Imperial Tobacco Group International Sharesave Plan be and is hereby extended by a thirty eight month period as permitted under Rule 13 of Appendix 4, so that this authority will lapse on 2 April 2014, unless previously renewed, varied or revoked by the Company in General Meeting.

Resolution 17

THAT

(a) the Directors be authorised to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:

- i. in accordance with article 7 of the Company's articles of association, up to a maximum nominal amount of £35,500,000 (such amount to be reduced by the nominal amount of any equity securities (as defined in article 8 of the Company's articles of association) allotted under paragraph (ii) below in excess of £35,500,000; and
- ii. comprising equity securities (as defined in article 8 of the Company's articles of association), up to a maximum nominal amount of £71,000,000 (such amount to be reduced by any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue (as defined in article 8 of the Company's articles of association);

(b) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution, or, if earlier, at the close of business on 31 March 2012; and

(c) all previous unutilised authorities under section 551 of the Companies Act 2006 shall cease to have effect (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 18

THAT

(a) in accordance with article 8 of the Company's articles of association, the Directors be given power to allot equity securities for cash;

(b) the power under paragraph (a) above (other than in connection with a rights issue, as defined in article 8(b)(ii) of the Company's articles of association) shall be limited to the allotment of equity securities having a nominal amount not exceeding in aggregate £5,330,000;

(c) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 31 March 2012; and

(d) all previous unutilised authorities under sections 570 and 573 of the Companies Act 2006 shall cease to have effect.

Resolution 19

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 that may be purchased under this authority 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 2012 or, if earlier, the close of business on 31 March 2012 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 or contracts.

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 20

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 21

THAT, with immediate effect, 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

10 December 2010

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.

You may, if you wish, appoint your proxy electronically at www.sharevote.co.uk. You will need the Voting I.D., Task I.D. and Shareholder Reference Number, which together make up the series of reference numbers printed on the front of the proxy form enclosed with this notice. Alternatively, if you have already registered with Equiniti's online portfolio service shareview, you can submit your proxy form at www.shareview.co.uk by entering your portfolio identification particulars and clicking on the link to vote under your (Client Name) holding details. The on-screen instructions give details of how to complete the appointment process. Please note that any electronic communication found to contain a computer virus will not be accepted.

A member must inform the Company's registrars in writing of any termination of the authority of a proxy

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 9 December 2010 (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 49,569,000 Ordinary Shares held by the Company in treasury which do not carry any voting rights). The total voting rights in the Company as at 9 December 2010 are, therefore, 1,018,373,881.
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 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 showing the changes proposed by Resolution 21 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 Meeting at the place of the AGM.

4. The Company specifies that only those shareholders registered in the register of members of the Company as at 6.00pm on 31 January 2011 shall be entitled to attend and/or vote at the aforesaid AGM (and any adjournment thereof) 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 2011 shall be disregarded in determining the rights of any person to attend or vote at the AGM (and any adjournment thereof).

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 2011 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 (available via www.euroclear.com/CREST). 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 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 Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006 and it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. 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. You may not use any electronic address provided either in this notice or in any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.
11. 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 2010, 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 78 to 95 of the 2010 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 60.0 pence per Ordinary Share is recommended by the Directors for payment to shareholders who are on the Register at the close of business on 21 January 2011. If approved, the date of payment of the final dividend will be 18 February 2011. An interim dividend of 24.3 pence per Ordinary Share was paid on 20 August 2010.

Re-election of Directors (Resolutions 4 to 12)

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. However, in accordance with the recommendations of the UK Corporate Governance Code, the Directors have resolved that they will all retire and that those wishing to serve again shall submit themselves for re-election by the shareholders. In addition, the Company has elected to propose that the Company's Articles of Association are amended to provide for the annual re-election of all directors at future Annual General Meetings of the Company. Please see the note relating to Resolution 21 below for further details of these amendments. Brief details of all the Directors appear on pages 56 and 57 of the 2010 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 the Board remains satisfied that the performance of each Director continues to be effective and to demonstrate commitment to the role and as such recommends their re-election. As announced on 6 December 2010, Mr G L Blashill will retire at the AGM and will not stand for re-election.

Reappointment and remuneration of Auditor (Resolutions 13 and 14)

Resolutions 13 and 14 propose the reappointment of PricewaterhouseCoopers LLP as Auditor of the Company and authorise the Directors to set their remuneration.

Authority to make donations to political organisations and to incur political expenditure (Resolution 15)

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 2012 or, if earlier, the close of business on 31 March 2012.

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.

Authority to grant options under the French appendix to the Imperial Tobacco Group International Sharesave Plan (Resolution 16)

No options may be granted under the French appendix (Appendix 4) to the Imperial Tobacco Group International Sharesave Plan (the Plan) more than thirty eight months after 2 February 2011, unless the Company grants the Directors or a duly authorised committee of Directors authority to do so.

The Company wishes to continue to operate the Plan for French employees and so is proposing to extend the authority of the Directors or a duly authorised committee of Directors to grant options under Appendix 4 for a thirty eight month period commencing on the date that Resolution 16 is passed. The authority must be restricted to a thirty eight month period so as to enable the Plan to fall within the scope of the relevant French tax and social security regime. Foreign companies granting options to French tax resident employees of their French subsidiaries may only benefit from the relevant French tax and social security

regime if the options are granted under an option plan which complies, on the date of the grant, with the requirements provided for under Articles L. 225-177 to L. 225-186 of the French commercial code. Under Articles L. 225-177 and L. 225-179 of the French commercial code, as amended, the Directors or any duly authorized committee of Directors may not be delegated authority to grant options for a period exceeding thirty eight months.

Directors' authority to allot securities (Resolution 17)

The 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 to allot shares or grant rights to subscribe for, or convert any security into, shares 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 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 2012 or, if earlier, the close of business on 31 March 2012.

If passed, paragraph (i) of Resolution 17 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 per cent) of the Company's existing issued share capital (excluding shares held in treasury) and calculated as at 9 December 2010 (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 17, if passed, would give the Directors authority to allot, including the shares referred to in paragraph (i) of Resolution 17, 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 per cent) of the Company's existing issued share capital (excluding shares held in treasury) and calculated as at 9 December 2010 (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 best practice as regards its use as recommended by the ABI. As at 9 December 2010, the Company held 49,569,000 Ordinary Shares in treasury, which represent approximately 4.64 per cent of the total ordinary share capital in issue (excluding shares held in treasury) as at 9 December. The Directors intend to renew this authority annually.

Disapplication of pre-emption rights (Resolution 18)

Under section 561(1) of the Companies Act 2006, if the Directors wish to allot any 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 for cash 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 18 asks 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 9 December 2010 (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 2012 or, if earlier, the close of business on 31 March 2012. The Directors intend to renew this authority annually.

Authority to purchase own shares (Resolution 19)

In certain circumstances it may be advantageous for the Company to purchase its own shares and Resolution 19 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 2 February 2010 (being equal to approximately 10 per cent of the Company's issued ordinary share capital as at 10 December 2009, the latest practicable date prior to the publication of the notice for the AGM held on 2 February 2010). 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 usually be cancelled and the number of shares in issue will be reduced accordingly. If the Directors consider it appropriate to do so, 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, as an alternative to cancelling them. 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. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under employees' share schemes. 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 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 9 December 2010 (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 9 December 2010 (being the latest practicable date prior to publication of this notice) there were outstanding 5,629,425 awards and options to subscribe for Ordinary Shares, representing 0.55 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 0.66 per cent of the Company's issued ordinary share capital (excluding treasury shares).

Resolution 19 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 2012 or, if earlier, the close of business on 31 March 2012.

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 20))

The Companies (Shareholders' Rights) Regulations 2009 (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. At the AGM of the Company held on 2 February 2010, shareholders authorised the calling of general meetings other than an annual general meeting on not less than 14 clear days' notice. Resolution 20 seeks the approval of shareholders to renew the authority to be able to call general meetings (other than an annual general meeting) on 14 clear days' notice. The flexibility offered by Resolution 20 will be used where, taking into account the circumstances, the Directors consider this appropriate in relation to the business of the meeting and in the interests of the Company and shareholders as a whole.

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.

Amendment to Articles of Association (Resolution 21)

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"). The principal changes introduced in the New Articles are set out below. Other changes, which are of a minor, technical or clarifying nature 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.

Election, retirement and removal of directors

In accordance with the recommendations of the UK Corporate Governance Code, the Directors have resolved that they will all retire at the AGM and that those wishing to serve again shall submit themselves for re-election by the shareholders. It is proposed that the Company shall continue to follow this approach at subsequent AGMs insofar as this is in accordance with the continuing recommendations of the UK Corporate Governance Code. Accordingly, the New Articles provide that at each subsequent AGM, every Director of the Company shall retire from office, and each Director wishing to serve again shall submit himself for re-election by the shareholders.

In addition to the annual retirement provisions referred to above, the New Articles also provide that a Director may be removed from office by a decision of not less than three-quarters of the other Directors. This provision will provide greater flexibility for the board of Directors to regulate the future composition of the board.