

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser in your own jurisdiction.

If you have sold or otherwise transferred, or sell or transfer before 4.30pm on 31 October 2014, all of your Existing Ordinary Shares, please forward this document (but not the personalised Form of Proxy and Election Form) as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be distributed, forwarded or transmitted in or into any jurisdiction in which such an act would constitute a breach of the relevant laws of such jurisdiction.

Investec, which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority, is acting exclusively for Dignity plc and no-one else in connection with the contents of this document and will not be responsible to anyone other than Dignity plc for providing the protections afforded to clients of Investec or for providing advice in relation to the Return of Cash or any other matter referred to herein.

Application will be made to the UK Listing Authority and the London Stock Exchange, respectively, for the New Ordinary Shares resulting from the proposed Share Capital Consolidation to be admitted to the Financial Conduct Authority's Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that dealings in the Existing Ordinary Shares will continue until 4.30pm on 31 October 2014 and that Admission of the New Ordinary Shares will become effective and dealings in them will commence on the London Stock Exchange at 8.00am on 3 November 2014.

Part 11 contains the definitions of terms used in this document. All times are London times.



Dignity plc

(incorporated in England and Wales under number 04569346)

Proposed Return of Cash to Shareholders by way of one B Share or one C Share for each Existing Ordinary Share; a 11 for 12 Share Capital Consolidation; and Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Dignity plc, which is set out on pages 4 to 12 of this document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out in part 12 of this document.

A summary of the action to be taken by Shareholders is set out on pages 10 and 11 of this document. If Shareholders have any queries in relation to the action to be taken they may call the Shareholder helpline on 0871 384 2140 (+44 121 415 0078 if calling from outside the United Kingdom) between 8.30am and 5.30pm on any Business Day. Please note that calls may be monitored or recorded and the Shareholder helpline will not provide advice on the merits of the Alternatives or give any financial or tax advice. Calls to 0871 384 2140 are charged at 8p per minute (excluding VAT) plus network extras. Other service providers' costs may vary. Calls to +44 121 415 0078 from outside the United Kingdom are charged at applicable international rates.

You should note that the Return of Cash is conditional upon, amongst other things, the approval by Shareholders of the Resolutions and the Admission of the New Ordinary Shares.

None of the B Shares, C Shares, Deferred Shares nor the New Ordinary Shares have been or will be registered under the US Securities Act or the state securities laws of the United States and none of them may be offered or sold in the United States unless pursuant to a transaction that has been registered under the US Securities Act and the relevant state securities laws or that is not subject to the registration requirements of the US Securities Act or such laws, either due to an exemption therefrom or otherwise. Alternative 2 is not being offered to US Holders.

None of the B Shares, C Shares, Deferred Shares, New Ordinary Shares nor this document have been approved, disapproved or otherwise recommended by any US federal or state securities commission or other regulatory authority or any non-US securities commission or regulatory authority nor have any such authorities confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

VOTING ON THE RESOLUTIONS AND MAKING AN ELECTION

Whether or not you plan to attend the General Meeting in person, please:

1. complete and sign the enclosed Form of Proxy in accordance with the instructions printed on it and return it so as to be received by Equiniti by no later than 11.00am on 28 October 2014; or
2. submit your proxy electronically at the Equiniti website, www.sharevote.co.uk, subject to the terms and conditions shown on the website by no later than 11.00am on 28 October 2014; or
3. if you hold Existing Ordinary Shares in CREST and wish to appoint a proxy by completing and transmitting a CREST Proxy Instruction, ensure it is received by Equiniti by no later than 11.00am on 28 October 2014.

The completion and return of the Form of Proxy, electronic submission of your proxy or transmission of a CREST Proxy Instruction will not prevent you from attending the General Meeting and voting in person (in substitution for your proxy vote) if you so wish and are so entitled.

Under the Return of Cash, Shareholders will be able to choose between two Alternatives as to how they receive their proceeds from the Return of Cash. An Election Form for use by Shareholders (with the exception of Shareholders who hold their Existing Ordinary Shares in CREST) in connection with the Alternatives is enclosed with this document. If you wish to elect for Alternative 2 (Capital Option) please complete and return the Election Form in the prepaid envelope provided so as to be received by Equiniti by no later than 4.30pm on 31 October 2014. If Shareholders do not use the envelope provided, the Election Form should be sent to Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA and postage will be payable, or delivered by hand to Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Full details on how to complete and return the Election Form are set out in part 4 of this document. Replacement Election Forms may be obtained from Equiniti by calling the Shareholder helpline referred to below. Shareholders who wish to elect for Alternative 1 (Income Option) need not return an Election Form as that is the default option.

Shareholders who hold their Existing Ordinary Shares in CREST will not be sent Election Forms and may only elect in respect of the Alternatives through CREST by giving an appropriate TTE Instruction. Please refer to paragraph 4 of part 10 of this document for further information.

A summary of the action to be taken by Shareholders is set out on pages 10 and 11 of this document.

If Shareholders have any queries in relation to the Form of Proxy, transmittal of electronic proxies, CREST Proxy Instructions, the Election Form or TTE Instructions, they may call the Shareholder helpline on 0871 384 2140 (+44 121 415 0078 if calling from outside the United Kingdom) between 8.30am and 5.30pm on any Business Day. **Please note that calls may be monitored or recorded and the Shareholder helpline will not provide advice on the merits of the Alternatives or give any financial or tax advice. Calls to 0871 384 2140 are charged at 8p per minute (excluding VAT) plus network extras. Calls to the Shareholder helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that the Shareholder helpline cannot provide advice on the merits of the Return of Cash or the Alternatives nor give financial, tax, investment or legal advice.**

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Part 1: Letter from the Chairman of Dignity plc



Directors

Peter Hindley	(Non-Executive Chairman)	
Mike McCollum	(Chief Executive)	
Steve Whittern	(Finance Director)	4 King Edwards Court
Andrew Davies	(Operations Director)	King Edwards Square
Richard Portman	(Corporate Services Director)	Sutton Coldfield
Alan McWalter	(Senior Independent Director)	West Midlands
Ishbel Macpherson	(Non-Executive Director)	B73 6AP
Jane Ashcroft	(Non-Executive Director)	
Martin Pexton	(Non-Executive Director)	

14 October 2014

Dear Shareholder

PROPOSED RETURN OF CASH TO SHAREHOLDERS

1. INTRODUCTION

The Company recently announced that a final prospectus had been published and a subscription agreement entered into in relation to an issue of new notes by Dignity Finance plc and that they proposed, subject to Shareholder approval, to return approximately £64.4 million to Shareholders, equating to £1.20 per Existing Ordinary Share.

The Return of Cash is being made using a structure which gives Shareholders a choice as to in what form they receive their proceeds from the Return of Cash. The Return of Cash gives Shareholders the option to receive the cash as capital or as income by electing to receive either B Shares or C Shares.

Shareholder approval is being sought for the proposed Return of Cash, together with certain other matters including proposed amendments to the Articles of Association of the Company, at a General Meeting to be held at DLA Piper UK LLP, 3 Noble Street, London, EC2V 7EE at 11.00am on 30 October 2014. The notice of General Meeting is set out in part 12 of this document.

The purpose of this document is to explain, and seek Shareholder approval of, the Return of Cash and to explain the choices available to Shareholders and how to decide between them.

If approval for the proposed Return of Cash is not given by Shareholders, the Return of Cash will not be implemented.

Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter.

2. BACKGROUND TO AND REASONS FOR THE RETURN OF CASH

The Return of Cash is being funded out of the net proceeds of the New Issue, which is expected to be completed on 17 October 2014. If for any reason the New Issue is not completed then the Return of Cash will not be implemented and the General Meeting will be cancelled. **If the Return of Cash is not implemented, as set out in the paragraph above, the Group has no other identified use for the majority of the New Issue Proceeds.**

The aim of the Return of Cash is to establish a more efficient capital structure for the Company and the Group as a whole, reducing the overall cost of capital and generating Shareholder value. The Directors are actioning this by increasing the relative proportion of debt finance to equity capital of the Group. The Group successfully completed similar transactions whereby there was an increase in the relative proportion of the Group's debt finance to equity finance, by way of returns of cash to shareholders in 2006, 2010 and 2013.

The Directors have determined that the majority of the New Issue Proceeds should be returned to Shareholders. The Directors have had regard to the current balance sheet strength of the Group and consider that:

- (i) acquisitions, in the ordinary course of business, can be funded from remaining cash resources (including that part of the New Issue Proceeds which are being retained);
- (ii) there is no material capital expenditure that could not be met by the Group's normal cash flow; and
- (iii) it would not be appropriate for all the New Issue Proceeds to be left in the business as there is no identified use for them.

Certain of the New Issue Proceeds will not be returned to Shareholders, as they are to be retained for general corporate purposes and a contribution of £1 million is to be made into the Group's final salary pension scheme.

As a consequence of the New Issue, and if the Return of Cash is approved by Shareholders and implemented, the Group will have indebtedness that is more substantial than at present in relation to its Shareholders' equity. As a consequence the Group will have to maintain and/or generate sufficient cash balances to ensure the Group can service its debt. The Directors believe the Group will be able to service this level of debt.

3. THE RETURN OF CASH

The proposed Return of Cash will return £1.20 per Existing Ordinary Share to Shareholders. This represents approximately £64.4 million in total.

Under the terms of the proposed Return of Cash, Shareholders will receive:

**1 B Share or 1 C Share for every 1 Existing Ordinary Share held on the Record Date;
and**

11 New Ordinary Shares for every 12 Existing Ordinary Shares held on the Record Date.

The main features of the Return of Cash, and the choices available to Shareholders, are summarised in paragraph 4 below.

The Existing Ordinary Shares will be replaced by New Ordinary Shares in order to reduce the number of Ordinary Shares in issue to reflect the Return of Cash. Subject to normal market

movements, this is intended to make the market price per Ordinary Share and other Company data such as earnings and dividends per Ordinary Share comparable before and after the Return of Cash. New Ordinary Shares will be traded on the London Stock Exchange in the same way as Existing Ordinary Shares and will be equivalent in all material respects to the Existing Ordinary Shares, including in respect of their dividend, voting and other rights. Admission is expected to take effect from 8.00am on 3 November 2014. It is expected that share certificates representing the New Ordinary Shares will be sent to Shareholders who hold their Existing Ordinary Shares in certificated form by 11 November 2014, and the CREST accounts of Shareholders who hold their Existing Ordinary Shares in uncertificated form will be credited with New Ordinary Shares at approximately 8.00am on 3 November 2014.

Based on the average middle market closing price per Existing Ordinary Share of £15.03, as derived from the Daily Official List for the five working days ended 9 October 2014 (being the day before the announcement of the proposed Return of Cash), the proposed Return of Cash equates to approximately 7.98 per cent. of the Company's market capitalisation at that date. Further information on the Share Capital Consolidation, and any fractional entitlements to New Ordinary Shares that may result, is set out in paragraph 3 of part 5 of this document.

4. THE ALTERNATIVES

Each Shareholder will be able to choose between the Alternatives as to how the cash for each Existing Ordinary Share is received. Shareholders will not be able to combine Alternatives. Shareholders should read part 9 "United Kingdom taxation in relation to the Return of Cash" since these alternatives will have different UK tax consequences.

Further details of the Alternatives are set out in part 5 of this document.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate professional adviser.

Unless you are a US Holder, and subject to paragraph 9 of part 5 of this document in relation to other overseas shareholders, you may choose Alternative 1 (Income Option) or Alternative 2 (Capital Option) in respect of your Share Entitlements. Only Alternative 1 (Income Option) is available to US Holders.

Alternative 1 (Income Option)

If Shareholders do not properly complete and return their Election Form or, being a CREST holder do not send a valid TTE Instruction, they will be deemed to have elected for Alternative 1 (Income Option).

The cash is delivered under Alternative 1 (Income Option) as follows:

- (a) one C Share is issued for each Existing Ordinary Share;
- (b) a C Share Single Dividend of £1.20 is declared and paid in respect of each C Share; and
- (c) the C Share is converted automatically into a Deferred Share of negligible value.

The C Share Single Dividend of £1.20 per C Share will generally be treated as income for UK tax purposes.

The C Share Single Dividend is expected to be declared by 10 November 2014. It is expected that Shareholders who are deemed to have elected for Alternative 1 (Income Option) will be sent a cheque, or, if mandated instructions held, their bank account credited, in respect of the C Share Single Dividend by 18 November 2014.

No share certificates will be issued in respect of, and no CREST accounts will be credited with, the C Shares in respect of which the C Share Single Dividend is declared, or in respect of the Deferred Shares, and neither the C Shares nor the Deferred Shares will be listed or traded on the London Stock Exchange or on any other recognised investment exchange. The Deferred Shares will have extremely limited economic rights, no rights to vote and negligible value. The Company will have the right to acquire compulsorily all Deferred Shares in issue for an aggregate consideration of one penny. It is currently expected that the Company will purchase and then cancel the Deferred Shares before the end of December 2014.

The rights and restrictions to be attached to the C Shares and the Deferred Shares are set out in parts 7 and 8 of this document.

Alternative 2 (Capital Option)

The cash is delivered under Alternative 2 (Capital Option), as follows:

- (a) one B Share or one C Share is issued for each Existing Ordinary Share;
- (b) each B Share will be redeemed for £1.20; and
- (c) the C Shares are not redeemable and are expected to be purchased by Investec for £1.19 under the Purchase Offer.

The proceeds received on the redemption of the B Shares, or the anticipated sale of the C Shares to Investec pursuant to the Purchase Offer, will generally be treated as capital for UK tax purposes.

It is proposed to capitalise sums in aggregate not exceeding £22,971,000 standing to the credit of the Company's share premium account by paying up B Shares in full up to a maximum of 19,142,500 B Shares. If more than 19,142,500 B Shares are required to satisfy the elections made by Shareholders there will be insufficient share premium account to effect the allotment of further B Shares. In respect of any additional requirements for B Shares under Alternative 2 (Capital Option) the Company will satisfy the element of the election that cannot be met by B Shares by paying up, issuing and allotting C Shares. C Shares will also be paid up in full by capitalising an appropriate amount of the sum standing to the credit of the Company's share premium account and the Company will be able to do this as the C Shares will have a lower nominal value, at £0.0001, than the B Shares, which will have a nominal value of £1.20.

If the number of B Shares in respect of which valid elections are received exceeds the maximum number of B Shares that can be issued, elections for B Shares will be scaled back pro rata (as nearly as may be) to the number of B Shares which each Shareholder elects to receive, and the element of the election for Alternative 2 (Capital Option) which cannot be satisfied by B Shares will instead result in Shareholders receiving C Shares.

C Shares received under Alternative 2 (Capital Option) are expected to be sold to Investec with Shareholders who receive such C Shares being deemed to have accepted the Purchase Offer. The Purchase Offer is expected to result in Shareholders receiving £1.19 per C Share purchased. This will result in Shareholders, who are deemed to have elected to sell their C Shares under Alternative 2 (Capital Option), receiving marginally less for each C Share

issued when compared to the amount received by Shareholders by way of redemption of the B Shares issued under the same Alternative. This is due to the fact that in the event that elections for B Shares have to be scaled back, those Shareholders who elect for Alternative 2 (Capital Option) and receive B Shares and C Shares, will, to the extent they receive C Shares, be required to bear (pro rata) the stamp duty taxes incurred by the Company and Investec in relation to the share purchases that are expected to be completed pursuant to the Purchase Offer and under the Put Option Agreement. These costs will be reflected in the price to be paid by Investec for the C Shares, pursuant to the Purchase Offer, which is expected to result in a marginally reduced payment of £1.19 per C Share.

If the Company has to allot and issue C Shares under Alternative 2 then all Shareholders will be treated equally so that each Shareholder electing for Alternative 2 will receive the same proportion of B Shares and C Shares. If the proportion of B Shares or C Shares to which a Shareholder is entitled would result in a fractional entitlement to a B Share or C Share, the number of B Shares to which a Shareholder is entitled will be reduced down to the nearest whole number and the number of C Shares will be rounded up accordingly.

The B Shares will be redeemed automatically on the B Share Redemption Date and it is expected that any C Shares issued under Alternative 2 (Capital Option), which Shareholders are deemed to have elected to sell to Investec pursuant to the Purchase Offer, will be sold to Investec on 4 November 2014. It is expected that Shareholders who elect for Alternative 2 (Capital Option) will be sent a cheque in respect of the redemption of the B Shares and a separate cheque in respect of the sale proceeds of the C Shares (if appropriate), or if they are a CREST participant be paid via CREST, in respect of the redemption of the B Shares and/or in respect of the sale proceeds of the C Shares by 18 November 2014.

No share certificates will be issued in respect of, and no CREST account will be credited with, B Shares or C Shares that are issued under Alternative 2 (Capital Option), and no B Shares or C Shares will be listed or traded on the London Stock Exchange or on any other recognised investment exchange.

Further details of the rights and restrictions to be attached to the B Shares and the C Shares are set out in parts 6 and 7 of this document. Details of the Purchase Offer are set out in paragraph 8 of part 5 and paragraph 5 of part 10 of this document.

Alternative 2 (Capital Option) will not be available to US Holders.

Details of how to complete and return an Election Form are set out in part 4 of this document.

5. UNITED KINGDOM TAXATION IN RELATION TO THE RETURN OF CASH

If you are a Shareholder resident in the UK, a tax liability may arise in respect of the proceeds which you receive from the Single C Share Dividend or the redemption of the B Shares and/or the Purchase Offer depending on your individual circumstances. Details of the United Kingdom tax implications of the Return of Cash are set out in part 9 of this document. However, in summary the following should apply:

Alternative 1 (Income Option)

You may incur a liability to income tax (if you are an individual) or corporation tax (in the case of companies) on the Single C Share Dividend you receive in respect of the C Shares under Alternative 1 (Income Option).

Alternative 2 (Capital Option)

You may incur a liability to capital gains tax (if you are an individual) or corporation tax on chargeable gains (in the case of companies) on the redemption of your B Shares or the purchase by Investec of your C shares if you elect for Alternative 2 (Capital Option).

If you are in any doubt about your tax position, or if you are subject to tax in a jurisdiction other than the United Kingdom, you should consult a professional adviser.

6. SHARE SCHEMES

The effect of the Share Capital Consolidation should be broadly to preserve the value of the Ordinary Shares under option or award immediately before the Return of Cash, subject to normal market fluctuations. Consequently no adjustments are proposed, following the Return of Cash, to be made to options or awards that have been made under the Dignity Share Schemes.

Further details of the implications of the Return of Cash on options or awards that have been made under the Dignity Share Schemes are set out in paragraph 11 of part 5 of this document.

7. SUMMARY EXPLANATION OF THE RESOLUTIONS

Five Resolutions will be proposed at the General Meeting. Resolutions 1, 4 and 5 will be proposed as special resolutions (the passing of which require at least 75 per cent. of the votes cast to be in favour), and Resolutions 2 and 3 will be proposed as ordinary resolutions (the passing of which require more than 50 per cent. of the votes cast to be in favour).

Resolution 1: To adopt new Articles of Association

This Resolution is conditional on Admission and seeks to:

- 1.1 adopt new Articles of Association containing the rights to be attached to the B Shares, C Shares and the Deferred Shares; and
- 1.2 approve the terms, set out in the new Articles of Association, of the proposed purchase by the Company of the Deferred Shares.

Shareholder approval is required for Resolution 1 in order to comply with the provisions of the Act.

Resolution 2: To approve the Return of Cash

This Resolution is conditional on the passing of Resolution 1 and on Admission and sets out the mechanics of the Return of Cash:

- 2.1 this paragraph proposes to authorise the Directors to capitalise a sum not exceeding £22,971,000 standing to the credit of the Company's share premium account to pay up in full the B Shares;
- 2.2 this paragraph proposes to authorise the Directors to capitalise a sum not exceeding £5,444.80 standing to the credit of the Company's share premium account to pay up in full the C Shares;
- 2.3 this paragraph proposes to authorise the Directors to allot and issue:
 - 2.3.1 B Shares up to an aggregate nominal amount of £22,971,000; and

2.3.2 C Shares up to an aggregate nominal amount of £5,444.80,

on the basis of one B Share or one C Share for each Existing Ordinary Share held on the Record Date. The authority granted to the Directors will expire at the conclusion of the next annual general meeting or 30 January 2016 (whichever is earlier).

Shareholder approval is required for Resolution 2 in order to comply with the provisions of the Act and to comply with the current Articles of Association.

Resolution 3: To approve the Return of Cash

This Resolution is conditional on the passing of Resolutions 1 and 2 and Admission and sets out the procedure by which the Directors intend to consolidate and sub-divide the Existing Ordinary Shares into New Ordinary Shares. All fractional entitlements which arise will be aggregated and sold on behalf of the Shareholders entitled to them with any net proceeds of £5 or more distributed in due proportion to them. The proceeds of sale from fractional entitlements of less than £5 will be retained by the Company.

Shareholder approval is required for Resolution 3 in order to comply with the provisions of the Act.

Resolution 4: Put Option Agreement

This Resolution is conditional on the passing of Resolutions 1, 2 and 3 and Admission and approves the terms of the proposed contract between Investec and the Company under which Investec will be entitled to require the Company to repurchase the C Shares acquired by Investec pursuant to the Purchase Offer at £1.20 per C Share. Such authority will expire on 30 January 2016.

Shareholder approval is required for Resolution 4 in order to comply with the provisions of the Act.

Resolution 5: To adopt amended Articles of Association

This Resolution is conditional on the passing of Resolutions 1, 2, 3 and 4 and Admission and seeks to adopt new Articles of Association to take effect on 1 January 2015, the effect of which will be to remove the rights attaching to the B Shares, C Shares and Deferred Shares at such point when there are no longer any B Shares, C Shares or Deferred Shares in issue.

Shareholder approval is required for Resolution 5 in order to comply with the provisions of the Act.

8. ACTION TO BE TAKEN

Action Shareholders should take in relation to the General Meeting

You will find enclosed with this document a Form of Proxy for use at the General Meeting and, if you hold your Existing Ordinary Shares in certificated form, an Election Form in respect of your Share Entitlements.

Whether or not you propose to attend the meeting, you are requested to complete and sign the enclosed Form of Proxy and return it, in accordance with the instructions printed on it, to the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received as soon as possible and, in any event, by not later than 11.00am on 28 October 2014. Completion and return of the Form of Proxy will not prevent you from attending the meeting and voting in person should you wish to do so.

Shareholders can instead submit proxies electronically or CREST members may choose to utilise the CREST electronic proxy appointment service, in each case in accordance with the procedures set out in the Notice of Meeting in part 12 of this document.

Action Shareholders should take in relation to the Return of Cash

The procedure for making election under the Return of Cash depends on whether your Existing Ordinary Shares are held in certificated or uncertificated form and is summarised below.

(a) Existing Ordinary Shares held in certificated form

If you wish to elect for Alternative 2 (Capital Option) in respect of your Share Entitlement, you should complete the Election Form, opting for Alternative 2. Your Election Form should be received by the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA completed correctly, as soon as possible and, in any event, by not later than 4.30pm on 31 October 2014. You do not have to complete and return an Election Form in respect of Alternative 1 (Income Option), which is the default option.

(b) Existing Ordinary Shares held in uncertificated form

Shareholders who hold their Existing Ordinary Shares in uncertificated form should refer to the applicable procedures and related timings set out in paragraph 4 of part 10 of this document. The CREST Manual may also assist you in making a TTE Instruction. Any Shareholder whose TTE Instruction does not settle by 4.30pm on 31 October 2014 will be deemed to have elected for Alternative 1 (Income Option) in respect of ALL of their Return of Cash Entitlement.

If you do not properly complete and return an Election Form or TTE Instruction so as to be received by the Company's registrar, Equiniti as set out above, you will be deemed to have chosen Alternative 1 (Income Option) and, accordingly, you may only receive C Shares and the C Share Single Dividend (as well as the relevant number of New Ordinary Shares).

If you are in any doubt as to how to complete the Form of Proxy or Election Form please contact Equiniti on 0871 384 2140 (or +44 121 415 0078 if calling from outside the United Kingdom) between 8.30am to 5.30pm on any Business Day. For financial advice, including taxation advice, you will need to consult your own independent professional adviser. Calls to 0871 384 2140 are charged at 8p per minute (excluding VAT) plus network extras. Calls to the Shareholder Helpline from outside the United Kingdom are charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that the Shareholder Helpline operators cannot provide advice on the merits of the Return of Cash or the Alternatives nor give financial, tax, investment or legal advice.

9. RECOMMENDATION

The Board is of the opinion that the Return of Cash and each of the Resolutions are in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends that you vote in favour of such Resolutions, as the Directors intend to do in respect of their own beneficial holdings amounting in aggregate to 660,621 Existing Ordinary Shares representing approximately 1.23 per cent of the current issued share capital of the Company.

Yours faithfully

Peter Hindley
Non-Executive Chairman

Part 2: Expected timetable of key events

2014

Latest time and date for receipt of Forms of Proxy, electronic proxy instructions or CREST Proxy Instructions for the General Meeting	11.00am on 28 October
General Meeting	11.00am on 30 October
Latest time and date for dealings in Existing Ordinary Shares	4.30pm on 31 October
Latest time for receipt of Election Forms and TTE Instructions from CREST holders in relation to the Alternatives	4.30pm on 31 October
Record Date for the Capital Reorganisation and the Return of Cash. Existing Ordinary Shares register closed and Existing Ordinary Shares disabled in CREST	6.00pm on 31 October
New Ordinary Shares admitted to the Official List and to trading on the London Stock Exchange's market for listed securities	8.00am on 3 November
Dealings in the New Ordinary Shares commence and enablement in CREST. New Ordinary Shares credited to CREST accounts	8.00am on 3 November
If applicable, Investec makes the Purchase Offer by means of an announcement by the Company on the Regulatory News Service of the London Stock Exchange	4 November
C Share Single Dividend declared on C Shares issued in respect of the election for Alternative 1 (Income Option) and those C Shares convert automatically into Deferred Shares	by 10 November*
Redemption of B Shares	by 10 November *
Despatch of New Ordinary Share certificates and, if applicable, despatch of cheques and CREST accounts credited in respect of fractional entitlements	12 November
Despatch of cheques or payment by BACS to mandated bank accounts, in respect of proceeds under Alternative 1 (Income Option)	by 18 November**
Despatch of cheques or, if New Ordinary Shares held in CREST, CREST accounts credited in respect of the redemption of the B Shares and/or purchase of the C Shares by Investec, as appropriate	by 18 November**

Notes

1. References to times in this document are to London time.
2. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on the Regulatory News Service of the London Stock Exchange.
3. Unless the Purchase Offer is implemented it is expected that all events marked * will occur on 4 November 2014 and all events marked ** will occur on 12 November 2014.
4. All events in the above timetable following the holding of the General Meeting are conditional on the passing of the Resolutions at such meeting and, in the case of events following Admission, are conditional on Admission occurring.

Part 3: Frequently asked questions with answers

This part of the document sets out some commonly asked questions and provides brief answers. Shareholders should read and rely on the whole of this document and not just the frequently asked questions with answers.

*If Shareholders have any further questions, they may call the Shareholder helpline on 0871 384 2140 (+44 121 415 0078 if calling from outside the United Kingdom) between 8.30am and 5.30pm on any Business Day. **Please note calls may be monitored or recorded and that the Shareholder helpline will not provide advice on the merits of the Alternatives or give any financial or tax advice. Calls to 0871 384 2140 are charged at 8p per minute (excluding VAT) plus network extras. Calls to +44 121 415 0078 from outside the United Kingdom are charged at applicable international rates.***

1. Why are you returning cash to Shareholders?

Dignity is expected to complete the New Issue on 17 October 2014. The Return of Cash is being funded from the New Issue Proceeds. The aim of the Return of Cash is to establish a more efficient capital structure for the Company and the Group as a whole, reducing the overall cost of capital and generating Shareholder value.

2. How are you doing it?

We have chosen a method which we believe represents the most efficient and effective way to return cash to Shareholders. The proposed Return of Cash is intended to give Shareholders the flexibility to receive their cash as capital or income both for tax purposes or otherwise.

3. What happens to my Existing Ordinary Shares?

The proposed Return of Cash involves a Share Capital Consolidation whereby the Existing Ordinary Shares will be consolidated, reducing the number of ordinary shares that all Shareholders will hold. As a result of the Share Capital Consolidation, for every 12 Existing Ordinary Shares held at the Record Date, you will receive 11 New Ordinary Shares and, if applicable (and for amounts of £5 or more only), cash representing any fractional entitlement to a New Ordinary Share. Any fractional entitlement which results in amounts of less than £5 will be retained by the Company. The Share Capital Consolidation ratio has been determined by reference to a price of £15.03 per Existing Ordinary Share, being the average middle market closing price per Existing Ordinary Share, as derived from the Daily Official List for the five working days ended 9 October 2014.

4. Why is the Return of Cash so complicated?

We appreciate that the proposals can seem complicated. The structure is similar to that used by other listed companies to return cash to shareholders, including by Dignity plc in 2010 and 2013. They are intended to provide all Shareholders with an equal opportunity to participate in receiving the cash and to allow them to choose (subject to the restriction for US Holders set out in paragraph 9 of part 5 of this document) the Alternative that best suits their own circumstances, including their own tax position.

5. What choices do I have?

All Shareholders, with the exception of US Holders, have two choices. Further details of these choices are set out in paragraph 4 of part 1 and paragraph 4 of part 5 of this document.

6. What is my tax position?

A summary of the UK tax implications of the Return of Cash is set out in part 9 of this document. If you are in any doubt about your tax position or if you are subject to tax in any jurisdiction other than the UK, you should consult a professional adviser.

7. Do I need to do anything?

Yes. The Return of Cash needs Shareholder approval before it can take place. In order for the Return of Cash to become effective Shareholders should exercise their right to vote.

Shareholders can vote by filling in and returning the enclosed Form of Proxy to Equiniti or by submitting a proxy electronically as set out on page 2 and page 11. The Board recommends that Shareholders vote in favour of the Return of Cash. Shareholders are strongly urged to complete, sign and return the enclosed Form of Proxy or submit an electronic proxy as soon as possible, so as to be received by Equiniti not later than 11.00am on 28 October 2014.

Alternatively, Shareholders can vote in person by attending the General Meeting, which will be held at 11.00am on 30 October 2014 at DLA Piper UK LLP, 3 Noble Street, London, EC2V 7EE. Notice of the General Meeting is set out in part 12 of this document.

If approval is not given by Shareholders, the Return of Cash will not be implemented.

8. Do I need to complete the Election Form?

Yes, unless you wish to elect for Alternative 1 (Income Option) or your Existing Ordinary Shares are held in CREST. **If Shareholders do not complete and return the Election Form (or if an invalid election is made or a Shareholder fails to sign the Election Form) they will be deemed to have elected for Alternative 1 (Income Option) in respect of all of their Share Entitlement.**

Shareholders should indicate their choice by completing and signing the enclosed Election Form and returning it so as to be received by Equiniti by not later than 4.30pm on 31 October 2014. Instructions on how to complete the Election Form are printed on the form itself.

Shareholders who hold their Existing Ordinary Shares in CREST will not be sent an Election Form. They will, however, be able to make their election by way of a TTE Instruction through the CREST system to be received by Equiniti by not later than 4.30pm on 31 October 2014. Further information for Shareholders who hold their Existing Ordinary Shares in CREST is contained in paragraph 4 of part 10 of this document.

9. What happens if I do not get my Election Form back in time?

If Shareholders do not complete and return a valid Election Form so as to be received by Equiniti by 4.30pm on 31 October 2014 or, if they are a CREST Shareholder and do not send a valid TTE Instruction for settlement by 4.30pm on 31 October 2014, they will be deemed to have elected for Alternative 1 (Income Option).

10. When do I get my New Ordinary Share certificate? When will my CREST account be credited with New Ordinary Shares?

It is expected that share certificates representing the New Ordinary Shares will be sent to Shareholders who hold their Existing Ordinary Shares in certificated form by 11

November 2014. Share certificates are sent to Shareholders at their own risk. Dealings in the New Ordinary Shares is expected to commence on 3 November 2014 and Shareholders will be able to trade their New Ordinary Shares in the normal manner prior to receipt by them of their new share certificates.

It is expected that the CREST accounts of Shareholders who hold their Existing Ordinary Shares in CREST will be credited with New Ordinary Shares at approximately 8.00am on 3 November 2014.

11. Will I get a certificate for my B Shares and/or C Shares and can I sell them in the market?

Share certificates will not be issued for the B Shares or C Shares.

Whilst the B Shares and C Shares are technically transferable, they will not be listed on any exchange and it is highly unlikely that an active market for them will develop or, if developed, be sustained.

12. What shall I do if I need a replacement Election Form?

If you hold your Existing Ordinary Shares in certificated form and need a replacement Election Form, you should call the Shareholder helpline on 0871 384 2140 (+44 121 415 0078 if calling from outside the United Kingdom) between 8.30am and 5.30pm on any Business Day. You will need to take into account the postal time necessary for a replacement Election Form to reach Equiniti by 4.30pm on 31 October 2014. Please note that calls may be monitored or recorded and that the Shareholder helpline will not provide advice on the merits of the Alternatives or give any financial or tax advice. Calls to 0871 384 2140 are charged at 8p per minute (excluding VAT) plus network extras. Calls to +44 121 415 0078 from outside the United Kingdom are charged at applicable international rates.

Part 4: Completing your Election Form

For Shareholders who hold their Existing Ordinary Shares in certificated form, the Election Form accompanies this document. Shareholders electing through CREST should not receive nor should they complete an Election Form but instead should refer to paragraph 4 of part 10 of this document.

Shareholders wishing to elect for Alternative 1 (Income Option) need NOT complete or return the Election Form. The C Share Single Dividend will be paid on all C Shares issued to a Shareholder who has not elected for Alternative 2 (Capital Option).

The following instructions set out what you should do when completing your Election Form. Any decisions you reach should be based on the information contained in this document.

References to Boxes refer to the boxes indicated on the Election Form.

Name(s) of Shareholder(s)

The Election Form shows the name of the Shareholder, or names of joint Shareholders, and (for information only) the number of Existing Ordinary Shares held at 6.00pm on 09 October 2014 for which an election for Alternative 1 (Income Option) or Alternative 2 (Capital Option) may be made. When the Election Form is completed the Shareholder, or all joint Shareholders, need to sign the Election Form and these signatures need to be witnessed (the witness must be over 18 years of age and cannot be the Shareholder or one of the joint Shareholders, although one person could separately witness the signature of all joint Shareholders). If the Election Form is executed under a power of attorney, such power of attorney should be lodged with the Election Form.

Number of shares held

Box 1B on the Election Form shows the number of Existing Ordinary Shares held as at 6.00pm on 09 October 2014. If you do not buy, sell or transfer any Existing Ordinary Shares between 09 October 2014 and 31 October 2014, then this number will also be the number of Existing Ordinary Shares that you will hold at the Record Date and may make an election for. If you do buy, sell or transfer any Existing Ordinary Shares you should take care to ensure that your election is in respect of the number of Existing Ordinary Shares that will be registered in your name(s) on 31 October 2014. The number of your Share Entitlements will equal the Existing Ordinary Shares registered in your name(s) on that date.

To choose an Alternative for your Share Entitlements

To choose Alternative 1 (Income Option) for your Share Entitlements **you need to take no further action**. You need not complete and return the Election Form. Shareholders who do not return the Election Form will automatically receive the C Share Single Dividend payment on all of their C Shares.

To choose Alternative 2 (Capital Option) for your Share Entitlements you should place an "X" in Box 2. You will receive B Shares (or in certain circumstances B Shares and C Shares) in respect of your Share Entitlements.

General

The Directors shall determine all questions as to the form and validity (including time and place of receipt) of any Election Form, in their absolute discretion, which determination shall be final and binding. The Directors also reserve the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any Election Form completed by or on behalf of any Shareholder, and such determination will be binding on such Shareholder. The Directors shall not be liable to

Shareholders for any loss arising from the determination of questions as to the form and validity (including time and place of receipt) of any Election Form, unless attributable to their own wilful default or fraud, and the Directors shall not be under any duty to give notification of any defect or irregularity in any Election Form or incur any liability for failure to give any such notice.

After the end of the Election Period, any election made is irrevocable. If the Election Period is extended, withdrawal rights will also be extended (withdrawal rights are described more fully in paragraph 14 of part 5 of this document). No authority conferred by or agreed to by the signing of an Election Form will be affected by, and all such authority will survive, the death or incapacity of the Shareholder executing such form or giving such instruction. All obligations of such Shareholder will be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

Final instructions on completing your Election Form

Once completed, signed and witnessed the Election Form should be returned in the reply-paid envelope provided. No stamps will be needed if posted in the UK. To be valid, Election Forms must be returned so as to be received by Equiniti by 4.30pm on 31 October 2014. If you do not use the envelope provided, the Election Form should be sent to Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA (postage payable).

If you need assistance in completing the Election Form or have any queries relating to it, you should telephone the Shareholder helpline on 0871 384 2140 (or if calling from outside the United Kingdom on +44 121 415 0078) between 8.30am and 5.30pm on any Business Day. Please note that calls may be monitored or recorded and the Shareholder helpline will not provide advice on merits of the Return of Cash or Alternatives or give any financial, tax, investment or legal advice. Calls to 0871 384 2140 are charged at 8p per minute (excluding VAT) plus network extras. Calls to +44 121 415 0078 from outside the United Kingdom are charged at applicable international rates.

Part 5: Details of the Return of Cash

1. Return of Cash

The Return of Cash comprises the Alternatives (see paragraph 4 of this part 5) and the Capital Reorganisation (see paragraph 3 of this part 5).

2. Conditions to the implementation of the Return of Cash

The Return of Cash is conditional on:

- 2.1 closing of the New Issue;
- 2.2 the approval by Shareholders of the Resolutions; and
- 2.3 Admission.

If these conditions are not satisfied by 8.00am on 3 November 2014, or such other time and/or date as the Directors may determine, no New Ordinary Shares, B Shares or C Shares will be allotted and the Return of Cash and the Capital Reorganisation will not take effect.

In addition, Investec's obligation to make the Purchase Offer is subject to certain conditions and termination rights, as set out in paragraph 5 of part 10 of this document.

3. Capital Reorganisation

Allotment of B Shares and C Shares

It is proposed that the Company capitalises a sum not exceeding £22,971,000 standing to the credit of the Company's share premium account and to apply such sum in paying up in full up to a maximum of (i) 19,142,500 B Shares with a nominal value of £1.20 each, and (ii) 54,447,910 C Shares with a nominal value of £0.0001 each.

The B Shares and the C Shares will be issued on the basis of one B Share or one C Share for each Existing Ordinary Share held at the Record Date (expected to be 6.00pm on 31 October 2014).

The exact number of B Shares and C Shares to be issued will depend on the elections made by each Shareholder between the Alternatives, but in total will be equal to the number of Existing Ordinary Shares held at the Record Date. As at 9 October 2014 (the latest practicable date prior to the publication of this document) there were 53,640,197 Existing Ordinary Shares in issue and currently exercisable options under the Dignity Share Schemes giving a right to subscribe for a total of 807,713 Existing Ordinary Shares.

The rights and restrictions to be attached to the B Shares and the C Shares are more fully set out in parts 6 and 7 of this document. No application has been, or will be, made for the B Shares or the C Shares to be admitted to listing on the Official List or admitted to trading on the London Stock Exchange's market for listed securities or any other recognised investment exchange. The Company will announce the exact number of B Shares and C Shares issued under the proposed Capital Reorganisation on or shortly following Admission of the New Ordinary Shares.

Share Capital Consolidation

Under the Share Capital Consolidation, Shareholders will be entitled to receive 11 New Ordinary Shares for every 12 Existing Ordinary Shares held at the Record Date. This will be

achieved by first sub-dividing each Existing Ordinary Share into 11 shares of $1\frac{4}{143}$ pence each and immediately consolidating every 12 of those shares into one New Ordinary Share. The New Ordinary Shares will have the same rights attaching to them as the Existing Ordinary Shares in all material respects including voting rights and rights to dividends. The nominal value of each New Ordinary Share will be $12\frac{48}{143}$ pence.

The intention of the Share Capital Consolidation is that (subject to normal market fluctuations) the market price of each New Ordinary Share immediately following the date of Admission should be approximately the same as the market price of each Existing Ordinary Share immediately prior to the implementation of the Share Capital Consolidation. New Ordinary Shares will be traded on the London Stock Exchange and will be equivalent in all material respects to Existing Ordinary Shares (with the exception of the difference in the nominal value). The effect of the Share Capital Consolidation will be to reduce the number of issued Ordinary Shares to reflect the return of £1.20 per Existing Ordinary Share, but Shareholders will own the same proportion of the Company as they did previously, subject to fractional entitlements.

Application for Admission will be made for the New Ordinary Shares, with dealings expected to commence at 8.00am on 3 November 2014. The Company will apply for the New Ordinary Shares to be admitted to CREST with effect from Admission so that general market transactions in the New Ordinary Shares may be settled within the CREST system.

Share certificates representing the New Ordinary Shares will be issued following the Capital Reorganisation and are expected to be sent to Shareholders on or around 11 November 2014. Shareholders who hold their Existing Ordinary Shares in CREST will automatically have their New Ordinary Shares credited to their CREST accounts. The relevant CREST accounts are expected to be credited under the new ISIN GB00BRB37M78 at approximately 8.00am on 3 November 2014.

A fractional entitlement will arise as a result of the Share Capital Consolidation unless a holding of Existing Ordinary Shares is exactly divisible by 12. For example, a Shareholder holding 100 Existing Ordinary Shares would, after the Share Capital Consolidation, be entitled to 91 New Ordinary Shares and a fractional entitlement to two thirds of a New Ordinary Share.

These fractional entitlements will be aggregated into New Ordinary Shares and sold in the market on behalf of the relevant Shareholders and the proceeds of the sale will be distributed pro-rata to those Shareholders, except that amounts of less than £5.00 will be retained by the Company. Cheques for an amount of £5.00 or more in respect of the proceeds of sale of such fractional entitlements will be despatched or, CREST accounts will be credited with the proceeds, as appropriate, on 11 November 2014.

4. Alternatives

Shareholders may choose Alternative 1 (Income Option) or Alternative 2 (Capital Option) in respect of their Share Entitlement. Details of how to make your choice are set out in part 4 of this document and, for those Shareholders who hold their Existing Ordinary Shares in certificated form, in the enclosed Election Form. Shareholders who hold their Existing Ordinary Shares in CREST will not be sent an Election Form. Such Shareholders may only elect in respect of the Alternatives through CREST and should refer to paragraph 4 of part 10 of this document for further information.

Shareholders who do not complete and return a valid Election Form or TTE Instruction by 4.30pm on 31 October 2014 will be deemed to have elected for Alternative 1 (Income Option).

Shareholders are advised to read part 9 of this document (United Kingdom taxation in relation to the Return of Cash) before electing for either of the Alternatives.

Alternative 1 (Income Option)

Under Alternative 1 (Income Option), you will receive C Shares in respect of your Share Entitlement. Each C Share that you receive because you are deemed to have elected for Alternative 1 (Income Option) will entitle you to receive the C Share Single Dividend of £1.20 per C Share. This C Share Single Dividend is expected to be declared by 10 November 2014 and paid on 18 November 2014, following which all C Shares upon which the C Share Single Dividend has been declared will automatically convert into Deferred Shares of negligible value. It is currently expected that the Company will purchase and then cancel the Deferred Shares for an aggregate cash consideration of one penny before the end of December 2014. In view of its negligible amount, entitlement to the aggregate consideration of one penny will not be sent to individual Shareholders.

It is expected that Shareholders who are deemed to have elected for Alternative 1 (Income Option) will be sent a cheque, or if mandated instructions are held, have their bank accounts credited, in respect of the C Share Single Dividend by 18 November 2014.

Shareholders who wish to elect for Alternative 1 (Income Option) in respect of their Share Entitlement need take no further action and need not return their Election Form or send a TTE Instruction.

No share certificates will be issued in respect of, and no CREST accounts will be credited with, C Shares that are issued in respect of elections for Alternative 1 (Income Option), nor in respect of Deferred Shares, and neither the C Shares nor the Deferred Shares will be listed or traded on the London Stock Exchange or on any other recognised investment exchange. The Deferred Shares will have extremely limited economic rights, no rights to vote and negligible value.

The rights and restrictions attached to the C Shares and the Deferred Shares are set out in parts 7 and 8 of this document respectively. Your attention is drawn to part 9 of this document which explains the UK tax position if you elect for Alternative 1 (Income Option).

Alternative 2 (Capital Option)

Under Alternative 2 (Capital Option), you will receive B Shares and possibly some C Shares in respect of your Share Entitlement. The circumstances in which you may receive C Shares under this Alternative 2 (Capital Option) are described below.

It is proposed to capitalise a sum not exceeding £22,971,000 standing to the credit of the Company's share premium account by paying up B Shares in full up to a maximum of 19,142,500 B Shares. B Shares which Shareholders receive under Alternative 2 (Capital Option) are redeemable and are expected to be redeemed by the Company at a price of £1.20 per B Share by 10 November 2014 and paid by 18 November 2014.

If elections under Alternative 2 (Capital Option) exceed the maximum number of B Shares available, the Company will pay up, issue and allot sufficient C Shares to satisfy the Share Entitlement of Shareholders that cannot be satisfied with B Shares. C Shares will also be paid up in full by capitalising an amount standing to the credit of the Company's share premium account. The Company will be able to do this because C Shares will have a nominal value of £0.0001 each, which is lower than the B Shares, which will have a nominal value of £1.20 per B Share. The C Shares are not redeemable, and in any event under a redemption of C Shares the amount returned to Shareholders over and above nominal value would not be regarded as

capital, and so it is expected that any C Shares issued to Shareholders electing for Alternative 2 (Capital Option) will be purchased by Investec pursuant to the Purchase Offer.

If the Company has to allot and issue C Shares to satisfy elections for Alternative 2 (Capital Option), then all Shareholders who elect for Alternative 2 (Capital Option) will be treated similarly so that each Shareholder will receive the same proportion (as nearly practical) of B Shares and C Shares. If the proportion of B Shares and/or C Shares to which a Shareholder is entitled would result in a fractional entitlement to a B Share or a C Share, the number of B Shares to which a Shareholder is entitled will be reduced down to the nearest whole number and the number of C Shares will be rounded up accordingly.

Shareholders who elect for Alternative 2 (Capital Option) and receive C Shares will be deemed to have elected not to receive the C Share Single Dividend and will instead be subject to the Purchase Offer. The amount received by Shareholders for each C Share issued to satisfy elections for Alternative 2 (Capital Option) will be marginally less than the amount received by Shareholders for each C Share issued under Alternative 1 (Income Option) or for each B Share issued under Alternative 2 (Capital Option). This is due to the fact that the stamp duty taxes incurred by the Company and Investec in relation to the share purchases that are expected to be completed pursuant to the Purchase Offer and under the Put Option Agreement, are to be borne (pro rata) by those Shareholders who elect for Alternative 2 (Capital Option), by reducing the amount paid to such Shareholders for C Shares purchased pursuant to the Purchase Offer. It is expected that this will result in a marginally reduced payment of £1.19 per C Share.

Following completion of the Purchase Offer, Investec will have the right to require the Company to purchase from Investec, at £1.20 for each C Share, those C Shares purchased by Investec from Shareholders under the Purchase Offer. Any C Share purchased by the Company from Investec under the Put Option Agreement will be cancelled.

Under Alternative 2 (Capital Option), payments will be made to Shareholders in respect of both: (i) the redemption of B Shares, and (ii) the proceeds received under the Purchase Offer by two cheques (one cheque in respect of the redemption of the B Shares and a separate cheque in respect of the sale proceeds of the C Shares, if appropriate), or for CREST participants CREST accounts being credited, by 18 November 2014.

To elect for Alternative 2 (Capital Option) in respect of their Share Entitlement, Shareholders should follow the instructions in part 4 of this document or, if they hold their Existing Ordinary Shares in CREST, Shareholders should refer to paragraph 4 of part 10 of this document for further information.

No share certificates will be issued in respect of, and no CREST accounts will be credited with, B Shares or C Shares, and no B Shares or C Shares will be listed or traded on the London Stock Exchange or on any other recognised investment exchange.

Further details of the rights and restrictions to be attached to the B Shares and the C Shares are set out in parts 6 and 7 respectively of this document. Details of the Purchase Offer are set out in paragraph 8 of this part 5 and in paragraph 5 of part 10 of this document. Your attention is drawn to part 9 of this document which explains the UK tax position if you elect for Alternative 2 (Capital Option).

5. Share Capital Consolidation

The Existing Ordinary Shares will be subdivided and consolidated so that Shareholders will receive 11 New Ordinary Shares for every 12 Existing Ordinary Shares they own at 6.00pm on 31 October 2014. The intention is that, subject to normal market movements, the share

price of one New Ordinary Share immediately after Admission should be approximately equal to the share price of one Existing Ordinary Share immediately beforehand. The effect of this will be to reduce the number of issued ordinary shares to reflect the return of £1.20 per share to Shareholders, but Shareholders will own the same proportion of the Company as they did previously, subject to fractional entitlements.

New Ordinary Shares will be traded on the London Stock Exchange in the same way as Existing Ordinary Shares and will be equivalent in all material respects to the Existing Ordinary Shares, including in respect of their dividend, voting and other rights. Share certificates in respect of New Ordinary Shares will be issued following the Capital Reorganisation to those Shareholders who held their Existing Ordinary Shares in certificated form. Holders of Existing Ordinary Shares whose holdings are registered in CREST will automatically have any New Ordinary Shares credited to their CREST accounts by 8.00am on 3 November 2014.

Application will be made for the New Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's market for listed securities, with dealings expected to commence on 3 November 2014. The Company will apply for the New Ordinary Shares with the ISIN GB00BRB37M78 to be admitted to CREST with effect from Admission so that general market transactions in the New Ordinary Shares may be settled within the CREST system.

6. Fractional entitlements to New Ordinary Shares

Unless a holding of Existing Ordinary Shares is exactly divisible by 12 a Shareholder will have a fractional entitlement to a New Ordinary Share following the Share Capital Consolidation. So, for example, a Shareholder having 100 Existing Ordinary Shares would, after the Share Capital Consolidation, be entitled to 91 New Ordinary Shares and a fractional entitlement to two thirds of a New Ordinary Share.

These fractional entitlements of all Shareholders will be aggregated and sold in the market on their behalf. The proceeds of sale (as long as £5.00 or more) will be distributed pro rata to the relevant Shareholders. Cheques in respect of the proceeds of sale are expected to be despatched to relevant Shareholders or CREST accounts credited with the proceeds, as appropriate, together with certificates for New Ordinary Shares, where applicable on 11 November 2014.

Should the cash consideration for your fractional entitlement be less than £5.00, you will not receive a cheque and your CREST account will not be credited in respect of that entitlement, rather the proceeds will be retained by the Company.

7. Purchase of C Shares

Shareholders who receive C Shares under Alternative 2 (Capital Option) will, provided the Purchase Offer is made, have the C Shares they receive purchased by Investec as they will be deemed to accept the Purchase Offer.

8. Terms of the Purchase Offer

The following terms will apply to the Purchase Offer:

- 8.1 no contract between a Shareholder and Investec will arise in relation to the sale and purchase of any C Shares, or under which Investec may (subject to conditions or otherwise) become entitled or obliged to purchase any C Shares until Investec makes the Purchase Offer, which is expected to be by way of an announcement by the Company through the Regulatory News

Service of the London Stock Exchange on 4 November 2014. Investec's obligation to make the Purchase Offer is conditional among other things upon satisfaction (or waiver by Investec) of a number of conditions, including: the Resolutions being passed at the General Meeting without amendment; Admission having occurred; the allotment and issue of the C Shares; the Company executing the Put Option Agreement; the Company having sufficient distributable reserves to enable it to purchase C Shares from Investec and Investec not having exercised its right to terminate its obligations on the occurrence of certain events;

- 8.2 Shareholders who are entitled to receive C Shares under Alternative 2 (Capital Option) will be deemed to have accepted the Purchase Offer once made. Therefore, the acquisition of the relevant C Shares pursuant to the Purchase Offer will become unconditional immediately upon the Purchase Offer being made. The price payable for each C Share purchased under the Purchase Offer is £1.19 per C Share;
- 8.3 the Election Form, the giving of a TTE Instruction and all contracts resulting therefrom will be governed by and construed in accordance with English law. Execution by or on behalf of a Shareholder of an Election Form or the giving of a TTE Instruction constitutes that Shareholder's submission, in relation to all matters arising out of or in connection with such form or instruction and the exercise of the powers of the agent elected thereunder, to the exclusive jurisdiction of the English courts;
- 8.4 upon execution of the Election Form, or the giving of a TTE Instruction, the Shareholder represents and warrants that he or she has full power and authority to tender, sell, assign and transfer the C Shares in relation to which that Shareholder has accepted the Purchase Offer under that Election Form or TTE Instruction and that Investec will acquire such C Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto. In addition, by execution of the Election Form or the giving of a TTE Instruction pursuant to which the Shareholder will be deemed to have elected to participate in the Purchase Offer, the Shareholder: (i) agrees that he or she will do all other things and execute any additional documents which may be necessary or, in the opinion of Investec, desirable to effect the purchase of such C Shares by Investec and/or to perfect any of the authorities expressed to be given under the Election Form or deemed to be given by virtue of the TTE Instruction; and (ii) acknowledges that Investec shall have no liability whatsoever to such Shareholder in respect of acts done or omitted to be done by it on behalf of such Shareholder in connection with the instructions given to it by such Shareholder pursuant to the Election Form, TTE Instruction or otherwise in relation to the Purchase Offer;
- 8.5 by electing for the Purchase Offer under Alternative 2 (Capital Option), the relevant Shareholder shall be deemed to have authorised an officer or employee of the Company or Investec to effect his acceptance of the Purchase Offer and to execute any transfer or take any action to give effect to the Purchase Offer and shall be deemed to have authorised the Company to enter the name of Investec in the register of members in respect of his C Shares sold pursuant to the Purchase Offer notwithstanding the absence of any share certificates and to issue a new certificate to Investec. An instrument of transfer executed by an officer or employee of the Company or Investec so authorised shall be as effective as if it had been executed by such Shareholder and the title of Investec to such C Shares shall not be affected by any irregularity or invalidity in the procedures for such transfer;
- 8.6 no authority conferred by or agreed to by execution of the Election Form or the giving of a TTE Instruction shall be affected by, and all such authority shall survive, the death or incapacity of the Shareholder executing such form or instruction. All obligations of such Shareholder shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder;

- 8.7 each Shareholder who is resident in, or a citizen or national of, a jurisdiction outside the United Kingdom by whom, or on whose behalf, an Election Form is executed or TTE Instruction is given irrevocably represents, warrants, undertakes and agrees to and with the Company and Investec that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in connection with any receipt or transfer of C Shares or election for Alternative 2 (Capital Option) in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company, Investec or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Return of Cash or such Shareholder's receipt or transfer of C Shares or election for Alternative 2 (Capital Option);
- 8.8 upon execution of the Election Form or the giving of a TTE Instruction the Shareholder represents and warrants that such Shareholder does not have its registered address in the United States and is not a resident, or citizen or national of the United States or, in respect of the C Shares to which that election relates, a trustee, custodian or nominee holding C Shares on behalf of any such person;
- 8.9 Investec may assign to any member of the Investec Group or to the Company any covenants, representations and warranties in respect of the C Shares purchased or agreed to be purchased by it; and
- 8.10 the Directors may, if they so determine in their absolute discretion, accept an Election Form or TTE Instruction which is received after the relevant time or which is not correctly completed.

Further details of the Purchase Offer are set out in paragraph 5 of part 10 of this document.

9. Non-United Kingdom Shareholders

Shareholders who are not resident in the United Kingdom or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the Return of Cash will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Shareholder not resident in the United Kingdom or a citizen, resident or national of another country wishing to receive the C Share Single Dividend, have the B Shares redeemed or have the C Shares purchased or otherwise dispose of any shares in the Company to satisfy himself as to full observance of the laws of each relevant jurisdiction in connection with the Return of Cash, including the obtaining of any government, exchange control or other consents which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

Alternative 2 (Capital Option) is not being offered into the United States and US Holders may not elect for Alternative 2. Accordingly any purported election by a US Holder will automatically be deemed an election for Alternative 1 (Income Option) in respect of the entirety of such US Holder's Share Entitlement and the Company shall not be required to take into account any election for any other Alternative that any US Holder may purport to make. As a result, US Holders will only receive C Shares and the C Share Single Dividend (as well as the relevant number of New Ordinary Shares arising under the Share Capital Consolidation).

The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any

such restrictions. Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the issue of New Ordinary Shares or C Shares, the issue or redemption of B Shares, the purchase or repurchase of C Shares or the payment of the C Share Single Dividend constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

In the event that the Company is advised that it would or might be required to make filings or take any other action in any jurisdiction as a result of its issuing any Return of Cash Shares to Shareholders who have registered addresses in any overseas jurisdiction or who are citizens, residents or national of other countries, it is proposed that the Return of Cash Shares to which such Shareholders are entitled will nevertheless be allotted to such Shareholders but may be issued to a nominee and then sold with the net proceeds of sale being remitted to such Shareholders.

The above provisions of this paragraph relating to overseas Shareholders may be waived or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion, or by the Company and Investec if the waiver or modification relates to the expected purchase of C Shares by Investec.

10. Amendments to the Articles of Association

A number of consequential amendments to the Articles of Association are required in order to implement the Return of Cash. These amendments relate to the creation of the B Shares (in substitution for the rights attaching to the B Shares in the current Articles of Association), the C Shares and Deferred Shares, the rights attaching to which are set out in parts 6, 7 and 8 of this document.

11. Share Schemes

The Company currently operates two share option schemes, the Dignity Share Schemes, whereby employees and Directors of the Company have been given options to acquire Existing Ordinary Shares. As at 9 October 2014 (the latest practicable date prior to the publication of this document), options to acquire a total of 807,713 Existing Ordinary Shares pursuant to the Dignity Share Schemes had been granted which had not been exercised and had not yet lapsed. These options represent approximately 1.51 per cent of the Ordinary Shares as at 9 October 2014 (the latest practicable date prior to the publication of this document).

Dignity plc Sharesave Plan ("Sharesave Plan")

The Sharesave Plan is a HMRC approved savings related share option scheme.

The Share Capital Consolidation is designed to ensure that, subject to normal market fluctuations, the economic value of each New Ordinary Share is, as far as possible, the same as each Existing Ordinary Share. Therefore, no adjustment is required to the number of Ordinary Shares over which participants in the Sharesave Plan have share options, nor to the amount payable on the exercise of such share options.

Dignity plc Directors and Senior Executive Long Term Incentive Plan ("LTIP")

Under the LTIP, certain executives of the Group have been granted options over shares in the Company. The actual number of shares over which an LTIP option may be exercised is determined with reference to performance conditions.

The Share Capital Consolidation is designed to ensure that, subject to normal market fluctuations, the economic value of each New Ordinary Share is, as far as possible, the same as each Existing Ordinary Share. Therefore, no adjustment is required to the number of Ordinary Shares over which participants in the LTIP have share options, nor to amounts payable on the exercise of such share options.

Participants under the Dignity Share Schemes are not entitled to participate in the Return of Cash except to the extent that they are Shareholders.

12. Share Certificates

From the time of Admission of the New Ordinary Shares, Shareholders' Existing Ordinary Share certificate(s) will no longer be valid. New Ordinary Share certificates will only be issued following the Share Capital Consolidation. It is therefore important that, if Shareholders hold certificates in respect of their Existing Ordinary Shares, they retain them for the time being until New Ordinary Share certificates are despatched, which is expected to be on 11 November 2014. Following this date, the certificates in respect of the Existing Ordinary Shares can be destroyed. Share certificates are despatched to Shareholders at their own risk.

For Shareholders wishing to hold any New Ordinary Shares through the CREST system, the relevant CREST accounts are expected to be credited at 8.00am on 3 November 2014. Shareholders holding New Ordinary Shares, B Shares and C Shares through the CREST system will not receive any share certificates.

No share certificates will be issued by the Company in respect of any B Shares or C Shares or any Deferred Shares.

13. Dealings and Despatch of Documents

The Return of Cash will be made by reference to holdings of Existing Ordinary Shares on the register of members as at the Record Date.

It is expected that dealings and settlement within the CREST system of the Existing Ordinary Shares will continue until the Record Date when, in the case of Existing Ordinary Shares held in certificated form, the register of members will be closed for transfers and no further transfers of Existing Ordinary Shares will be able to be made. The registration of uncertificated holdings in respect of the Existing Ordinary Shares will be 'disabled' in CREST on the Record Date.

The Company expects to despatch on 11 November 2014 definitive share certificates in respect of the New Ordinary Shares held in certificated form. From Admission of the New Ordinary Shares, certificates in respect of the Existing Ordinary Shares will no longer be valid. Share certificates are despatched at the Shareholders' own risk.

It is expected that Shareholders who hold their Existing Ordinary Shares through the CREST system will, on Admission, have their CREST accounts credited with New Ordinary Shares.

Temporary documents of title will not be issued and, pending despatch of definitive share certificates, transfers of New Ordinary Shares held in certificated form will be certified against the register held by Equiniti.

It is expected that cheques (two cheques in the event that Shareholders elect for Alternative 2 and are issued B Shares and C Shares, with the C Shares being purchased under the Purchase Offer), in respect of B Shares redeemed, C Shares purchased under the Purchase Offer, will

be despatched to relevant Shareholders by 18 November 2014. Cheques will be despatched at the Shareholder's own risk.

14. Withdrawal rights

Shareholders should note that any election, whether made by signing an Election Form or the giving of a TTE Instruction, for the Alternatives should be made by 4.30pm on 31 October 2014. Any election for the Alternatives may be withdrawn, and a new election for Alternative 2 (Capital Option) may be made in respect of any Share Entitlements in respect of which an election has previously been made prior to that date. If an election is validly withdrawn, but a new valid election is not made by the Shareholder by 4.30pm on 31 October 2014, the Shareholder will be deemed to have elected for Alternative 1 (Income Option) in respect of their Share Entitlement.

For an effective withdrawal of an election originally made by returning an Election Form, a notice of withdrawal signed by the person(s) who signed the relevant Election Form and, if relevant, a new Election Form, must:

- 14.1 be received by post or (during normal business hours only) by hand at Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by 4.30pm on 31 October 2014; and
- 14.2 specify the name(s) and address(es) of the person(s) who signed the relevant Election Form to be withdrawn.

For an effective withdrawal of an election made by giving a TTE Instruction, a new TTE Instruction must:

- 14.3 be received by Equiniti no later than 1.00pm on 31 October 2014; and
- 14.4 be accompanied by a valid ESA Message given by the person(s) who gave the original TTE Instruction.

New Election Forms must be obtained from Equiniti by calling the Shareholder helpline and may be resubmitted in place of any Election Forms so withdrawn at any time up to 4.30pm on 31 October 2014.

The Directors shall determine all questions as to the form and validity (including time and place of receipt) of any notice of withdrawal or Election Form or TTE Instruction submitted in place of one withdrawn, in their absolute discretion, which determination shall be final and binding. The Directors also reserve the absolute right to waive any defect or irregularity in the withdrawal of any Election Form or TTE Instruction by any Shareholder and/or the submission of any new Election Form or TTE Instruction in place of one withdrawn, and such determination will be binding on such Shareholder. The Directors shall not be liable to Shareholders for any loss arising from the determination of questions as to the form and validity (including time and place of receipt) of any notice of withdrawal and/or the submission of any new Election Form, unless attributable to their own wilful default or fraud and neither the Company, the Directors nor Equiniti or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification.

Part 6: Rights and restrictions attached to the B Shares

The following summarises the proposed amendments to the Articles of Association in respect of the rights to be attached to the B Shares.

7.1 Rights and restrictions attached to the B Shares

7.1.1 Income

The B Shares shall not carry any right to receive any dividend or other distributions of income save for the right to redemption under Article 7.1.3 below.

7.1.2 Capital

7.1.2.1 Except as provided in Article 7.1.2.3 below, on a return of capital on winding-up (excluding any intra-group reorganisation on a solvent basis or redemption pursuant to Article 7.1.3 below), the holders of the B Shares shall be entitled, in priority to any payment to the holders of every other class of shares in the capital of the Company (except the C Shares) but pari passu with any payment to the holders of C Shares, to £1.20 per B Share held by them.

7.1.2.2 The aggregate entitlement of each holder of B Shares on a winding-up in respect of all of the B Shares held by him shall be rounded up to the nearest whole penny.

7.1.2.3 On a winding-up, the holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in Article 7.1.2.1 above. If on such a winding-up the amounts available for payment are insufficient to cover in full the amounts payable on the B Shares, the holders of such shares shall be entitled to their pro-rata proportion of the amount to which they would otherwise be entitled.

7.1.2.4 The holders of the B Shares shall not be entitled to any further right of participation in the assets of the Company.

7.1.3 Redemption

7.1.3.1 Subject to the provisions of the Act all the B Shares shall be redeemed in full on a date between 3 November 2014 and 10 November 2014 (inclusive) (or such other date as the Directors may in their absolute discretion determine) (the "**B Share Redemption Date**").

7.1.3.2 The Company shall pay on each of the B Shares so redeemed an amount of £1.20 ("**Redemption Amount**") per B Share to each holder of B Shares. The Company's liability to pay to each holder of B Shares the Redemption Amount for each such B Share shall be discharged by the Company by a payment to each holder within 10 days of the B Share Redemption Date.

- 7.1.3.3 Where the Company is precluded by the Act or otherwise by law from redeeming any B Shares on the B Share Redemption Date then:
- (a) the Company shall redeem, on that date, as many of the B Shares which can then, consistently with the Act, be redeemed by the Company; and
 - (b) as soon as the Company is no longer precluded from doing so, the Company shall in respect of the B Shares not redeemed, redeem the maximum number of B Shares which can, consistently with the Act, properly be redeemed by the Company at that time.
- 7.1.3.4 All B Shares redeemed shall be cancelled and the Company shall not be entitled to re-issue them.
- 7.1.3.5 In the absence of bad faith or wilful default, neither the company nor any of its Directors, officers or employees shall have any liability to any person for any loss or damage arising as a result of the determination of the B Share Redemption Date in accordance with Article 7.1.3.1 above.

7.1.4 Attendance and voting at General Meetings

The holders of the B Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting.

7.1.5 Class Rights

- 7.1.5.1 The Company may from time to time create, allot and issue further shares, whether ranking pari passu with or in priority to the B Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares) shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of B Shares.
- 7.1.5.2 A reduction by the Company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose. The Company is authorised to reduce its capital (subject to the confirmation of the court in accordance with the Act and without obtaining the consent of the holders of the B Shares) including by paying to the holders of the B Shares the preferential amounts to which they are entitled as set out above.

7.1.6 Deletion of Article 7.1 when no B Shares in existence

Article 7.1 shall remain in force until there are no longer any B Shares in existence notwithstanding any provision in the articles to the contrary. Thereafter, Article 7.1 shall be and shall be deemed to be of no effect (save to the extent that the provisions of Article 7.1 are referred to in other articles) and shall be deleted and replaced with the wording "Article 7.1 has been deleted", and the

separate register for the holders of B Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Article 7.1 before that date shall not otherwise be affected and any actions taken under Article 7.1 before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever.

Part 7: Rights and restrictions attached to the C Shares

The following summarises the proposed amendments to the Articles of Association in respect of the rights to be attached to the C Shares.

7.2 Rights and restrictions attached to the C Shares

7.2.1 Election Form

- 7.2.1.1 Together with a circular to Shareholders dated 14 October 2014 (the "**Circular**") holders of ordinary shares were sent a form of election or, if they held through CREST, they were invited to submit a TTE Instruction (each an "**Election Form**") under which they could elect to receive B Shares or C Shares.
- 7.2.1.2 Shareholders who have returned or, pursuant to article 7.2.1.3 below, are deemed to have returned a duly completed Election Form by 4.30pm on 31 October 2014 (or such later time as the Directors may determine) electing (revocably until that time) to receive B Shares but who instead receive C Shares (because the maximum number of B Shares that can be issued and allotted has or will be exceeded) shall be deemed to have elected to accept an offer by Investec (if made) to purchase those C Shares (the "**Purchase Offer**").
- 7.2.1.3 The Directors may, if they so determine in their absolute discretion, accept an Election Form which is received after the relevant time or which is not correctly completed. The Directors may, in addition, if they so determine in their absolute discretion, treat any other document or action as a valid Election Form or as the completion or delivery of a valid Election Form, as the case may be.

7.2.2 Income

- 7.2.2.1 Out of the profits available for distribution, a single dividend of £1.20 per C Share ("**C Share Single Dividend**") shall be payable to those holders of C Shares who have validly elected or are deemed to have elected (in accordance with the terms of the Circular) to receive the C Share Single Dividend and who are registered on the Company's relevant register as holding such C Shares at a date between 3 November 2014 and 10 November 2014 (inclusive) (or such other date as the Directors may in their absolute discretion determine) (the "**C Share Single Dividend Record Date**").
- 7.2.2.2 The C Share Single Dividend shall become payable on a date between 11 November 2014 and 18 November 2014 (inclusive) (or such other date as the Directors may in their absolute discretion determine) ("**C Share Single Dividend Date**"), in respect of those C Shares which elections have been made, or are deemed to have been made, to receive the C Share Single Dividend.
- 7.2.2.3 Each C Share in respect of which the C Share Single Dividend becomes payable shall, on the C Share Single Dividend Date (or such other date as the Directors may determine), be automatically converted into a deferred share of one hundredth of a penny nominal

value ("**Deferred Share**") with the rights and restrictions set out in Article 7.3.

7.2.2.4 The holders of the C Shares shall not be entitled to any further right of participation in the profits of the Company.

7.2.2.5 In the absence of fraud or wilful default, neither the Company nor any of its Directors, officers or employees shall have any liability to any person for any loss or damage arising as a result of the determination of the C Share Single Dividend Record Date or the C Share Single Dividend Date.

7.2.3 Capital

7.2.3.1 On a return of capital on winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of the C Shares shall be entitled, in priority to any payment to the holders of Ordinary Shares, to the sum of £1.20 per C Share held by them.

7.2.3.2 The aggregate entitlement of each holder of C Shares on a winding-up in respect of all the C Shares held by him shall be rounded up to the nearest whole penny.

7.2.3.3 On a return of capital on winding up the holders of the C Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in Article 7.2.3.1 above. If on such a winding-up the amounts available for payment are insufficient to cover in full the amounts payable on the C Shares, the holders of such shares will share rateably in the distribution of assets (if any) in proportion to the full preferential amounts to which they are entitled.

7.2.3.4 The C Shares shall rank pari passu with the B Shares as regards the sums received by them on a return of capital on winding-up.

7.2.4 Attendance and voting at General Meetings

The holders of the C Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company, nor to attend, speak or vote at any such general meeting.

7.2.5 Class Rights

7.2.5.1 The Company may from time to time create, allot and issue further shares, whether ranking pari passu or in priority to the C Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the C Shares) shall be treated as being in accordance with the rights attaching to the C Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of C Shares.

7.2.5.2 A reduction by the Company of the capital paid up or credited as paid up on the C Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the C Shares and shall not involve a variation of such rights for any

purpose. The Company is authorised to reduce its capital (subject to the confirmation of the court in accordance with the Act and without obtaining the consent of the holders of the C Shares).

7.2.6 Deletion of Article 7.2 when no C Shares in existence

Article 7.2 shall remain in force until there are no longer any C Shares in existence, notwithstanding any provision in the Articles to the contrary. Thereafter, Article 7.2 shall be and shall be deemed to be of no effect (save to the extent that the provisions of Article 7.2 are referred to in other Articles) and shall be deleted and replaced with the wording "Article 7.2 has been deleted", and the separate register for the holders of C Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Article 7.2 before that date shall not otherwise be affected and any actions taken under Article 7.2 before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever.

Part 8: Rights and restrictions attached to the Deferred Shares

The following summarises the proposed amendments to the Articles of Association in respect of the rights to be attached to the Deferred Shares.

7.3 Rights and restrictions attached to the Deferred Shares

7.3.1 Income

The Deferred Shares shall not be entitled to any right to participate in the profits of the Company.

7.3.2 Capital

7.3.2.1 On a return of capital on a winding up (excluding any intra group re organisation on a solvent basis) there shall be paid to the holders of the Deferred Shares the nominal capital paid up or credited as paid up on such Deferred Shares after:

- (a) first, paying to the B Shareholders and the C Shareholders *pari passu* as if the same were consolidated as one class, £1.20 per B Share or C Share held by them; and
- (b) secondly, paying to the holders of the Ordinary Shares the nominal capital paid up or credited as paid up on the Ordinary Shares held by them respectively, together with the sum of £10,000 on each Ordinary Share.

7.3.2.2 Except as set out in 7.3.2.1 the holders of Deferred Shares shall not be entitled to any further right of participation in the assets of the Company.

7.3.3 Voting and general meetings of the Company

The holders of the Deferred Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting.

7.3.4 Class Rights

7.3.4.1 The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the Deferred Shares, and on such creation, allotment or issue any such further shares (whether or not ranking in any respect in priority to the Deferred Shares) shall be treated as being in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the Deferred Shares.

7.3.4.2 A reduction by the Company of the capital paid up or credited as paid on the Deferred Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose. The company is authorised to reduce its capital (subject

to the confirmation of the court in accordance with the Act and without obtaining the consent of the holders of Deferred Shares).

7.3.5 Transfer and Purchase

7.3.5.1 The Company may at any time (and from time to time) (subject to the provisions of the Act) without obtaining the sanction of the holders of the Deferred Shares appoint any person to accept any offer and agree to sell and execute on behalf of any holders of Deferred Shares a transfer of all of the Deferred Shares or any part thereof (and/or an agreement to transfer the same) to the Company or to such person as the Directors may determine (whether or not an officer of the Company) (the "**Transferee**"), in any case for not more than one penny for all the Deferred Shares then being purchased and for the purposes of such purchase to appoint a person to execute (on behalf of the holders of such Deferred Shares) a contract for the sale to the Transferee of any Deferred Shares held by any such holders and any related stock transfer form and to receive the consideration therefore on behalf of any such holders without any obligation to pay such consideration (or any proportion thereof) to such holders.

7.3.5.2 All Deferred Shares purchased by the Company shall be cancelled.

7.3.6 Transferability

The Deferred Shares shall not be transferable except to the Company or as set out in Article 7.3.5.

7.3.7 Deletion of Article 7.3 when no Deferred Shares in existence

Article 7.3 shall remain in force until there are no longer any Deferred Shares in existence notwithstanding any provision in the Articles to the contrary. Thereafter, Article 7.3 shall be and shall be deemed to be of no effect (save to the extent that the provisions of Article 7.3 are referred to in other Articles) and shall be deleted and replaced with the wording "Article 7.3 has been deleted", and the separate register for the holders of Deferred Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Article 7.3 before that date shall not otherwise be affected and any actions taken under Article 7.3 before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever.

Part 9: United Kingdom taxation in relation to the Return of Cash

The following comments do not constitute tax advice and are intended only as a current guide to UK law and HMRC published practice (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK taxation treatment of Shareholders and are intended to apply only, except to the extent, stated below, to persons who are resident and, if individuals, ordinarily resident in the UK for UK tax purposes, and who are absolute beneficial owners of the Return of Cash Shares (otherwise than through an Individual Savings Account or a Self Invested Personal Pension Plan) and who hold them as investments (and not as securities to be realised in the course of a trade). They may not apply to certain Shareholders, such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation and Shareholders who have (or are deemed to have) acquired their Return of Cash Shares by virtue of an office or employment. Such persons may be subject to special rules.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate professional adviser.

1. Capital Reorganisation

For the purposes of United Kingdom taxation of capital gains and corporation tax on chargeable gains ("CGT"):

- (i) the receipt of the New Ordinary Shares, B Shares and C Shares arising from the Capital Reorganisation will be a reorganisation of the share capital of the Company. Accordingly, the New Ordinary Shares and the Return of Cash Shares will be treated as the same asset as the Shareholder's holding of Existing Ordinary Shares, and as having been acquired at the same time as the Shareholder's holding of Existing Ordinary Shares was acquired. As a result of the Capital Reorganisation a Shareholder's original base cost in his or her Existing Ordinary Shares will be apportioned between the New Ordinary Shares and the Return of Cash Shares by reference to their respective values on the first day on which the New Ordinary Shares are listed; and
- (ii) the sale, on behalf of relevant Shareholders, of fractional entitlements to New Ordinary Shares resulting from the Capital Reorganisation will not constitute a part disposal of his or her pool of Existing Ordinary Shares. Instead the amount of any payment received by the Shareholder will be deducted from the base cost of the New Ordinary Shares received. To the extent the amount of any payment received exceeds the Shareholder's base cost in the shares, the excess will be treated as a capital gain.

2. Alternative 1 (Income Option)

Taxation of dividends

The Company will not be required to withhold tax at source when paying the C Share Single Dividend.

Individual Shareholders within the charge to UK Income Tax

A United Kingdom resident individual Shareholder who is liable to income tax at the starting or basic rate will pay no tax on the C Share Single Dividend unless the dividend, when aggregated with the Shareholders other income, takes that Shareholder's income into the higher rate tax band.

A United Kingdom resident individual Shareholder who is liable to income tax at the higher rate will be liable to pay tax equal to 25 per cent. of the cash dividend received, to the extent that the gross dividend falls above the threshold for higher rate income tax.

A United Kingdom resident individual Shareholder who is liable to income tax at the additional rate will be liable to pay tax equal to 30.6 per cent. of the cash dividend received, to the extent that the gross dividend falls above the threshold for additional rate income tax.

United Kingdom resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds and charities, will not be liable to pay tax on the C Share Single Dividend.

Corporate Shareholders within the charge to UK Corporation Tax

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of the UK taxation of dividends) may not generally expect to be subject to tax on dividends from the Company.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on dividends (including dividends from the Company) provided those dividends fall within an exempt class and certain conditions are met. In general, dividends paid to a UK corporate Shareholder holding less than 10 per cent of the issued share capital of the payer (or of any separate class in respect of which the dividend is paid) is an example of a dividend that falls within an exempt class. Shareholders will need to ensure that they satisfy the requirements of any exempt class before treating any dividend as exempt, and seek appropriate professional advice where necessary.

Non-Residents

Non-United Kingdom resident Shareholders will not generally be able to claim repayment from HMRC under any double tax treaty in respect of the C Share Single Dividend. A Shareholder resident outside the United Kingdom may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident in the United Kingdom (for tax purposes) should consult their own tax adviser concerning their tax liabilities on dividends received from the Company.

Taxation of chargeable gains

For CGT purposes, the C Share Single Dividend (and the consequent conversion of the C Shares into Deferred Shares) will not be treated as giving rise to a disposal or part disposal of the C Shares.

Shareholders who receive the C Share Single Dividend should note that, consequent to the Capital Reorganisation, a proportion of the base cost, for CGT purposes, of their Existing Ordinary Shares will be attributed to the C Shares and this amount will continue to be attributed to those C Shares following their conversion into Deferred Shares (notwithstanding that the Deferred Shares have limited rights or value). Correspondingly, only a proportion of the base cost of the original holding of Existing Ordinary Shares will be available on a disposal of New Ordinary Shares.

A disposal of the Deferred Shares (including the purchase of the Deferred Shares by the Company) may result in a Shareholder realising a capital loss. However, Shareholders should note that it is possible that the so-called 'value-shifting' rules may be regarded as being applicable to such Shareholders on a disposal of the Deferred Shares. If these rules apply, the consideration, if any, actually received on a disposal of Deferred Shares (including on the

acquisition by the Company) would be treated for the purpose of CGT as increased by such amount as is just and reasonable having regard to the payment of the Single C Share Dividend.

3. Alternative 2 (Capital Option)

The redemption of the B Shares by the Company pursuant to the rights attaching to the B Shares should (on the basis that the B Shares have been paid up otherwise than out of the profit and loss account reserves of the Company) be treated as a disposal of those shares for UK tax purposes.

Also, a sale of the C Shares by a Shareholder to Investec pursuant to the Purchase Offer should be treated as a normal third party disposal for UK tax purposes.

Accordingly, the Directors have been advised that:

- (i) a Shareholder who disposes of the whole or part of a holding of C Shares pursuant to the Purchase Offer or whose B Shares are redeemed should be subject to CGT or Corporation Tax on any chargeable gain realised on that disposal depending on individual circumstances. Any gain or loss will be calculated by reference to the difference between the purchase or redemption price and the Shareholder's base cost in the C Shares disposed of and B Shares redeemed (as the case may be). The base cost of these shares will be calculated as set out in paragraph 1(i) above;
- (ii) no part of the proceeds received by a Shareholder, whether pursuant to the Purchase Offer or on redemption of the B Shares, should be an income distribution in the Shareholder's hands;
- (iii) the amount of CGT, if any, payable by an individual Shareholder as a consequence of accepting the Purchase Offer or redemption of B Shares will depend on his or her personal tax position. No tax will be payable on any gain realised on a disposal of C Shares or B Shares if the amount of the net chargeable gains realised by the shareholder, when aggregated with other net chargeable gains realised by the shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual exemption (£11,000 for 2014/2015). Broadly, any gains in excess of this amount will be taxed at a rate of 18 per cent for a taxpayer paying tax at the basic rate and 28 per cent for a taxpayer paying tax at a rate above the basic rate of income tax. For a basic rate tax payer whose net chargeable gains, when aggregated with income in the year of assessment, result in part of the gain being assessable at the higher CGT rate, a combination of the 18 per cent and 28 per cent rates will be assessed on the gain; and
- (iv) a corporate Shareholder is normally taxable on all of its chargeable gains, subject to any reliefs and exemptions. Corporate Shareholders should be entitled to indexation allowance up to the date the chargeable gain is realised.

4. Transactions in Securities

Chapter 1, Part 13 Income Tax Act 2007 (ITA 2007)

Under the provisions of Chapter 1, Part 13, ITA 2007 HM Revenue and Customs can in certain circumstances counteract tax advantages arising to individuals in relation to a transaction or transactions in securities. If these provisions were to be applied by HM Revenue & Customs to the proposed Return of Cash, in broad terms, those Shareholders who

elected to receive a capital return might be liable to taxation as if they have received an income amount.

No application has been made to HM Revenue & Customs seeking clearance that these provisions will not be applied to the Return of Cash. However, Chapter 1 of Part 13 of ITA 2007 only applies in relation to distributions by companies which are "close companies" (as defined in Chapter 2, Part 10, CTA 2010). Given the Company's shareholder base, the Company should not be treated as a "close company" for these purposes and the above provisions should not apply.

Part 15, Corporation Tax Act 2010 (CTA 2010)

A similar adjusting provision applies to companies under the provisions of Part 15 of the Corporation Tax Act 2010. If these rules were to apply certain United Kingdom resident corporate Shareholders might be liable for corporation tax on chargeable gains as if they had received an amount on redemption of the B Shares they hold equal to the Single B Share dividend. The Company and its advisers do not expect Part 15, CTA 2010 to be applicable in respect of the Return of Cash. No application for clearance has been made under section 748 CTA 2010 in this regard. Any Shareholder who is in doubt as to their tax position in the light of their own particular circumstances should take appropriate professional advice.

5. Dividends

Dividends payable on the New Ordinary Shares should be subject to UK income tax under the rules applicable to dividends. Under current UK taxation legislation, no tax will be withheld at source from dividends paid on the New Ordinary Shares. The current rules and rates of tax correspond to those outlined for Alternative 1 (Income Option) in part 9.

6. Stamp Duty and Stamp Duty Reserve Tax

- (i) No stamp duty or stamp duty reserve tax ("**SDRT**") will be payable on the issue of the B Shares or C Shares.
- (ii) No stamp duty or SDRT will be payable on or as a result of the redemption of B Shares.
- (iii) An agreement to sell C Shares will normally give rise to liability on the purchaser to SDRT, at the rate of 0.5 per cent of the actual consideration paid. If an instrument of transfer of the C Shares is subsequently produced it will generally be subject to stamp duty at the rate of 0.5 per cent of the actual consideration paid (rounded up to the nearest £5). When such stamp duty is paid, the SDRT charge will be cancelled and any SDRT already paid will be refunded. Stamp duty and SDRT is generally the liability of the purchaser.
- (iv) As the C Shares are not listed, liability for stamp duty or SDRT will arise on the purchase by Investec of C Shares pursuant to the Purchase Offer, if made.
- (v) The price paid under the Purchase Offer takes account of the payment of stamp duty or SDRT and for the avoidance of doubt, a sale of C Shares under the Purchase Offer will not give rise to any further liability to stamp duty or SDRT for the selling Shareholder. Any such liability will fall on Investec, not the selling Shareholder.
- (vi) Stamp duty will be payable if the Company repurchases any C Shares from Investec pursuant to the arrangements described in paragraph 5 of part 10 of this document.

Part 10: Additional information

1. Summary of the rights and restrictions attaching to the New Ordinary Shares

The rights and restrictions attaching to the New Ordinary Shares will be set out in the Articles of Association, as amended, if the relevant Resolutions are passed at the General Meeting. These may be summarised as regards income, return of capital and voting, as follows:

Income: Subject to the payment of the C Share Single Dividend on the C Shares, the holders of the New Ordinary Shares shall be entitled to be paid any further profits of the Company available for distribution and determined to be distributed. Any dividend payable on the New Ordinary Shares which has remained unclaimed for 12 years from the date when it became due for payment shall be forfeited and shall cease to remain owing by the Company.

Capital: On a return of capital on a winding-up (excluding any intra-group or reorganisation on a solvent basis) after paying such sums as may be due in priority to the holders of any other class of shares in the capital of the Company (including the B Shares and the C Shares), any further such amount shall be paid to the holders of the New Ordinary Shares rateably according to the amounts paid up or credited as paid up in respect of each New Ordinary Share.

Voting: The holders of the New Ordinary Shares shall be entitled in respect of such shares to receive notice of any general meeting of the Company and to attend and vote at any such general meeting. At any such meeting, on a show of hands, every holder of New Ordinary Shares present in person shall have one vote and every such holder present in person or by proxy shall upon a poll have one vote for every New Ordinary Share of which he is the holder.

2. Form

The New Ordinary Shares, the B Shares and C Shares are not renounceable and will be transferable by an instrument of transfer in usual or common form. The New Ordinary Shares, the B Shares and C Shares will be in registered form. The Company will apply for the New Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the New Ordinary Shares may take place within the CREST system in respect of general market transactions.

3. CREST

If the Existing Ordinary Shares to which any election made on the enclosed Election Form relates are currently held in certificated form and are subsequently dematerialised into CREST before 4.30pm on 31 October 2014 (or such later time and/or date as the Directors may determine), any instruction given by the submission of an Election Form will become ineffective. Shareholders who subsequently hold their Existing Ordinary Shares in CREST will need to submit a valid TTE Instruction in place of the submitted Election Form by 4.30pm on 31 October 2014.

4. Electing in CREST

If your Shares are held in uncertificated form you should not have received nor should you complete or return an Election Form. You should, however, take (or procure to be taken) the action set out below to transfer (by means of a TTE Instruction) the number of Existing Ordinary Shares held at the Record Date to an escrow balance, specifying Equiniti in its capacity as a CREST receiving agent (under its participant ID referred to below) as the

escrow agent, as soon as possible and in any event so that the transfer to escrow settles not later than 4.30pm on 31 October 2014.

If you are a CREST personal member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your Existing Ordinary Shares are held. In addition, only your CREST sponsor will be able to send the TTE Instruction to Euroclear in relation to the Share Entitlements.

You should send (of if you are a CREST personal member, procure that your CREST sponsor sends) a TTE Instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to other information that is required for the TTE Instruction to settle in CREST, the following details:

- the number(s) of Existing Ordinary Shares to be transferred to an escrow balance;
- your member account ID;
- your participant ID;
- the Ordinary Share ISIN, which is GB00BCDBG720;
- the corporate action number for the Return of Cash, which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- the intended settlement date for the transfer to escrow, which should be as soon as possible and in any event no later than 4.30pm on 31 October 2014;
- input with standard delivery instruction priority of 80; and
- your name and contact number inserted in the shared note field.

Shareholders who hold shares in CREST for and on behalf of one or more Underlying Shareholders ("**Nominee Shareholders**"), can make an election, for and on behalf of each of its Underlying Shareholders (provided that no Underlying Shareholder will be able to combine Alternatives), by taking the action set out above. If a TTE Instruction is for an amount of Existing Ordinary Shares which is less than the entire holding of that Nominee Shareholder (as detailed in the Nominee Shareholder's CREST member account), that Shareholder represents and warrants that the amount of shares in the TTE Instruction represents the entire holding of one or more of its Underlying Shareholders.

Further information on the specific elections available to Shareholders is set out below:

4.1 Alternative 1 (Income Option)

Shareholders who hold their Existing Ordinary Shares in CREST and who wish to elect for Alternative 1 (Income Option) need take no action. Shareholders who do not give a TTE Instruction will automatically receive the C Share Single Dividend in respect of all their Return of Cash Entitlement.

4.2 Alternative 2 (Capital Option)

Shareholders who hold shares in CREST and who wish in respect of their holdings of Existing Ordinary Shares, or wish on behalf of one or more Underlying Shareholders in respect of their holdings of Existing Ordinary Shares, to elect for Alternative 2 (Capital

Option), should send their TTE Instruction with the following information, in addition to the information listed above:

- the participant ID of Equiniti, which is 2RA35; and
- the member account ID of Equiniti, which for these purposes is CAPITAL2.

4.3 Withdrawal rights in CREST

Shareholders who hold Existing Ordinary Shares in CREST who wish to withdraw their elections in the manner set forth in paragraph 14 in part 5 of this document should send (or, if a CREST personal member, procure that their CREST sponsor sends) a revised TTE Instruction, together with an ESA Message, to settle in CREST no later than 1.00pm on 31 October 2014 in relation to each electronic acceptance in respect of which an election is varied.

Any such change of election in respect of Shares in uncertificated form will be conditional upon Equiniti verifying that the request is validly made. Accordingly, Equiniti will, on behalf of the Company, reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

5. Contracts in relation to Purchase Offer

The following agreements have been entered into, or are intended to be entered into, in relation to the Purchase Offer:

5.1 Purchase Offer Deed

Under the Purchase Offer Deed, Investec has agreed that if the Company serves upon Investec by no later than 6.00pm on 3 November 2014 (or such later time and date as the parties may agree) a notice requiring Investec to make the Purchase Offer, it will, as principal, make an off-market offer by means of an announcement by the Company on the Regulatory News Service of the London Stock Exchange to purchase those C Shares which are issued under Alternative 2 (such announcement is expected to be released on 4 November 2014). The Purchase Offer will be made in the manner and on the terms set out in this document and, if received, the Election Form. The obligation of Investec to make the Purchase Offer is conditional among other things on the satisfaction, or waiver by Investec, of a number of conditions including:

- the passing of the Resolutions without amendment;
- the allotment and issue of the C Shares to the holders of Existing Ordinary Shares in accordance with this document;
- Admission having occurred;
- the execution by the Company of the Put Option Agreement referred to below; and
- the Company having sufficient distributable reserves to purchase the C Shares from Investec.

Investec also has a right to terminate its obligations on the occurrence of certain force majeure events.

5.2 Put Option Agreement

If the Resolutions are passed at the General Meeting, the Company intends to execute the Put Option Agreement, which will grant to Investec the right to require the Company to purchase from Investec, as an off-market purchase, the C Shares purchased by Investec under the Purchase Offer. The amount payable by the Company to Investec on exercise by Investec of its rights under the Put Option Agreement in respect of the C Shares acquired pursuant to the Purchase Offer will be £1.20 per C Share.

6. Consent

Investec has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of references to its name in the form and context to which it appears.

7. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (public holidays excepted) at the offices of DLA Piper UK LLP, 3 Noble Street, London, United Kingdom EC2V 7EE from the date of this document up to and including the date of the General Meeting and will also be available for inspection at the General Meeting:

- the Articles of Association of the Company;
- revised Articles of Association showing the amendments proposed to be made at the General Meeting;
- the consent letter referred to in paragraph 6 of this part 10;
- the Purchase Offer Deed and the draft Put Option Agreement;
- revised Articles of Association to be adopted on 1 January 2015 (being in the same form as the current Articles of Association of the Company); and
- this document.

Part 11: Definitions

The following words and expressions have the following meanings in this document unless the context requires otherwise:

"Act"	the Companies Act 2006, as amended;
"Admission"	admission of the New Ordinary Shares to: (i) the premium segment of the Official List; and (ii) trading on the London Stock Exchange's market for listed securities becoming effective in accordance with, respectively the Listing Rules and the Standards;
"Alternatives"	Alternative 1 (Income Option) and Alternative 2 (Capital Option) or any of them as the context may require;
"Alternative 1 (Income Option)"	the allotment of C Shares and the right to receive the C Share Single Dividend in respect of those C Shares;
"Alternative 2 (Capital Option)"	the allotment of B Shares to be redeemed by 10 November 2014, and possibly C Shares which are expected to be subject to the Purchase Offer, in the event that the election for B Shares exceeds the number of B Shares that can be issued and that the allotment of B Shares needs to be scaled back;
"Articles of Association"	the articles of association of the Company;
"B Share Redemption Date"	a date between 4 November 2014 and 10 November 2014 (inclusive) (or such other date as the Directors may in their absolute discretion determine);
"B Shares"	the redeemable B Shares of £1.20 each in the capital of the Company carrying the rights and restrictions summarised in part 6 of this document;
"Board "	the board of directors of Dignity plc;
"Business Day"	a day (other than Saturday, Sunday or a public holiday) on which banks are generally open for business in the City of London for the transaction of normal banking business;
"C Share Single Dividend"	the single dividend of £1.20 per C Share;
"C Shares"	the non cumulative irredeemable shares of £0.0001 each in the capital of the Company carrying the rights and restrictions summarised in part 7 of this document;
"Capital Reorganisation"	the reorganisation of the Company's share capital comprising the issuance of the B Shares and/or the C Shares and the Share Capital Consolidation;
"Company"	Dignity plc, a company registered in England and Wales with company number 04569346;
"CREST"	the system for the paperless settlement of trades in securities and the

	holding of uncertificated securities operated in accordance with the Uncertificated Securities Regulations;
"CREST Proxy Instruction"	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in place of a Shareholder at the General Meeting and containing the information required to be contained in the manual published by Euroclear;
"CTA 2010"	Corporation Tax Act 2010;
"Daily Official List"	the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange;
"Deferred Shares"	the deferred shares in the capital of the Company carrying the rights and restrictions summarised in part 8 of this document;
"Dignity Share Schemes"	means the Dignity plc Sharesave Plan and the Dignity Plc Directors and Senior Executive Long Term Incentive Plan;
"Directors"	the directors of the Company from time to time;
"Election Form"	the election form enclosed with this document, where this document is sent to Shareholders holding Existing Ordinary Shares in certificated form;
"Election Period"	the period until 4.30pm on 31 October 2014, during which time Shareholders may elect for the Alternatives;
"Equiniti"	the Company's registrar and receiving agent, Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA;
"ESA Message"	a message through CREST to Equiniti in its capacity as receiving agent requesting a withdrawal of an Election;
"Euroclear"	Euroclear UK & Ireland Limited the operator of CREST (formerly known as CRESTCo Limited);
"Existing Ordinary Shares"	the ordinary shares of 11. ⁴ / ₁₃ pence each in the capital of the Company;
"Form of Proxy"	the form of proxy enclosed with this document for use by Shareholders in connection with the General Meeting;
"General Meeting"	the general meeting of the Company to be held at 3 Noble Street, London, EC2V 7EE on 30 October 2014 at 11.00am;
"Group"	the Company and its subsidiary undertakings and associated undertakings;
"Investec"	Investec Bank plc, 2 Gresham Street, London EC2V 7QP;
"Investec Group"	Investec and its subsidiaries and subsidiary undertakings (each as defined in the Act);
"ITA 2007"	Income Tax Act 2007;

"Listing Rules"	the rules and regulations made by the UK Listing Authority for the purposes of part VI of the Financial Services and Markets Act 2000 as amended from time to time;
"London Stock Exchange"	London Stock Exchange plc;
"New Issue"	the issue of £238.9 million Class A Secured 3.5456% Notes due 31 December 2034 and £356.4 million Class B Secured 4.6956% Notes due 31 December 2049 by Dignity Finance plc, which is expected to complete on 17 October 2014;
"New Issue Proceeds"	the net proceeds of the New Issue;
"New Ordinary Shares"	the new ordinary shares of 12. ⁴⁸ / ₁₄₃ pence each in the capital of the Company, arising as a result of the Share Capital Consolidation, with ISIN GB00BRB37M78 ;
"Official List"	the Official List of the UK Listing Authority;
"Ordinary Shares"	Existing Ordinary Shares or New Ordinary Shares, as the context may require;
"Purchase Offer"	the offer expected to be made by Investec, acting as principal, to purchase C Shares issued under Alternative 2 (Capital Option), the terms of which are set out in paragraph 8 of part 5 of this document;
"Purchase Offer Deed"	the agreement dated 13 October 2014 between Investec and the Company in respect of the Purchase Offer, details of which are set out in paragraph 5.1 of part 10 of this document;
"Put Option Agreement"	the agreement which is expected to be entered into (subject to Shareholder approval) between the Company and Investec requiring the Company to purchase as an off-market purchase the C Shares purchased by Investec under the Purchase Offer, details of which are set out in paragraph 5.2 of part 10 of this document;
"Record Date"	6.00pm on 31 October 2014 (or such later time and/or date and the Directors in their absolute discretion may determine);
"Resolutions"	the resolutions set out in the notice of the General Meeting contained in part 12 of this document;
"Return of Cash"	the transactions comprising the Capital Reorganisation and the Alternatives;
"Return of Cash Entitlement"	the entitlement of Shareholders to the proceeds of redemption of B Shares or the C Share Single Dividend as the case may be;
"Return of Cash Shares"	B Shares or C Shares, as the context may require;
"Share Capital Consolidation"	the consolidation and sub-division of the Existing Ordinary Shares in the manner set out in resolution 3 in the notice convening the General Meeting set out at the end of this document and as more fully described in paragraph 3 of part 5 of this document;

"Share Entitlement"	the entitlement of the Shareholders to receive one B Share or one C Share for each Existing Ordinary Share held at the Record Date;
"Shareholders"	holders of Ordinary Shares, B Shares and/or C Shares as the context may require;
"Standards"	the requirements contained in the "Admission and Disclosure Standards" dated April 2013 containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's market for listed securities;
"TTE Instruction"	transfer to escrow instruction;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"UK Listing Authority" or "UKLA"	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of part VI of the Financial Services and Markets Act (as amended);
"uncertificated" or "in uncertificated form"	when used in relation to shares, recorded on the relevant register of the share concerned as being held in uncertificated form in CREST, and title to which, by virtue of the Uncertificated Securities Regulations may be transferred by means of CREST;
"Uncertificated Securities Regulations"	the Uncertificated Securities Regulations 2001;
"Underlying Shareholder"	any underlying beneficial holder of Existing Ordinary Shares, whose holdings are registered in the name of a nominee;
"US" or "United States"	the United States of America, its territories, possessions, any State of the United States of America and the District of Columbia;
"US Holders"	means US persons who are holders of Existing Ordinary Shares and/or holders of Existing Ordinary Shares resident in the United States; and
"US Securities Act"	the United States Securities Act of 1933 (as amended) and the rules and regulations promulgated thereunder.

Part 12: Notice of General Meeting

Notice is hereby given that a general meeting of Dignity plc ("**Company**") will be held at the offices of DLA Piper UK LLP, 3 Noble Street, London, EC2V 7EE on 30 October 2014 at 11.00am for the purposes of considering and, if thought fit, passing the following resolutions. Resolutions 1, 4 and 5 will be proposed as special resolutions and resolutions 2 and 3 will be proposed as ordinary resolutions.

SPECIAL RESOLUTION

1. **That** conditional upon the New Ordinary Shares (as defined below) being admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's market for listed securities by 8.00am on 3 November 2014 (or such later time and/or date as the Directors may in their absolute discretion determine) ("**Admission**"):
 - 1.1 the articles of association produced to the meeting, marked "A" and initialled for the purposes of identification by the Chairman, be adopted as the articles of association of the Company with effect from the conclusion of the general meeting in substitution for, and to the exclusion of, the existing articles of association of the Company; and
 - 1.2 the terms of the proposed purchase by the Company of the deferred shares of £0.0001 each ("**Deferred Shares**"), as set out in article 7.3.5 of the New Articles, be and are hereby approved and that the Company be and is hereby authorised to purchase the Deferred Shares pursuant to such terms.

ORDINARY RESOLUTION

2. **That**, subject to the passing of resolution 1, and also conditional upon Admission, the Directors of the Company be and are hereby generally and unconditionally authorised to exercise all of the powers of the Company:
 - 2.1 to capitalise a sum not exceeding £22,971,000 standing to the credit of the Company's share premium account to pay up in full the relevant number of redeemable shares of £1.20 each ("**B Shares**") that may be allotted pursuant to the authority given by sub-paragraph 2.3.1 below;
 - 2.2 to capitalise a sum not exceeding £5,444.80 standing to the credit of the Company's share premium account to pay up in full the relevant number of C Shares of £0.0001 each ("**C Shares**") that may be allotted pursuant to the authority given by sub-paragraph 2.3.2 below; and
 - 2.3 pursuant to section 551 of the Companies Act 2006 ("**Act**") to allot and issue credited as fully paid up (provided that the authority hereby confirmed shall expire at the conclusion of the next annual general meeting or 30 January 2016 whichever is earlier):
 - 2.3.1 B Shares up to an aggregate nominal amount of £22,971,000; and
 - 2.3.2 C Shares up to an aggregate nominal amount of £5,444.80,

on the basis of one B Share or one C Share for every existing ordinary share of 11.⁴/₁₃ pence each in the capital of the Company (each an "**Existing Ordinary Share**") held at 6.00pm on 31 October 2014, in accordance with valid elections made by the holders of the Existing Ordinary Shares pursuant to the terms of the circular sent by the Company to its shareholders on 14 October 2014 (the "**Circular**") as to whether to receive a B Share or a C Share in respect of each Existing Ordinary Share they hold.

ORDINARY RESOLUTION

3. **That**, subject to the passing of resolutions 1 and 2 and also conditional upon Admission, each Existing Ordinary Share be subdivided into 11 undesignated shares of $1.4\frac{4}{143}$ pence each (each an "**undesignated share**") and, immediately following such subdivision of such Existing Ordinary Shares, every 12 undesignated shares be consolidated into one new ordinary share of $12.48\frac{48}{143}$ pence each (each a "**New Ordinary Share**") provided that no member shall be entitled to a fraction of a share, and any fractions of New Ordinary Shares arising out of the consolidation pursuant to this resolution shall be aggregated into as many New Ordinary Shares as possible and as many Deferred Shares as are required to ensure that the nominal value of the then issued share capital of the Company remains constant. The Directors of the Company shall be authorised to sell the number of New Ordinary Shares arising from the consolidation of fractional entitlements and the net proceeds of sale shall be distributed pro rata among those members who would otherwise be entitled to such fractional entitlement, unless the proceeds that would otherwise be distributed to any member net of any expenses of sale amount to less than £5.00 in respect of any one holding in which case they shall not be so distributed but will be retained for the benefit of the Company. For the purpose of implementing the provisions of this paragraph the Directors may appoint any person to execute transfers on behalf of any person who is entitled to any such fractions and may generally make all arrangements which appear to the board of Directors of the Company to be necessary or appropriate for the settlement and/or the disposal of such fractional entitlements.

SPECIAL RESOLUTION

4. **That**, subject to the passing of resolutions 1, 2 and 3, and also conditional on Admission, the terms of the proposed contract ("**Buyback Contract**") (a draft of which is produced to the meeting and initialled for the purposes of identification by the Chairman) between Investec Bank plc ("**Investec**") and the Company under which Investec will be entitled if it chooses to require the Company to purchase C Shares from Investec at a price per C Share of £1.20 and is hereby approved and the Company be and is hereby authorised to enter into the Buyback Contract provided such authority shall expire on 30 January 2016.

SPECIAL RESOLUTION

5. **That**, subject to the passing of resolutions 1, 2, 3 and 4, and also conditional on Admission, the articles of association produced to the meeting, marked "B" and initialled for the purposes of identification by the Chairman, be adopted as the articles of association of the Company with effect on and from 1 January 2015 in substitution for, and to the exclusion of, the existing articles of association of the Company.

By order of the board
Richard Portman
Company Secretary
14 October 2014

Registered office
4 King Edwards Court
King Edwards Square
Sutton Coldfield
West Midlands
B73 6AP
Registered in England and Wales No. 04569346

Notes

1. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at 6.00pm on 28 October 2014 (or, if the meeting is adjourned 6.00pm on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.
2. A member of the Company entitled to attend and to vote may appoint, speak one or more proxies to attend and vote instead. A proxy need not be a member of the Company. A proxy form is enclosed. Completed proxy forms must be received by the Company's Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, no later than 48 hours before the time of the General Meeting or in the event the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting. A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid. Additional proxy forms may be obtained by contacting the Shareholder helpline or you may photocopy the proxy form. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by the member may result in the proxy appointment being invalid. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. The right of a member under section 324 of the Companies Act 2006 ("Act") to appoint a proxy does not apply to a person nominated to enjoy information rights under section 146 of the Act.
3. The appointment of a proxy will not preclude a member of the Company from attending, speaking and voting in person at the meeting if he or she so wishes.
4. The following are available for inspection at the Company's registered office during normal business hours on any weekday (excluding public holidays) and will be available for at least 15 minutes prior to, and during, the General Meeting:
 - 4.1 copies of the Company's existing articles of association and the articles of association marked "A" and "B" proposed to be adopted in resolutions 1 and 5 (respectively);
 - 4.2 a copy of the Buyback Contract; and
 - 4.3 a copy of the purchase offer deed between Investec and the Company dated 13 October 2014;
 - 4.4 a consent letter from Investec consenting to the inclusion of and reference to its name in the Circular; and
 - 4.5 the Circular.
5. Total Voting Rights: As at 9 October 2014 (being the last practicable date before the publication of this notice), the Company's issued share capital consists of 53,640,197 ordinary shares of 11.⁴/₁₃ pence each, (carrying one vote each). The Company does not hold any Ordinary Shares in treasury. Therefore, the total voting rights in the Company as at 9 October 2014 are 53,640,197.
6. Shareholders have the right to ask questions at the meeting relating to the business being dealt with at the meeting in accordance with section 319A of the Act. The Company must answer any such question unless:
 - 6.1 to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information;
 - 6.2 the answer has already been given on a website in the form of an answer to a question; or
 - 6.3 it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
7. The information required by section 311A of the Act to be published in advance of the meeting, which includes the matters set out in this notice and information relating to the voting rights of shareholders, is available at www.dignityfunerals.co.uk/corporate.
8. Members can appoint proxies electronically by logging on to the website www.sharevote.co.uk. You will need your voting reference numbers (the voting ID, Task ID and shareholder reference number shown on your form of proxy). Alternatively, if you have registered for a Shareview portfolio, please access the Equiniti shareview website at www.shareview.co.uk, by entering your portfolio identification particulars and click on the link under Dignity holding details. For an electronic proxy appointment to be valid, the appointment must be received by no later than 11.00am on 28 October 2014.
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 (available at www.euroclear.com). 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's (formerly CRESTCo'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 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 no later than 11.00am on 28 October 2014. No such message received through the CREST network after this time will be accepted. 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 Applications Host) from which the registrars are 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 provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

10. 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 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. The statement of the rights of the shareholders in relation to the appointment of proxies in notes 2, 3, 8 and 9 does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by Shareholders of the Company

11. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.
12. Except as provided above, shareholders who wish to communicate with the Company in relation to the meeting should do so using the following means:
 - 12.1 calling our Shareholder helpline on 0871 384 2140 from within the United Kingdom or, from outside the United Kingdom on +44 121 415 0078 between 8.30am and 5.30pm on any Business Day. Please note that calls may be monitored or recorded and that the Shareholder helpline will not provide advice on the merits of the Alternatives or give any financial or tax advice. Calls to 0871 384 2140 are charged at 8p per minute (excluding VAT) plus network extras. Calls to +44 121 415 0078 from outside the United Kingdom are charged at applicable international rates; or
 - 12.2 by post, to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.
13. You may not use any electronic address provided in either this Notice of General Meeting or any related documents (including the Proxy Form) to communicate with the Company for any purpose other than those expressly stated.