

## **LETTER TO CAPITAL NOTEHOLDERS DATED 3 NOVEMBER 2008**

### **THIS IS AN IMPORTANT DOCUMENT YOUR REPLY MUST BE RECEIVED BY 17 NOVEMBER 2008**

Dear Capital Noteholder

This Election Notice relates to your GPG Finance plc (GPG Finance) 2003 unsecured and subordinated Capital Notes (2003 Notes) guaranteed on an unsecured, subordinated basis by Guinness Peat Group plc (GPG or the Guarantor), as described on the reverse of this document and it enables you to elect to either:

- (i) extend some or all of your 2003 Notes on the new terms as set out in section 1 below (New Terms). The 2003 Notes you retain must have a minimum principal amount of \$5,000 and thereafter be in multiples of \$1,000; and/or
- (ii) have some or all of your 2003 Notes purchased by GPG for cash.

Completing this document and returning it to the Registrar enables you to make your election for your 2003 Notes. Your election will apply from the Election Date, Monday 15 December 2008.

Your right to elect to extend your 2003 Notes on the New Terms or have your 2003 Notes purchased for cash is summarised in section 2 below. Unless otherwise defined in this Election Notice, capitalised terms used in this Election Notice have the meanings ascribed to them in the conditions for the 2003 Notes (Conditions).

#### **1. NEW TERMS FOR THE CAPITAL NOTES**

The New Terms for the 2003 Notes you elect to extend, or are deemed to have elected to extend, are the same as the Conditions for the 2003 Notes that you hold now except for:

- A. a new Interest Rate of 9.00% per annum;
- B. a new Election Date: 15 December 2013;
- C. the inclusion of the following new condition as Condition 4.5A:

4.5A Call Option: Subject to Condition 2 and this Condition 4.5A, the Company or the Guarantor may at any time purchase (or procure the purchase of) all or part of the Capital Notes outstanding provided that:

- (a) the Company or Guarantor shall give written notice to the Holders and the Trustee of the date on which the purchase is to occur (“purchase date”) and the amount to be paid in respect of the Capital Notes held by that Holder to be purchased on the purchase date; and
- (b) the amount to be paid in respect of the Capital Notes to be purchased shall be the sum of:
  - (i) the Principal Amount of the Capital Notes to be purchased; plus

- (ii) all Accrued Interest and Unpaid Interest on those Capital Notes to that date;
- (c) where not all of the Capital Notes are to be purchased on the purchase date specified under (a) above:
  - (i) (subject to paragraph (ii)) such purchase shall apply pro rata on each Holder's proportion of the aggregate Principal Amount outstanding; and
  - (ii) if such purchase would result in the Principal Amount of Capital Notes held by a Holder falling below the Minimum Holding the Company may, subject to Condition 2, sell those Capital Notes in accordance with Condition 5.6 and the notice referred to in that Condition may be included in the notice referred to in Condition 4.5A(a).

Payment for such Capital Notes shall be made without deduction (other than any deductions or withholdings on account of taxes which are required by law to be made from such payments) by cheque drawn in favour of, and posted not later than the purchase date to the address of the relevant Noteholder in the Register or may be direct credited on such day to any bank account nominated by such Noteholder in writing in accordance with Condition 3.3. Each such payment, when cleared, shall (notwithstanding Condition 5.1 or Condition 5.2) operate as a transfer of the Capital Note, or the relevant part thereof, to the Company or the Guarantor (or nominee) (and the Registrar shall amend, or be deemed to have amended, the Register accordingly) and shall be a complete satisfaction and discharge of any obligation of the Guarantor and the Company to the relevant Noteholder in relation to payment of principal, interest and any other sums payable under the relevant part of such Capital Note, including any obligation to issue Ordinary Shares in conversion of the relevant Capital Notes or the relevant part thereof, and the Company and the Guarantor shall have no further obligations or liabilities to the relevant Noteholder in respect of such Capital Note or part thereof.

If and to the extent that the Company or the Guarantor elects to exercise such option it shall give notice of such exercise to the relevant Noteholders not later than 180 days prior to the purchase date (as the case may be) in such manner as the Company or the Guarantor determines to be the most practicable in all the circumstances (including by telephone subject to later confirmation in writing), but any omission to give such notice and/or the non-receipt of such notice by any Noteholder shall not invalidate or otherwise affect the rights and obligations of the Company or the Guarantor to purchase Capital Notes;

- D. the extended 2003 Notes will be known as: 2008 Capital Notes (in this document, "2008 Notes").

The New Terms shall apply to the 2008 Notes from Monday 15 December 2008 until the new Election Date of 15 December 2013.

The 2008 Notes will be unsecured and subordinated, as the 2003 Notes are. Interest will be paid to the holders of 2008 Notes entered on the register (generally) at 5.00pm on the Books Closing Date for the relevant Interest Date. The Interest Dates are generally each 15 March, 15 June, 15 September and 15 December and the new Election Date, and the Books Closing Date for each Interest Date is generally 7 business days prior to the Interest Date (or, if that day is not a Friday, the Friday immediately preceding that date). You must continue to hold your 2008 Notes through each Books Closing Date, in order to receive interest.

## **2. NOTEHOLDER'S ELECTION TO EXTEND**

In accordance with the Conditions applicable to the 2003 Notes you are entitled to elect to:

- (i) extend all or part of the 2003 Notes beyond the Election Date of 15 December 2008, but subject to the New Terms; and/or
- (ii) accept the offer by GPG to purchase all or part of the 2003 Notes for cash on 15 December 2008 (at a purchase price equal to the aggregate Principal Amount plus any Accrued Interest and Unpaid Interest on those Capital Notes as at the date of payment of the purchase price).

This Election Notice constitutes an irrevocable offer by GPG to you to purchase for cash in accordance with the Conditions all 2003 Notes that you elect to be purchased by GPG in accordance with this Election Note.

If you elect to extend all or part of your 2003 Notes or are deemed to have extended any 2003 Notes under the provisions described in section 3 below then, under the Conditions, GPG has an option to purchase any or all of those 2003 Notes for cash on 15 December 2008 at a purchase price equal to the aggregate Principal Amount plus any Accrued Interest and Unpaid Interest on those Capital Notes as at the date of payment of the purchase price. If GPG exercises this right and purchases some but not all of the 2003 Notes that would otherwise be extended on New Terms, it will purchase 2003 Notes from all holders of 2003 Notes who have elected or are deemed to have elected extension on a pro-rata basis, except to the extent necessary to avoid the creation of holdings of 2008 Notes that are not a minimum of \$5,000 and thereafter in multiples of \$1,000 (i.e. there will be scaling and rounding).

## **3. FAILURE TO APPROPRIATELY COMPLETE AND RETURN AN ELECTION NOTICE**

If:

- (i) GPG Finance does not receive an Election Notice from you on or before 17 November 2008; or

- (ii) to the extent that GPG Finance does so receive an Election Notice but such Election Notice does not indicate whether or not you accept the offer by GPG to purchase all or part of your 2003 Notes; or
- (iii) the Election Notice requires a declaration to be completed by you as to the name and domicile of the beneficial owner of the 2003 Notes and such declaration is not duly completed; or
- (iv) for any other reason (not attributable to GPG Finance or GPG) the Election Notice is defective,

you shall be deemed to have accepted the New Terms in respect of, in the case of (i), (iii) and (iv) above, all of your 2003 Notes and, in the case of (ii) above, such number of your 2003 Notes in respect of which no such indication has been given.

#### **4. VARIATION**

The 2003 Notes that are extended on the New Terms will be varied on 15 December 2008. The terms of the variation are set out in section 1 above. The purpose of the variation is to set the terms to apply beyond the 15 December 2008 election date. In addition, the effect of the variation is that the 2008 Notes will have the same terms as the 2003 Notes, except for the new interest rate and election date and the additional condition referred to in section 1 above.