

Guinness Peat Group plc

Notice of Extraordinary General Meeting in respect of proposed 1 for 10 Capitalisation Issue

Dividend for the year ended 31 December 2002:

- Enhanced Scrip Dividend Alternative
- Currency Election for Cash Dividend

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 personal financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser (who in the United Kingdom should be authorised under the Financial Services and Markets Act 2000).

If you have sold or otherwise transferred all your holding of Ordinary shares in Guinness Peat Group plc (Registered in England No. 103548), please send this document, together with the accompanying forms, 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.

GPG

Application will be made to the UK Listing Authority for the Scrip Shares and the Capitalisation Shares to be admitted to the Official List. An application will be made for the admission of the Scrip Shares and the Capitalisation Shares to trading on the London Stock Exchange. Application will be made for the official quotation and listing of the Scrip Shares and the Capitalisation Shares on the Australian Stock Exchange. The Scrip Shares and the Capitalisation Shares have been accepted for quotation on the New Zealand Stock Exchange and will be quoted on completion of allotment procedures.

This document, together with the accompanying documents, should not be distributed, forwarded or transmitted in, or into, the United States, Canada, Japan or the Republic of Ireland.

Guinness Peat Group plc

Notice of Extraordinary General Meeting in respect of Proposed 1 for 10 Capitalisation Issue of up to 63,744,793 new Ordinary Shares

and

Enhanced Scrip Dividend Alternative of 1 new Ordinary Share for every 50 Ordinary Shares held in lieu of the interim cash dividend of 1 pence per Ordinary Share for the year ended 31 December 2002

and

Currency Election for Cash Dividend

This document should be read as a whole. Your attention is drawn to the letter from your Chairman which is set out on pages 2 to 3 of this document and which recommends you to vote in favour of the resolution to be proposed at the Extraordinary General Meeting referred to below.

Notice of an Extraordinary General Meeting of Guinness Peat Group plc ("GPG") to be held at 11.00 a.m. on 15 May 2003 at the offices of GPG, First Floor, Times Place, 45 Pall Mall, London SW1Y 5GP is set out at the end of this document. A blue Form of Proxy for use at this Extraordinary General Meeting is enclosed. To be valid, the blue Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon to the Company's Registrars in the UK, Australia or New Zealand (as appropriate) as soon as possible but in any event so as to arrive not later than 48 hours before the time fixed for the start of the meeting.

CURRENCY ELECTION FORMS FOR THE CASH DIVIDEND, FORMS OF ELECTION IN RESPECT OF THE SCRIP DIVIDEND ALTERNATIVE AND THE SCRIP DIVIDEND MANDATE SCHEME AND FORMS REVOKING SCRIP DIVIDEND MANDATES MUST BE RECEIVED BY THE COMPANY'S RELEVANT REGISTRARS BY NO LATER THAN 5.00 P.M. (LOCAL TIME) ON 12 MAY 2003.

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DEFINITIONS

The following definitions are used throughout this document:

“Australian Stock Exchange”	Australian Stock Exchange Limited
“Board”	the board of directors of the Company
“Buyback Circular”	a circular which is expected to be posted to Shareholders on or around 8 May 2003 and which relates to the proposed off-market tender offer by the Company to buy back up to 10% of each Shareholder’s holding of Ordinary Shares
“Capitalisation Issue”	the proposed issue of up to 63,744,793 new Ordinary Shares <i>pro rata</i> to Shareholders by way of capitalisation of GPG’s Other reserve as described in this document
“Capitalisation Shares”	the new Ordinary Shares to be issued pursuant to the Capitalisation Issue
“Cash Dividend”	the interim cash dividend of 1.00p per Ordinary Share in respect of the financial year ended 31 December 2002 to be paid on 19 May 2003
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which CRESTCo. Limited is the Operator (as defined in such Regulations)
“the Directors”	the directors of the Company
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 11.00a.m. on 15 May 2003 (or such later time or date to which it may be adjourned), notice of which is set out on page 21 of this document
“Form of Election”	the form of election for the Scrip Dividend Alternative to accompany this circular for Shareholders who have not elected to join the Scrip Dividend Mandate Scheme
“Form of Proxy”	the blue form of proxy for use at the EGM accompanying this document
“GPG” or “the Company”	Guinness Peat Group plc
“GPGUKH”	GPG (UK) Holdings plc, which became a wholly-owned direct subsidiary of GPG pursuant to the merger of GPG and GPGUKH effected by a scheme of arrangement under section 425 of the Companies Act 1985 effective as from 13 December 2002
“the Group”	GPG and its subsidiaries
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the Scrip Shares and the Capitalisation Shares
“Notice of Entitlement”	the notice of entitlement in relation to the Scrip Dividend Alternative to accompany this document for Shareholders who have elected to join the Scrip Dividend Mandate Scheme
“Official List”	the Official List maintained by the UK Listing Authority pursuant to Part VI of the Financial Services and Markets Act 2000
“Ordinary Shares”	ordinary shares of 5 pence each in the capital of the Company having the rights, and being subject to the restrictions, set out in the Company’s Articles of Association in force from time to time
“Record Date”	the record date for the Cash Dividend and Scrip Dividend Alternative being the close of business (local time) on 28 March 2003
“Scrip Dividend Alternative”	the issue by way of an enhanced scrip dividend of 1 new Ordinary Share for every 50 Ordinary Shares held by Shareholders on the Record Date and who are electing not to take the Cash Dividend
“Scrip Dividend Mandate Scheme” or “the Scheme”	the scrip dividend mandate scheme introduced by GPGUKH in 1996 and which now has effect in relation to GPG
“Scrip Shares”	the new Ordinary Shares to be issued pursuant to the Scrip Dividend Alternative
“Shareholders”	holders of Ordinary Shares in the Company
“UK Listing Authority”	the Financial Services Authority as the competent authority for listing under Part VI of the Financial Services and Markets Act 2000

In this document, except where otherwise stated, the exchange rates used in translating amounts in sterling into foreign currencies were the rates ruling in London at close of business on 16 April 2003 (“the Standard Exchange Rates”). This date was the latest practicable date before the publication of this document. These were as follows: £1 = A\$2.58; and £1 = NZ\$2.83.

In this document, all times are local times unless otherwise specified.

The New Zealand Stock Exchange accepts no responsibility for any statement in this document.

Guinness Peat Group plc

Directors:

Sir Ron Brierley (*Chairman*)
T. J. N. Beyer (*Non-Executive*)
G. J. Cureton
A. I. Gibbs
B. A. Nixon
Dr. G. H. Weiss

Registered Office:

First Floor
Times Place
45 Pall Mall
London SW1Y 5GP

17 April 2003

To Shareholders and, for information only, to option holders, holders of the GPGUKH convertible unsecured loan notes 2005 and the capital notes issued by GPG Finance Limited

Dear Sir or Madam

Introduction

On 14 March 2003, GPG announced its preliminary results for the year ended 31 December 2002. These contained brief details of an interim dividend and the proposed Scrip Dividend Alternative and Capitalisation Issue. The purpose of this document is to provide you with full information on these proposals and to explain the reasons for them.

Scrip Dividend Alternative

An enhanced scrip dividend alternative will be offered on the basis of one new Ordinary Share for every 50 Ordinary Shares held on the Record Date for those Shareholders who choose not to take the Cash Dividend. Further details of the Scrip Dividend Alternative, including the reasons for the Scrip Dividend Alternative and the value of the enhancement, are set out in Part I of this document.

Part I also contains details of the Scrip Dividend Mandate Scheme. This enables Shareholders to elect to receive new Ordinary Shares automatically in respect of all future dividends, whether enhanced or not, for which a scrip dividend alternative is offered.

Currency Election for Cash Dividend

The Company's cash dividend payments would normally be made to Shareholders in the local currency relevant to the share register on which their shares are registered, being the United Kingdom, Australia and New Zealand. However, Shareholders who prefer to receive their Cash Dividend in one of the two other specified currencies are being given the right to make such an election by writing to the Registrar at the address at which their shares are registered. The address of the Company's Registrars appear on page 23 of this Circular. It is intended that Shareholders will be given such an opportunity in respect of any future dividend payments, although Shareholders will have to make an election on each occasion, unlike the Scrip Dividend Mandate Scheme under which elections remain valid until revoked. Shareholders wishing to elect for payment of the Cash Dividend in another currency must make an election for their entire Cash Dividend to be paid in that currency. Shareholders cannot make partial elections. The Cash Dividend would ordinarily be paid in sterling. The exchange rate to convert into Australian dollars or New Zealand dollars, as appropriate, will be struck on 12 May 2003 by reference to the spot rates for exchanging pounds sterling into Australian dollars or New Zealand dollars as appropriate, as quoted by the principal London office of HSBC Bank plc at or around 4.30 p.m. (London time).

Shareholders wishing to elect for payment of their entire Cash Dividend entitlement in an alternative currency as described above should write to the relevant Registrar whose address appears at the end of this document, so as to arrive by **no later than 12 May 2003**.

Capitalisation Issue

In keeping with the Group's prospects your Directors are proposing a 1 for 10 capitalisation issue of new Ordinary Shares, which will take account of any new Ordinary Shares acquired as a result of participation in the Scrip Dividend Alternative. It is intended that the current dividend will at least be maintained on share capital increased by the Capitalisation Issue. Further details of the Capitalisation Issue can be found in Part II of this document.

Extraordinary General Meeting

The proposal in connection with the Capitalisation Issue requires Shareholder approval at an Extraordinary General Meeting of the Company.

Notice of the EGM can be found on page 21 of this document, which also contains further information on the resolution to be considered.

The Directors were granted authority to offer an enhanced Scrip Dividend Alternative by a resolution passed at an extraordinary general meeting of the Company on 13 November 2002. Such authority applies to any dividend declared or payable prior to the fifth annual general meeting of the Company following the passing of such resolution. As a consequence, no resolution in respect of the Scrip Dividend Alternative is required to be proposed at the EGM.

Action to be taken

You will find enclosed with this document a blue Form of Proxy. You are invited to complete and return the Form of Proxy as soon as possible in accordance with the instructions printed thereon, whether or not you propose to attend the EGM in person. The blue Form of Proxy should be lodged with the Company's Registrars, Computershare Investor Services PLC at PO Box 451, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0NU (for members with registered addresses in the UK), Computershare Investor Services Ltd at Private Bag 92119, Auckland 1020 (for members with registered addresses in New Zealand) or Registries Ltd, PO Box R67, Royal Exchange, Sydney NSW 1224 (for members with registered addresses in Australia) so as to be received not later than 48 hours before the time of the EGM in London. The lodging of a completed Form of Proxy will not prevent you from attending the EGM and voting in person should you wish to do so.

The Directors are unanimously of the opinion that the proposal to make the Capitalisation Issue is in the best interests of Shareholders as a whole. Your Board strongly recommends that you vote in favour of the resolution approving the Capitalisation Issue at the EGM. The Directors intend to vote in favour of the resolution in respect of their own beneficial interests in Ordinary Shares which represented approximately 5.28 per cent. of the issued Ordinary Share capital of the Company on 16 April 2003 (the latest practicable date prior to the publication of this document).

Yours faithfully,

Ron Brierley
Chairman

PART I

SCRIP DIVIDEND ALTERNATIVE

Expected timetable of principal Scrip Dividend Alternative events

Actions take place on all three exchanges on which GPG's shares are traded unless otherwise indicated.

	2003
Record Date for the Cash Dividend and Scrip Dividend Alternative	28 March
Circular, Forms of Election and Notices of Entitlement dispatched	29 April
Latest date for receipt of Forms of Election	5.00 p.m. (local time) on 12 May
Allotment of Scrip Shares	5.00 p.m. (London time) on 16 May
CREST member accounts credited (UK)	5.00 a.m. (London time) on 19 May
Dealings commence in Scrip Shares	19 May
Definitive certificates for Scrip Shares in UK and holding statements in Australia to be dispatched	19 May
Posting of dividend cheques	19 May
FASTER statements mailed showing allotment of Scrip Shares (NZ)	19 May

Introduction

Based on the Standard Exchange Rate the Cash Dividend of 1.00p per Ordinary Share equates to Aus 2.58 cents and NZ 2.83 cents per Ordinary Share respectively: this is to be paid on 19 May 2003. Dividends will automatically be paid in local currencies for shareholdings on the UK register and the Australian and New Zealand branch registers respectively, unless, by completing and returning the enclosed Currency Election Form, Shareholders elect to receive their Cash Dividend in one of the two other currencies.

Since the Scrip Dividend Alternative has the effect of retaining cash within the Company and has the beneficial "Shadow ACT" effect described on page 5 under "Effect on GPG", your Board has decided to offer Shareholders the opportunity to elect to receive a scrip dividend of 1 new Ordinary Share for every 50 existing Ordinary Shares held on the Record Date in lieu of their Cash Dividend. **The value of the enhanced scrip dividend per Ordinary Share is 1.062p, Aus 2.740 cents and NZ3.005 cents based on the average of the closing middle market price of an Ordinary Share derived from the Daily Official List of the London Stock Exchange for 16 April 2003 and the four preceding business days.** Consequently, the value of the Scrip Dividend Alternative is currently greater than the Cash Dividend.

Effect on Shareholders

The Scrip Dividend Alternative is designed to be advantageous to our Shareholders resident in the United Kingdom, Australia and New Zealand. The Scrip Dividend Alternative enables Shareholders who wish to receive fully paid new Ordinary Shares instead of cash to increase their holdings in a simple manner and without incurring dealing costs or stamp duty. This is particularly beneficial to electing Shareholders as all of the Scrip Shares they receive pursuant to the Scrip Dividend Alternative will be taken into account when their entitlement to the subsequent proposed Capitalisation Issue is calculated.

To assist Shareholders, a brief comparison of the dividend proposals is included on pages 8 and 9 of this document.

A summary of the tax consequences for UK, Australian or New Zealand Shareholders of electing for the Scrip Dividend Alternative, which will depend on the individual circumstances of each Shareholder, is set out in paragraph 8 of the section headed "Further Information Relating to the Scrip Dividend Alternative" on pages 10 to 16 of this document.

Effect on GPG

Since 5 April 1999 under UK tax law, a company paying a cash dividend no longer has to pay to the Inland Revenue an amount of advance corporation tax ("ACT") equal to 1/4 of the net cash dividend. This ACT would usually be set against the company's liability to corporation tax, thereby reducing the remaining corporation tax payable for the period. Although ACT is no longer payable the Company has an accumulated amount of approximately £2.4 million in surplus ACT to set against future corporation tax liabilities.

Under the current regime "Shadow ACT" is deemed to accrue when cash dividends, but not scrip dividends, are paid. The effect of this "Shadow ACT" is to defer GPG's ability to utilise the above-mentioned surplus ACT.

To the extent that Shareholders choose to take new Ordinary Shares, the Company will benefit from the retention of cash which would otherwise be paid out as a dividend. Furthermore, a reduced amount of "Shadow ACT" will accrue, thereby improving the Company's ability to recover surplus ACT. As the issue of shares will be effected by way of a capitalisation issue made to those Shareholders who elect to surrender their entitlement to the Cash Dividend, the nominal value of the shares issued under this arrangement will be charged to GPG's Other reserve.

If the Scrip Dividend Alternative were to be taken up in full by all Shareholders, it is estimated that it would result in the allotment of a maximum of 12,498,979 Scrip Shares representing 2.0 per cent. of the Company's ordinary share capital in issue as at 16 April 2003 (the latest practicable date prior to the publication of this document). This would reduce the amount standing to GPG's Other reserve by a maximum of £624,949.

If no Shareholders were to elect for the Scrip Dividend Alternative and the recommended dividend was paid entirely in cash it would result in a total amount of £6,249,490 (inclusive of notional tax credits) being paid by the Company by way of cash dividend.

Entitlement

Shareholders with a registered holding of fewer than 50 Ordinary Shares at close of business (local time) on the Record Date as set out in the timetable on page 4 are not entitled to make an election for the Scrip Dividend Alternative. Such Shareholders will receive their dividend entitlement by way of cash.

No fractions of Scrip Shares will be allotted. To the extent that a Shareholder's total holding is not exactly divisible by 50, and therefore would give rise to a fractional entitlement, the Shareholder's entitlement will be rounded to the nearest whole number. Entitlements for one half of a share will be rounded upwards for the purposes of calculating each Shareholder's entitlement to Scrip Shares pursuant to the Scrip Dividend Alternative.

The table below illustrates the effect of rounding:

Number of Ordinary Shares as at the Record Date	Entitlement to Scrip Shares
1 - 49	No entitlement
50 - 74	1
75 - 124	2
125 - 174	3
and so on	

No partial elections will be permitted. However, nominees or trustees representing more than one underlying beneficial holder wishing to make a partial election should contact the Company Secretary for UK Shareholders or the branch Registrar in the case of Australian and New Zealand Shareholders to request that the Directors exercise their discretion to allow a partial election on an individual basis.

For Shareholders' protection, the directors have resolved that if the middle market quotation of an Ordinary Share, as derived from the London Stock Exchange Daily Official List on 15 May 2003, is below 50p, they will have the right to withdraw the Scrip Dividend Alternative. In those circumstances all elections will be void and all Shareholders will receive the Cash Dividend instead. If the Ordinary Share price falls below this level after 16 May 2003, Shareholders should be aware that elections will remain in force.

Full details of the Scrip Dividend Alternative and the procedure to be followed for acceptance are set out in the section headed "Further Information Relating to the Scrip Dividend Alternative" on pages 10 to 16.

Scrip Dividend Mandate Scheme ("the Scheme")

Shareholders who currently participate in the Scheme will have received with this document a Notice of Entitlement giving details of their entitlement to Scrip Shares as at the Record Date.

The Scheme is operated for the convenience of those Shareholders who wish automatically to receive their entitlement to new Ordinary Shares instead of cash on all future dividends, without having to complete a form of election on each occasion that a scrip dividend alternative is made available. **If you make such an election, you will be authorising the Company to round any fractional entitlement to which you are entitled on the basis indicated by the Company at the time each such scrip dividend alternative is made available.**

Full details of the Scheme are set out in paragraph 10 of the section headed "Further Information Relating to the Scrip Dividend Alternative" on pages 10 and 16 of this document. If you do not currently participate in this Scheme and now wish to do so, you should complete the Mandate Box on Part B of the enclosed Form of Election and sign and return Part B of the Form to the relevant Company's Registrar by no later than 5.00 p.m. (local time) on 12 May 2003.

On 13 December 2002, Guinness Peat Group plc (now renamed GPG (UK) Holdings plc) was acquired by Brunel Holdings plc (now renamed Guinness Peat Group plc – "GPG") by means of a Scheme of Arrangement which was approved by shareholders at a Court meeting and subsequent extraordinary general meeting both held on 13 November 2002 ("the Brunel Merger"). As a result the Scrip Dividend Mandates given previously by shareholders to the registrars of GPGUKH will now be applied to the holdings transferred into the main or branch registers of GPG. Shareholders have the ability to withdraw or cancel their Scrip Dividend Mandates at any time, and have the opportunity now to do so by completing and returning the Notice of Entitlement – see below "Action to be taken", paragraph (b).

Action to be taken

- (a) Shareholders who already participate in the Scrip Dividend Mandate Scheme will have received a Notice of Entitlement with this document.**

If you wish to receive the Scrip Dividend Alternative instead of the Cash Dividend and wish to continue to receive scrip dividend alternatives instead of cash dividends in future years, do nothing.

If you now wish to receive the Cash Dividend and future dividends in cash, you should revoke your Scrip Dividend Mandate by completing and returning Part B of the form accompanying this document entitled "Notice of Entitlement" to the relevant Registrars by the date set out below.

- (b) Shareholders who do not already participate in the Scrip Dividend Mandate Scheme will have received a Form of Election with this document.**

If you wish to elect to receive the Scrip Dividend Alternative in lieu of the Cash Dividend, please complete Part B of the enclosed Form of Election and return it to the relevant Registrars by the date set out below.

If you wish to participate in the Scrip Dividend Mandate Scheme and elect to receive new Ordinary Shares whenever a scrip dividend alternative is offered by the Company in lieu of future cash dividends in respect of your entire holding, please complete the Mandate Box on Part B of the enclosed Form of Election and return it to the Company's Registrars by the date set out below.

If you wish to receive all of your dividend in cash, or if you hold fewer than 50 Ordinary Shares, you need take no action.

Forms of Election must be received by the relevant Registrars by no later than 5.00 p.m. (local time) on 12 May 2003.

BRIEF COMPARISON OF DIVIDEND PROPOSALS

OVERVIEW		
	Cash Dividend	Scrip Dividend Alternative
Nature of participation	Cash dividend out of retained profits. No election required. Payment will be made by cheque in the relevant currency, either pounds sterling, Australian dollars or New Zealand dollars.	Waiver of cash dividend in lieu of further Ordinary Shares.
Eligibility to participate	All Shareholders.	Not available to Shareholders with holdings of less than 50 Ordinary Shares.
Rounding of allocation	Not applicable.	Entitlement will be rounded to the nearest whole number. Entitlements to one half of a share will be rounded upwards.
Charges	Not applicable.	No brokerage, commission or other transaction costs and no stamp duty or other duties on allotment.
Ranking	Not applicable. No additional shares issued.	Once allotted, Scrip Shares allotted rank equally with all other Ordinary Shares in issue at the time.
Effect on the ACT position of the Company	"Shadow ACT" is deemed to accrue at a rate of 25 per cent. of the cash dividend.	No "Shadow ACT" is deemed to accrue.

TAXATION - UNITED KINGDOM		
	Cash Dividend	Scrip Dividend Alternative
Individuals	<p>Assessable for income tax.</p> <p>Cash dividends paid are subject to income tax on the cash dividend grossed up by 11.1 per cent. to reflect a notional tax credit of 10 per cent. This tax credit is deemed to cover lower and basic rate liability. It is not generally repayable.</p> <p>Higher rate tax payers are subject to tax on the gross dividend at 32.5 per cent. less the 10 per cent. tax credit.</p>	<p>Assessable for income tax.</p> <p>Shares allotted are subject to income tax on market value of shares, grossed up by 11.1 per cent. to reflect a notional tax credit of 10 per cent. This tax credit covers lower rate and basic rate liability. It is not repayable.</p> <p>Base cost for capital gains purposes is equivalent to the market value of Scrip Shares allotted.</p> <p>Higher rate tax payers are subject to tax on the gross dividend at 32.5 per cent. less the 10 per cent. tax credit.</p>
Corporate Shareholders	<p>Not taxable if the shares are held on capital account.</p> <p>Taxable if the shares are held on trading account.</p>	<p>Not taxable upon issue of Scrip Shares.</p> <p>No addition to base cost of aggregate holding</p>
Exempt funds	<p>Not taxable.</p> <p>No refund of tax credit available.</p>	<p>Not taxable.</p> <p>No refund of tax credit available.</p>

BRIEF COMPARISON OF DIVIDEND PROPOSALS *(Continued)*

TAXATION - AUSTRALIA		
	Cash Dividend	Scrip Dividend Alternative
Individuals	<p>Assessable for income tax.</p> <p>The amount assessable for income tax is the cash sum grossed up by 11.1 per cent. to reflect the UK tax credit of 10 per cent. A foreign tax credit is available on the gross dividend for the lesser of Australian tax payable or the UK gross up. No refund of tax is available under the UK/Australian double tax treaty in respect of the gross up.</p>	<p>Assessable for income tax</p> <p>Scrip Shares are deemed to be dividends for income tax purposes. The amount assessed is the value of the dividend. The cost base of the Scrip Shares acquired will be the market value assessed to tax.</p>
Corporate Shareholders owning <10% voting shares	<p>Assessable for income tax.</p> <p>The amount assessable for income tax is the cash amount of the dividend received. No refund of tax is available under the UK/Australian double tax treaty in respect of the gross up. No foreign tax credit is available to the company in Australia.</p>	<p>Assessable for income tax.</p> <p>Scrip Shares are deemed to be dividends for income tax purposes. The amount assessed is the value of the dividend. The cost base of the Scrip Shares acquired will be the market value assessed to tax.</p>

TAXATION - NEW ZEALAND		
	Cash Dividend	Scrip Dividend Alternative
Individuals	Cash dividend received is assessable for income tax at marginal income tax rate. No foreign tax credit is available.	Shares allotted assessable to income tax on equivalent of the cash dividend.
Corporate Shareholders	Not assessable for income tax, but subject to foreign dividend withholding payment.	Shares allotted not assessable for income tax, but subject to foreign dividend withholding payment on equivalent of the cash dividend.

This summary of the tax treatment is neither exhaustive nor does it consider the position of any Shareholder who for tax purposes is treated as not resident in the United Kingdom, Australia or New Zealand. Further information on the tax consequences for a Shareholder electing to receive Scrip Shares instead of the Cash Dividend is set out under the heading "8. Tax" in the "Further Information Relating to the Scrip Dividend Alternative" section on pages 10 to 16 of this circular. If unsure about the effect on their tax position, or if shares are held on a register (including the branch registers) located in a country different from their country of residence for tax purposes, UK Shareholders should consult their authorised investment adviser and Australian and New Zealand Shareholders should consult an appropriate professional adviser before deciding whether or not to make the election.

FURTHER INFORMATION RELATING TO THE SCRIP DIVIDEND ALTERNATIVE

1. Terms of election

Instead of receiving the Cash Dividend of 1.00p per Ordinary Share in cash, Shareholders may elect to receive, for every 50 Ordinary Shares registered in their name at close of business (local time) on the Record Date, 1 new Ordinary Share, credited as fully paid.

Shareholders with a registered holding of fewer than 50 Ordinary Shares at close of business (local time) on the Record Date are not entitled to make an election. No fraction of a Scrip Share will be allotted. To the extent that a Shareholder's holding of Ordinary Shares is not an exact multiple of 50 and therefore would give rise to a fractional entitlement, the Shareholder's entitlement will be rounded to the nearest whole number. Entitlements representing a half of a Scrip Share will be rounded up to the nearest whole number and allotted.

Under the board resolution approving the Scrip Dividend Alternative, the Directors have the discretion to allow partial elections in certain circumstances. In using this authority, the Directors will have in mind certain Shareholders who act as nominee or trustee for a number of underlying beneficial holders.

Also under that board resolution, the Scrip Dividend Alternative may be withdrawn, in which case any election would become automatically void, if the middle market quotation of an Ordinary Share, as derived from the London Stock Exchange Daily Official List for 15 May 2003, is below 50p. The Company also reserves the right to terminate at any time Shareholders' entitlements to receive Scrip Shares in lieu of the Cash Dividend if the Directors consider that the circumstances are such that it would be inappropriate. In such circumstances, Shareholders will be advised accordingly and will receive the Cash Dividend.

2. How to make the election

If you are not an existing participant of the Scrip Dividend Mandate Scheme, hold 50 or more Ordinary Shares and wish to receive Scrip Shares instead of the Cash Dividend in respect of your entire holding, you should complete and return Part B of the enclosed Form of Election to the Company's Registrars so as to be received no later than 5.00 p.m. (local time) on 12 May 2003. The Company reserves the right, but shall not be obliged, to accept Part B of Forms of Election which are received after 5.00 p.m. (local time) on 12 May 2003. If Part B of the Form of Election is not received by 5.00 p.m. (local time) on 12 May 2003 and the Directors do not exercise their discretion to accept Part B of the Form of Election, the Cash Dividend will be paid in respect of all Ordinary Shares that were registered in the name of the Shareholder concerned on the Record Date.

Existing participants in the Scrip Dividend Mandate Scheme should refer to paragraph 10 below. See also page 6 "Scrip Dividend Mandate Scheme".

If you are an existing participant of the Scheme and you wish to revoke your mandate and receive the Cash Dividend rather than Scrip Shares in respect of your entire holding, then you should complete Part B of the form of the Notice of Entitlement which will revoke your mandate and post it to the relevant Registrars so as to be received not later than 5.00 p.m. (local time) on 12 May 2003.

3. Overseas persons

It is the responsibility of any Shareholder outside the United Kingdom, Australia or New Zealand wishing to elect to receive Scrip Shares, either in respect of this invitation or by way of mandate, to ensure that an election to receive such shares can be validly made without any further obligation on the Company, and to be satisfied as to full observance of the laws of the relevant jurisdiction in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in such territory. Such a Shareholder should be aware that the responsibility is ongoing while

a mandate is in force. Receipt of a Form of Election will not constitute an invitation to make such an election in those jurisdictions in which it would be illegal to extend such an invitation and, in such circumstances, a Form of Election is sent for information only.

4. If you have received more than one Form of Election

If for any reason your Ordinary Shares are registered in more than one holding and as a result you have received more than one Form of Election, they will be treated for all purposes as separate holdings. Should you wish to elect for the Scrip Dividend Alternative in respect of all the shares set out in such Forms of Election, you should complete and return Part B of each Form of Election accordingly (unless you wish and are able, before 5.00 p.m. (local time) on 12 May 2003, to arrange with the Company's Registrars to have your holdings combined). However, if in the UK your Ordinary Shares are registered partly in certificated form and partly in uncertificated form, the Company will treat your holdings as if they were separate holdings.

5. If you recently disposed of Ordinary Shares

If you disposed of any of your holding of Ordinary Shares prior to the relevant ex-dividend date for the jurisdiction in which your Ordinary Shares are registered, but those Ordinary Shares are nevertheless included in the number shown in Box 1 on the Form of Election or the Notice of Entitlement that you have received, you should consult your stockbroker, bank or other adviser without delay who will advise you how to deal with them.

6. If you recently acquired Ordinary Shares

If you acquired Ordinary Shares prior to the relevant ex-dividend date for the jurisdiction in which your Ordinary Shares are registered but have not received a Form of Election, or if those Ordinary Shares do not appear in the number shown in Box 1 on the Form of Election or the Notice of Entitlement that you have received, you should contact the stockbroker, bank or other agent through whom those shares were acquired, without delay.

7. Listing of Scrip Shares and issue and delivery of Scrip Shares

Application will be made to the UK Listing Authority for admission of the Scrip Shares to the Official List and an application will be made for admission of the Scrip Shares to trading on the London Stock Exchange. Application for official quotation and listing of the Scrip Shares will also be made to the Australian Stock Exchange. The Scrip Shares have been accepted for listing by the New Zealand Stock Exchange and will be quoted on completion of allotment procedures. Admission to listing and dealings in the Scrip Shares are expected to begin on 19 May 2003, on the London, Australian and New Zealand Stock Exchanges. The Scrip Dividend Alternative is conditional on the admission of the Scrip Shares to the Official List and the admission to trading on the London Stock Exchange or on listing on the Australian Stock Exchange and also on the fact that the Board has not by such date withdrawn the Scrip Dividend Alternative. When allotted the Scrip Shares will rank *pari passu* in all respects with the existing issued Ordinary Shares and will rank for all future dividends (other than the Cash Dividend) and any other distributions declared, made or paid on the Ordinary Shares. They will also be entitled to participate in the Capitalisation Issue (providing it is approved at the EGM). **The Scrip Shares will not however be entitled to participate in the buyback offer described in the Buyback Circular.**

No acknowledgement of receipt of Part B of the Forms of Election or the Notices of Entitlement will be issued. Subject to admission to the Official List and to trading on the London Stock Exchange, and where UK Shareholders have chosen to retain their shareholdings in certificated form, it is expected that definitive share certificates for the Scrip Shares will be posted, at the risk of the persons entitled thereto, on 19 May 2003, the date for posting of the dividend cheques in respect of the Cash Dividend. Where Shareholders hold Ordinary Shares in uncertificated form on the UK register, Scrip Shares will be issued in the

same uncertificated form, and their CREST member accounts will be updated electronically on 19 May 2003. Where Shareholders hold Ordinary Shares on the NZ branch register, Scrip Shares will be issued under the FASTER system and where shareholders hold Ordinary Shares on the Australian branch register through the CHESS Depository Instrument facility (CDIs), Scrip Shares will be issued under the CDI system in the same uncertificated form having been allotted on 16 May 2003. Statements showing allotments will be mailed on 19 May 2003. In the unlikely event that the Scrip Shares are not admitted to the Official List or the Australian Stock Exchange or quoted on the New Zealand Stock Exchange, Part B of the Forms of Election in respect of the Cash Dividend will be disregarded; any definitive share certificates arising therefrom which have been posted will have no value or effect and the Cash Dividend will be paid, as soon as practicable thereafter. The validity of mandates in respect of future scrip dividend alternatives will not be affected.

8. Tax

The tax consequences for a Shareholder making an election to receive Scrip Shares instead of the Cash Dividend will depend on the personal circumstances of that Shareholder. Your Directors have been advised that, under current UK, Australian and New Zealand legislation and published local taxation practice, the tax consequences for Shareholders resident in those countries for tax purposes will be broadly as outlined below.

A. UK resident individuals (other than trustees)

Where an individual elects to take Scrip Shares the tax treatment will depend upon the value of Scrip Shares compared to the Cash Dividend. Individuals who receive shares instead of a cash dividend are taxed on the amount of that cash dividend. However, the Inland Revenue may tax individuals by reference to the market value of the shares received if the market value is substantially different from the Cash Dividend.

Under current UK Inland Revenue practice, a "substantial difference" is interpreted as meaning a difference of 15 per cent. or more of the value of the shares. Accordingly, if on the first day of dealings on the London Stock Exchange the market value of the Scrip Shares (as adjusted for tax purposes) exceeds 57.5p, the UK Inland Revenue may substitute that market value for the Cash Dividend foregone in determining the taxable amount on the receipt of Scrip Shares. As the value of the Scrip Dividend Alternative is expected to be more than 15 per cent. above the Cash Dividend, it is likely that the Inland Revenue will have the right to substitute the adjusted market value in this way. This circular has been drawn up on the basis that the Inland Revenue will substitute the market value.

On the basis of the above if, for example, an individual subject to tax at the higher rate elects to receive Scrip Shares with a market value of £90, the £90 income is grossed up to £100 for income tax purposes and taxed at 32.5 per cent. A tax credit for 10 per cent. of the taxed amount is allowed and will be offset against the individual's total liability to tax. Accordingly, the tax liability of £32.50 is reduced by the tax credit of £10, leaving £22.50 of tax to be paid.

The treatment for an individual who receives the Cash Dividend will be the same, in that the dividend is grossed up by 11.1 per cent. to reflect the tax credit of 10 per cent. and the gross dividend is taxed at an effective rate of 32.5 per cent. less the tax credit of 10 per cent.

An individual who pays tax at the lower or basic rate (after taking account of his receipt of Scrip Shares or dividends) will not be required to pay any additional tax in respect of the Scrip Shares or dividends as the tax liability is effectively paid in the form of the available tax credit of 10 per cent.

However, the tax credit is notional only. To the extent that the individual has no income other than the cash or the Scrip Dividend Alternative and is not assessable on the receipt of the cash or the Scrip Shares because of personal allowances, he will not be entitled to a repayment of the £10 tax credit. However, should the shares in the company be held by a charity, or through a PEP or an ISA, the tax credit may be reclaimed.

For the purposes of an individual's capital gains tax liability, the Scrip Shares will be treated as forming part of his existing pool of shares. The base cost to be included in the new combined holding is equal to the market value of the Scrip Shares.

From 6 April 1998 a form of taper relief has applied which may reduce the tax charged on gains based on the holding period of the Scrip Shares from 6 April 1998.

B. UK resident trustees

The provisions regarding the taxation of scrip dividends apply equally to trustees as they apply to UK resident individuals. Therefore, trustees will also be treated as having received gross income, the tax liability on which is reduced by the associated tax credit. Again, however, the tax credit is not repayable.

The capital gains tax treatment in respect of scrip dividends for trusts is also the same as it is for individuals on the basis that the Scrip Shares form part of the existing holding and the base cost of the shares is deemed to be the market value.

C. UK resident corporate Shareholders

The issue of the Scrip Dividend Alternative will not be treated as franked investment income in the hands of a UK resident corporate Shareholder. The Scrip Dividend Alternative is effectively capital and will not be subject to corporation tax at the time of issue.

For capital gains tax purposes, however, there will be no addition to the base cost of the aggregate holding.

D. UK resident exempt funds

The tax credit on the Cash Dividend and the Scrip Dividend Alternative is notional only and it is therefore not possible to claim a repayment of the tax credit on either.

E. Australian shareholders

The following paragraphs, which are intended as a guide only and which are based on current legislation and Australian Taxation Office practice, summarise advice received by the Directors as to the position of Shareholders who are resident in Australia for tax purposes and who hold their shares as a capital investment. References in this section to "corporate shareholders" are references to non-individual shareholders owning less than 10 per cent of the issued share capital of GPG. It is assumed that the Australian resident shareholders do not have a permanent establishment or fixed base in the UK.

(i) Resident individuals

An Australian tax resident individual Shareholder who receives a cash dividend will be assessable to income tax on the sum of the Cash Dividend received grossed up by 11.1 per cent. to reflect the UK tax credit. A foreign tax credit is available in Australia for the lesser of the Australian tax payable on the dividend or the equivalent of the UK tax credit of 10 per cent. of the grossed-up amount of the dividend.

On the basis of the above, if an individual receives a Cash Dividend of \$90, the \$90 income is grossed up to \$100 for income tax purposes and taxed at the individual's marginal rate, say 48.5 per cent. A foreign tax credit is available which is equivalent to the UK tax credit of 10 per cent. (in this case \$10) which is offset against the individual's liability to tax.

It is likely that the Scrip Dividend Alternative will be considered to be a “streaming” of shares and dividends under Australian tax law. Accordingly, where the Scrip Dividend Alternative is elected by an Australian tax resident individual Shareholder, the receipt of the shares will be assessed as a dividend. The amount assessed will be the value of the Scrip Shares. No gross up or foreign tax credit will be available in these circumstances.

The Cost Base of the shares for Capital Gains Tax purposes will be equal to the market value of the Scrip Shares assessed to income tax on the date of acquisition.

(ii) Resident corporate Shareholders (holding less than 10 per cent. of voting shares)

An Australian tax resident corporate Shareholder who receives a cash dividend will be assessable to income tax on the amount of the cash dividend.

It is likely that the Scrip Dividend Alternatives will be considered to be a “streaming” of shares and dividends under Australian tax law. Accordingly, where the Scrip Dividend Alternative is elected by an Australian tax resident corporate Shareholder, the receipt of the shares will be assessed as a dividend. The amount assessed will be the value of the Scrip Shares. The Cost Base of the shares for Capital Gains Tax purposes will be equal to the market value of the Scrip Shares on the date of acquisition.

F. New Zealand resident individuals

Where a New Zealand resident individual receives the Cash Dividend, he will be treated as having received gross income of that amount and will be subject to income tax on it at his marginal income tax rate. No foreign tax credit will be available.

Where a New Zealand resident individual elects to take Scrip Shares instead of the Cash Dividend, he will be treated, in respect of the Scrip Shares received, as having derived gross income of an amount equal to the Cash Dividend offered as an alternative to the Scrip Shares. For example, an individual receiving Scrip Shares, in respect of which the cash alternative is NZ\$100, will be deemed to have derived gross income of NZ\$100.

G. New Zealand resident corporate Shareholders

Where a New Zealand resident corporate Shareholder receives the Cash Dividend, it will not be subject to income tax, however, it will be subject to a foreign dividend withholding payment (“FDWP”) at a rate of 33 per cent. on the cash received.

Where a corporate Shareholder resident in New Zealand elects to receive Scrip Shares instead of the Cash Dividend, it will be subject to a FDWP on an amount equal to the cash offered as an alternative to the Scrip Shares. For example, a corporate Shareholder receiving Scrip Shares in respect of which the cash alternative is NZ\$100 will be deemed to have derived a foreign dividend of NZ\$100. FDWP will be payable on the NZ\$100 received. FDWP is payable at the rate of 33 per cent. There will be no foreign tax credit. Whether a corporate Shareholder receives Scrip Shares or the Cash Dividend, it is responsible for paying the FDWP to the New Zealand Inland Revenue Department at the appropriate time.

This summary of the tax treatment is neither exhaustive nor does it consider the position of any Shareholder who for tax purposes is treated as not resident in the United Kingdom, Australia or New Zealand. It is based on UK, Australian and New Zealand revenue law and published practice in effect as at the date of this document, which may be subject to change, including with retrospective effect. If unsure about the effect on their tax position, or if shares are held on a register (including the branch registers) located in a country different from their country of residence for tax purposes, UK Shareholders should consult their authorised investment adviser and Australian and New Zealand Shareholders should consult an appropriate professional advisor.

9. Calculation of the value of the Scrip Dividend Alternative

The calculation of the value of the Scrip Dividend Alternative assuming a holding of at least 50 Ordinary shares is as follows:

	UK pence
Average of the closing middle market prices of an Ordinary share quoted ex-dividend in the Daily Official List of the London Stock Exchange for 16 April 2003, the latest practicable date prior to the publication of this circular, and on the four previous Business Days	53.100
Value per Ordinary share held of the Scrip Dividend Alternative at a ratio of 1 for 50	<u>1.062</u>

On this basis, the A\$ equivalent is Aus 2.740 cents and NZ\$ equivalent is NZ 3.005 cents based on the Standard Exchange Rates.

10. Scrip Dividend Mandate Scheme

The Scrip Dividend Mandate Scheme is entirely optional. Any mandate given will remain valid in relation to each dividend for which a scrip dividend alternative is offered unless and until it is revoked by you or, in certain circumstances, by the Company (see paragraph D below).

All mandates relating to the payment of dividends by GPGUKH to holders of GPGUKH shares prior to the merger of GPGUKH with the Company are, pursuant to the scheme of arrangement by which such merger was effected, now deemed to be valid and effective mandates in respect of the Company.

A. Completing a mandate

A mandate may be given only by completing the mandate box on Part B of the Form of Election and signing and returning Part B of the Form of Election to the Company's Registrars in the United Kingdom or branch Registrars in Australia or New Zealand, so as to be received no later than 5.00 p.m. (local time) on 12 May 2003.

A mandate will have the effect of being an election to receive Scrip Shares in respect of your total holding of Ordinary shares. If you acquire or dispose of shares in the same holding, the mandate will continue to apply (until revoked) in respect of the holding as so increased or reduced.

B. Fractional entitlements

The Scheme authorises the Company to round any entitlements which would not result in an exact number of shares being issued in respect of any future scrip dividend alternatives to the nearest whole number. Entitlements representing a half share will be rounded up to the nearest whole number.

C. Regular advice of entitlement

When a scrip dividend alternative is offered in respect of any future dividend, Shareholders who have given the Company a mandate will be sent, at the appropriate time prior to the dividend payment date, a letter giving details of their entitlement to new Ordinary Shares. Unless the mandate is revoked before the close of business on the final date for receipt of forms of election in respect of the relevant scrip dividend alternative, new Ordinary Shares will be issued automatically for that dividend instead of cash. The minimum holding stipulated as entitling them to make an election may be varied by the Directors on each

occasion that a scrip dividend alternative is proposed. Shareholders with a registered holding below the minimum stipulated as entitling them to make an election will automatically receive the cash dividend for that particular occasion.

D. Revocation of a mandate

A mandate may be revoked at any time. To be effective for any particular scrip dividend alternative offered by the Company, notice of revocation of the mandate must be received before the close of business on the final date for receipt of Forms of Election in respect of the relevant scrip dividend alternative (being on this occasion 5.00 p.m. (local time) on 12 May 2003).

A mandate will be deemed to be revoked in respect of any shares which a Shareholder sells or otherwise transfers to another person, but only with effect from registration of the relevant transfer in the share register. Transfers registered between the relevant ex-dividend date and payment date of a dividend will not be deemed to revoke elections already made. A mandate will also be deemed to be revoked immediately on notice of death, bankruptcy or insanity of a Shareholder unless that Shareholder is a joint Shareholder and the other joint Shareholder(s) is/are not similarly affected, in which case the mandate will continue.

E. Operation, modification or termination of the Scrip Dividend Mandate Scheme

The operation of the Scrip Dividend Mandate Scheme is subject to a resolution being in force empowering the Directors to offer a scrip dividend alternative. Such a resolution was passed by the Company in general meeting on 13 November 2002 and remains in force until the beginning of the fifth annual general meeting after such date. The Company proposes to renew this resolution for a further five years at its forthcoming annual general meeting on 17 June 2003. The scheme is also subject to the Directors' decision to offer a scrip dividend alternative for any particular dividend. If the necessary Shareholders' authority is not in force, or if the Directors decide not to offer a scrip dividend alternative, or if any condition subject to which such a scrip dividend alternative is offered is not satisfied, the relevant dividend would be paid entirely in cash.

The basis of the calculation of the number of shares to be offered in lieu of cash shall be determined by the Directors in their discretion in accordance with the Company's Articles of Association and the relevant scrip dividend alternative authority applicable at that time.

The Scheme may be modified or terminated at any time by the Directors by notice in writing to Shareholders on or before the making of the next offer of a scrip dividend alternative. In the case of any modification, current mandates will be deemed to remain valid under the Scheme as modified unless the Company receives notice in writing of revocation.

11. Registrars

Further copies of this document, Forms of Election and/or Notices of Entitlement may be obtained up to and including 12 May 2003 from the relevant Registrars at the addresses shown at the end of this circular.

PART II

CAPITALISATION ISSUE

Expected timetable of principal Capitalisation Issue events

Actions take place on all 3 exchanges unless otherwise indicated.

	2003
Circular dispatched	29 April
Latest date for receipt of blue Forms of Proxy for the Extraordinary General Meeting	11.00 a.m. (London time) on 13 May
Extraordinary General Meeting	11.00 a.m. (London time) on 15 May
Ordinary shares marked ex-Capitalisation (Australia)	19 May
Record date for the Capitalisation Issue	23 May
Head shares marked ex-Capitalisation (NZ)	26 May
Dealings commence in Capitalisation Shares on a deferred basis (NZ only)	26 May
Allotment of Capitalisation Shares	5.00 p.m. (London time) on 27 May
CREST member accounts credited with Capitalisation Shares (UK)	28 May
Ordinary shares marked ex-Capitalisation (UK and NZ)	28 May
Definitive certificates (UK) or holding statements (Australia) for Capitalisation Shares to be dispatched	28 May
Dealings (and admission to listing) in Capitalisation Shares to commence	28 May
FASTER Statements dispatched showing allotment of Capitalisation Shares (NZ)	30 May

Terms of the Capitalisation Issue

The Board proposes that the Capitalisation Issue of up to 63,744,793 new Ordinary Shares be made to Shareholders following completion of the allotments of the Scrip Shares as described in Part I of this document, subject to the approval of the Shareholders at the Extraordinary General Meeting. Shareholders whose names are entered on the register at the close of business on 23 May 2003 will receive one new Ordinary Share, credited as fully paid, for every ten Ordinary Shares then held, and so in proportion for any number of Ordinary Shares then held. Where necessary, Shareholders' entitlements will be rounded down to the nearest whole number of Capitalisation Shares and fractions will not be allotted.

The Capitalisation Shares, when issued, will rank *pari passu* in all respects with the Ordinary Shares then in issue having the rights and restrictions set out in the Company's Articles of Association. They will also rank for any future dividends or other distributions declared, made or paid on Ordinary Shares (other than the Cash Dividend). However, the Capitalisation Shares will not be entitled to participate in the buyback offer described in the Buyback Circular.

The Capitalisation Shares when issued will be freely transferable, subject to the rules of the relevant exchange where they are listed and/or admitted.

Up to £3,125,000, being part of the amount standing to the credit of the GPG's Other reserve of the Company (currently £157.8 million, which will be reduced by a maximum amount of £3,187,000 if there is a full take-up of the Scrip Dividend Alternative) will be available for capitalisation.

Application will be made to the UK Listing Authority for the Capitalisation Shares to be admitted to listing and an application will be made for the admission of the Capitalisation Shares to trading on the London Stock Exchange. Application for official quotation and listing of the Capitalisation Shares will also be made to the Australian Stock Exchange. The Capitalisation Shares have been accepted for listing by the New Zealand Stock Exchange and will be quoted upon completion of the allotment procedures. The Capitalisation Issue will be conditional on the passing of the necessary resolution at the Extraordinary General Meeting and the admission of the Capitalisation Shares to the Official List or the Australian Stock Exchange and to trading on the London Stock Exchange.

The Capitalisation Shares will not be made available to the public except in accordance with the terms of the Capitalisation Issue.

Dealings in and admission to listing of the Capitalisation Shares

Dealings in the Capitalisation Shares are expected to commence on the London Stock Exchange and admission to listing by the UK Listing Authority is expected to occur on 28 May 2003. Admission to listing is expected to occur and dealings in the Capitalisation Shares to commence on the Australia and New Zealand Stock Exchanges on 28 May 2003.

Issue and delivery of Capitalisation Shares

Where Shareholders hold their share documents in certificated form definitive share certificates for Capitalisation Shares are expected to be posted, at the risk of the persons entitled thereto, on 28 May 2003. Where Shareholders hold Ordinary Shares in uncertificated form through CREST on the UK register, Capitalisation Shares will be issued in the same uncertificated form and their CREST member accounts will also be updated electronically on 28 May 2003. No temporary or renounceable documents of title will be issued.

Where Shareholders hold Ordinary Shares on the New Zealand branch register FASTER members accounts will be updated electronically following allotment on 27 May 2003 in London. Statements showing the allotment of Capitalisation Shares on the New Zealand register will be mailed on 30 May 2003.

Where shareholders hold Ordinary Shares on the Australian branch register through the CHESSE Depository Instrument facility as CHESSE Depository Instruments (CDIs), Scrip Shares will be issued under the CDI system in the same uncertificated form following allotment on 27 May 2003 in London. Holding statements showing allotments are expected to be posted, at the risk of the persons entitled thereto, on 28 May 2003.

Taxation

Shareholders who are in any doubt as to their tax position are strongly recommended to consult their professional tax advisers immediately.

A. United Kingdom

The following paragraphs, which are intended as a general guide only and are based on current legislation and published Inland Revenue practice, which may be subject to change, including with retrospective effect, summarise advice received by the Directors as to the position of Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes and who hold their shares as an investment on the United Kingdom register.

(i) Taxation of chargeable gains

For the purposes of United Kingdom taxation of chargeable gains, a Shareholder's existing holding of Ordinary Shares and his holding of Capitalisation Shares will be treated as the same asset, acquired at the time he acquired his existing Ordinary Shares. There will be no addition to the base cost of his aggregate holding. If, following the Capitalisation Issue, he sells all or any of the Ordinary Shares he may, depending on his circumstances, incur a liability to taxation on any chargeable gain realised.

(ii) Stamp duty

There is no stamp duty payable on the issue of the Capitalisation Shares. Any stamp duty on the sale of the Capitalisation Shares normally will be borne by the purchaser of such shares.

(iii) Taxation of future dividends and distributions

When the Capitalisation Shares are issued they will rank *pari passu* in all respects with the existing issued Ordinary Shares. The treatment for taxation of any future dividends and distributions will be identical to that described on page 9 of this document.

These comments may not apply to certain classes of investor such as dealers in securities. Any person who is in any doubt as to his/her tax position or requires more detailed information than that outlined above should consult his/her professional adviser immediately.

B. Australia

The following paragraphs, which are based on current legislation and Australian Taxation Office practice, summarises advice received by the Directors as to the position of Shareholders who are resident in Australia for tax purposes and who hold their shares as a capital investment. It is assumed that Australian resident shareholders do not have a permanent establishment or fixed base in the UK.

(i) Taxation of Capitalisation Issue

The issue of the Capitalisation shares should not be an assessable dividend.

(ii) Taxation of capital gains

As the Capitalisation Shares are issued from share premium account, they are deemed to be acquired at the same time as the Ordinary Shares in respect of which they are issued. Shareholders do not receive the market value cost base of the Capitalisation Shares for capital gains tax purposes. Rather, the cost base of the Ordinary Shares originally held must be apportioned in a reasonable way over all the shares held after the issue of the Capitalisation Shares.

(iii) Stamp duty

There is no Australian stamp duty on the issue of the Capitalisation Shares. Subsequent transfers of the Capitalisation Shares will not be subject to Australian stamp duty as they are quoted securities.

(iv) Taxation of future dividends and distributions

When the Capitalisation Shares are issued they will rank in all respects with the existing issued Ordinary Shares. The treatment for taxation of any future dividends and distributions will be identical to that described on page 9 of this document.

C. New Zealand

The following paragraphs, which are based on the taxation laws of New Zealand as in force at the date of this document, summarises advice received by the Directors as to the position of Shareholders who are residents of New Zealand for tax purposes. The following paragraph does not purport to be, or to contain, specific advice.

(i) Taxation of capital gains

The Capitalisation Shares will be non-taxable bonus issue shares to New Zealand resident Shareholders. New Zealand does not have a capital gains tax and accordingly, provided the shares are held as capital assets, amounts realised on the sale of shares

should not be subject to tax in New Zealand. Were the non-taxable Capitalisation Shares to be repurchased by the Company in the future, the amount received might be treated as a dividend for New Zealand taxation purposes.

(ii) Taxation of future dividends and distributions

When the Capitalisation Shares are issued they will rank in all respects with the existing issued Ordinary Shares. The treatment for taxation of any future dividends and distributions will be identical to that described on page 9 of this document.

This summary of the tax treatment is neither exhaustive nor does it consider the position of any Shareholder who for tax purposes is treated as not resident in the United Kingdom, Australia or New Zealand. If unsure about the effect on their tax position, UK Shareholders should consult their authorised investment adviser and Australian and New Zealand Shareholders should consult an appropriate professional advisor immediately.

D. Overseas territories

Shareholders resident in all overseas territories, other than Australia or New Zealand, should consult their own tax advisers concerning their tax liabilities (in the United Kingdom and any other country) as a result of the Capitalisation Issue, including any liability to taxation of capital gains and the tax treatment of future dividends and distributions made by the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary Meeting of Guinness Peat Group plc will be held at 11.00 a.m. on 15 May 2003 at the offices of the Company, First Floor, Times Place, 45 Pall Mall, London SW1Y 5GP to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

THAT:

Upon the recommendation of the Directors, it is desirable to capitalise up to £3,187,239.65 being part of the amount standing to the credit of the Other reserve of the Company and accordingly such amount be set free for distribution among the holders of the ordinary shares of 5p of the Company whose names are entered on the register of members at the close of business on the UK register of members or on the New Zealand or Australian branch registers on 23 May 2003, in proportion to the number of such ordinary shares then held by them respectively on the basis that it be not paid in cash but be applied in paying up in full at par up to 63,744,793 ordinary shares of 5p each and that such shares be allotted and distributed, credited as full paid up, to and among the said holders of ordinary shares of 5p each and that the Directors be authorised and directed to apply the said £3,187,239.65 and generally and unconditionally authorised to allot the said 63,744,793 ordinary shares accordingly on or prior to 31 December 2003 upon such terms that such new ordinary shares of 5p shall rank in all respects pari passu with such of the existing issued ordinary shares of 5p as are fully paid or credited as fully paid.

REGISTERED OFFICE:
First Floor
Times Place
45 Pall Mall
London SW1Y 5GP

By order of the Board
Richard Russell
Secretary
17 April 2003

NOTES TO NOTICE OF EXTRAORDINARY GENERAL MEETING

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of the member. A proxy need not be a member of the Company. A relevant form of proxy is enclosed.
2. Forms of proxy and a Power of Attorney or other authority, if any, under which they are signed or a notarially certified copy of a power or authority should be sent to Computershare Investor Services PLC, PO Box 451, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0NU (from UK registered members), Computershare Investor Services Limited, Private Bag 92119, Auckland 1020 (from New Zealand registered members) or Registries Limited, PO Box R67, Royal Exchange, Sydney NSW 1224 (from Australian registered members) so as to arrive not later than 48 hours before the time appointed for the meeting. Completion and return of the appropriate form of proxy enclosed with this Notice will not preclude a member from attending and voting at the meeting in person should he find himself able to do so.
3. A summary of the proceedings at the Extraordinary General Meeting of the Company will be made available upon request to any shareholder applying to any one of the Company's share registrars whose locations are set out on page 23 or to the Secretary, Guinness Peat Group plc, First Floor, Times Place, 45 Pall Mall, London SW1Y 5GP.
4. To have the right to attend and vote at the Extraordinary General Meeting (and also for the purposes of calculating how many votes a person may cast), a person must have his/her name entered on the register by no later than 11.00 a.m. UK time on 13 May 2003. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the Extraordinary General Meeting. This is in accordance with Regulation 41 of The Uncertificated Securities Regulations 2001.

GUINNESS PEAT GROUP PLC

United Kingdom

First floor, Times Place, 45 Pall Mall, London SW1Y 5GP
Telephone: 020 7484 3370 Facsimile: 020 7925 0700

Australia

c/o PKF Chartered Accountants and Business Advisers
Level 20, 1 York Street, Sydney NSW 2000
Telephone: 02 9251 4100 Facsimile: 02 9240 9821

New Zealand

c/o Computershare Investor Services Limited
Private Bag 92119, Auckland 1020
Telephone: 09 488 8700 Facsimile: 09 488 8787

Registered in England No. 103548

Location of share registers

The Company's register of members is maintained in the UK with branch registers in Australia and New Zealand.

Register enquiries may be addressed direct to the Company's share registrars named below:

Register	Telephone and postal enquiries	Inspection of Register
UK Main Register: Computershare Investor Services PLC	Owen House 8 Bankhead Crossway North Edinburgh EH11 4BR Telephone: 0870 702 0010 Facsimile: 0870 703 6143	7th Floor, Jupiter House Triton Court 14 Finsbury Square London EC2A 1BR
Australian Branch Register: Registries Ltd	PO Box R67 Royal Exchange, Sydney NSW 1224 Telephone: 02 9279 0677 Facsimile: 02 9279 0664	Level 2, 28 Margaret Street Sydney NSW 2000
New Zealand Branch Register: Computershare Investor Services Limited	Private Bag 92119, Auckland 1020 Telephone: 09 488 8777 Facsimile: 09 488 8787	Level 2, 159 Hurstmere Road Takapuna North Shore City