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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, an appropriately authorised independent financial adviser in your own jurisdiction.

If you have sold or otherwise transferred, or sell or transfer before 4.30 p.m. on 9 May 2008, all of your Existing Ordinary Shares, please forward this document (but not the personalised Form of Proxy or Election Form which accompany it) 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 to do so would constitute a breach of the relevant laws of such jurisdiction.

Dresdner Kleinwort Limited, which is authorised and regulated by the Financial Services Authority, is acting for Aga Foodservice Group plc and no one else in connection with the contents of this document and will not be responsible to anyone other than Aga Foodservice Group plc for providing the protections afforded to clients of Dresdner Kleinwort Limited or for affording advice in relation to the contents of this document or any matters 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 Return of Cash to be admitted to the Financial Services 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 4.30 p.m. on 9 May 2008 and that Admission of the New Ordinary Shares will become effective and dealings in them will commence on the London Stock Exchange at 8 a.m. on 12 May 2008.

Part 12 contains the definitions of terms used in this document. All times are London times.



FOODSERVICE GROUP PLC

**Proposed Return of Cash to Shareholders of £1.21 per Existing Ordinary Share
by way of one B Share or C Share for each Existing Ordinary Share,
a 3 for 5 Share Capital Consolidation
and
Notice of Extraordinary General Meeting**

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Aga Foodservice Group plc, which is set out on pages 4 to 9 of this document and which recommends that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, notice of which is set out in Part 13 of this document.

A summary of the action to be taken by Shareholders is set out on page 7 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 2897 (+44 121 415 0275 if calling from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. on any Business Day. Please note that the Shareholder helpline will not provide advice on the merits of the Alternatives or give any financial or tax advice.

You should note that the Return of Cash is conditional upon the approval by Shareholders of certain Resolutions to be proposed at the Extraordinary General Meeting and Admission of the New Ordinary Shares.

None of the B Shares, C Shares, Deferred Shares or 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 which has been registered under the US Securities Act and/or relevant state securities laws or which is not subject to the registration requirements of the US Securities Act or such laws, either because of an exemption therefrom or otherwise.

None of the B Shares, C Shares, Deferred Shares, New Ordinary Shares or 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.

The offer of B Shares and C Shares to be made under the Return of Cash referred to in this document does not amount to an offer for subscription of securities under the New Zealand Securities Act 1978. Therefore, the Company is not required to comply with the New Zealand Securities Act 1978 and the New Zealand Securities Regulations 1983 in respect of this bonus issue. In particular, the Company is not required to register a New Zealand prospectus or prepare and distribute a New Zealand investment statement to New Zealand resident Shareholders in respect of the Return of Cash.

The attention of non-UK Shareholders is drawn to paragraph 6 of Part 5 of this document. Shareholders in the United States will automatically receive the Dividend Alternative and the Capital Alternative is not being offered to Shareholders in this jurisdiction.

VOTING ON THE RESOLUTIONS AND MAKING AN ELECTION

Whether or not you plan to attend the EGM 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 12.30 p.m. on 7 May 2008; 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 12.30 p.m. on 7 May 2008; 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 that it is received by Equiniti by no later than 12.30 p.m. on 7 May 2008.

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 EGM 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. Please complete and return the Election Form in the pre-paid envelope provided so as to be received by Equiniti by no later than 4.30 p.m. on 9 May 2008. If Shareholders do not use the envelope provided, the Election Form should be sent by post or by hand (during normal business hours) to Equiniti, Princess House, 1 Suffolk Lane, London EC4R 0AX, England and postage will be payable. 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 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 2 of Part 4 of this document for further information.

For a discussion of certain risk factors that should be considered in relation to the Group and the B and C Shares, see "Risk Factors" in Part 9 of this document.

A summary of the action to be taken by Shareholders is set out on page 8 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 2897 (+44 121 415 0275 if calling from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. on any Business Day. **Please note that the Shareholder helpline will not provide advice on the merits of the Alternatives or give any financial or tax advice.**

Table of Contents

Part 1:	Letter from the Chairman of Aga Foodservice Group plc	4
Part 2:	Expected timetable of principal events	10
Part 3:	Frequently asked questions with answers	11
Part 4:	Making your election	13
Part 5:	Details of the Return of Cash	17
Part 6:	Rights and restrictions attached to the B Shares	27
Part 7:	Rights and restrictions attached to the C Shares	30
Part 8:	Rights and restrictions attached to the Deferred Shares	33
Part 9:	Risk factors	35
Part 10:	United Kingdom taxation in relation to the Return of Cash	38
Part 11:	Additional information	41
Part 12:	Definitions	44
Part 13:	Notice of Extraordinary General Meeting	47

Part 1: Letter from the Chairman of Aga Foodservice Group plc



FOODSERVICE GROUP PLC

28 March 2008

Vic Cocker CBE (*Chairman*)
John Coleman
Paul B Dermody OBE
Paul E Jackson
Helen M Mahy
William B McGrath
Shaun M Smith
Peter W G Tom CBE

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Incorporated in England
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No 00354715

To Shareholders and, for information only, to participants in the Aga Foodservice Group Share Schemes

Dear Shareholder

Proposed Return of Cash to Shareholders

1. Introduction

At an extraordinary general meeting held on 15 November 2007, Shareholders approved the sale of Aga Foodservice Equipment, the Group's commercial foodservice and bakery equipment business, to Ali SpA, for a cash consideration of £260 million (including assumption or repayment of net debt), subject to adjustment for movements in net assets between 30 June 2007 and the date of completion. The sale was completed on 18 December 2007.

At the time of the announcement of the sale of Aga Foodservice Equipment on 19 October 2007, the Board stated that it intended to return to Shareholders a significant proportion of the available net proceeds of the sale and that such a return would be conditional, inter alia, on the consent of the trustees of the Pension Scheme, the availability of the necessary reserves and shareholder approval.

The Board also stated that the net proceeds of the sale after costs would be approximately £250 million and that there would be payments and guarantees of £32.5 million in relation to the Pension Scheme to be provided on completion of the sale. In addition, the Board stated that the existing net borrowings of the Aga Group, which were approximately £80 million, would be repaid out of the net sale proceeds.

On 14 March 2008, the Board announced its intention to return approximately £140 million, which equates to £1.21 per Existing Ordinary Share, to Shareholders by way of the proposed Return of Cash. The trustees of the Pension Scheme have consented to the Return of Cash as further described in paragraph 3 below.

The Return of Cash involves the issue to Shareholders of B Shares and/or C Shares, which is intended to give Shareholders, where eligible under their prevailing tax regime (such as in the UK), the flexibility to receive their cash as capital or income, or a combination of the two, for tax purposes.

It is also intended that the market price of the Company's ordinary shares should be approximately equal before and after the return, subject to market movements, and, consequently, the Return of Cash will involve a reduction in the number of ordinary shares in issue. For every 5 Existing Ordinary Shares held at the Record Time (expected to be at 6 p.m. on 9 May 2008), Shareholders will receive 3 New Ordinary Shares. The 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 as to their dividend rights.

The Return of Cash requires the approval of Shareholders, which will be sought at an Extraordinary General Meeting to be held at the National Motorcycle Museum, Coventry Road, Bickenhill, Solihull B92 0EJ on 9 May 2008 at 12.30 p.m., or as soon thereafter as the AGM convened for the same day at 12.00 noon shall close or be adjourned. Notice of the Extraordinary General Meeting is set out in Part 13 of this document. Explanations of the resolutions relating to the Return of Cash which will be put before Shareholders at the EGM (the **Return Resolutions**) are set out in paragraph 10 of Part 5 of this document.

Please note that Shareholders will also be asked to vote on resolutions to replace the Current Articles to reflect changes introduced by the Companies Act 2006 (the **CA Resolutions**). The CA Resolutions are separate from the Return Resolutions and not related to the Return of Cash.

The purpose of this document is to explain, and seek Shareholder approval of, the Return of Cash, to set out the choices available to Shareholders in relation to the Return of Cash (and how shareholders can make their elections) and to explain, and seek Shareholder approval of, the CA Resolutions.

Please read the whole of this document and not just the summarised information set out in this letter. Your attention is drawn in particular to the additional information set out in Parts 5 to 11 of this document and the expected timetable of principal events in Part 2. Some frequently asked questions with answers in respect of the Return of Cash are set out in Part 3 of this document.

2. The Dividend and Capital Alternatives

Shareholders will receive, in respect of their holdings of Existing Ordinary Shares at the Record Time (expected to be 6 p.m. on 9 May 2008):

1 B Share or 1 C Share for every Existing Ordinary Share.

Shareholders may split the aggregate amount to be returned to them through their Share Entitlement between two Alternatives.

The aggregate amounts to be returned to Shareholders under the Dividend Alternative and under the Capital Alternative will be announced between 12 May 2008 and 22 May 2008 and it is expected that such amounts will be sent to Shareholders by 29 May 2008.

The two Alternatives available to Shareholders are summarised below and explained in further detail in Part 5 of this document. Shareholders resident in the United States of America will automatically receive the Dividend Alternative.

Shareholders who do not make a valid election will be deemed to have elected for the Dividend Alternative in respect of ALL of their Share Entitlement.

General guidance on current United Kingdom tax law and HM Revenue and Customs practice which may be relevant to Shareholders who are resident and, if they are individuals, ordinarily resident in the UK for tax purposes and who hold their Existing Ordinary Shares, B Shares and/or C Shares beneficially as investments and not on a trading account is set out in Part 10. This section contains only a summary and UK tax resident Shareholders should read Part 10 of this document as the two Alternatives will have different UK tax consequences.

Shareholders who are in any doubt as to their tax position, or are subject to tax in a jurisdiction other than the United Kingdom, should consult an appropriate professional adviser without delay.

The Dividend Alternative, which will be by way of C Shares

Shareholders who elect, or who are deemed to have elected, for the Dividend Alternative in respect of some or all of their Share Entitlement will receive one C Share for each corresponding Existing Ordinary Share they hold at the Record Time. A Single Dividend of £1.21 will become payable on each such C Share by 22 May 2008 and the amount of the Single Dividend is expected to be sent to such Shareholders by 29 May 2008.

The amounts received under the Dividend Alternative should generally be taxed as income for UK tax purposes. UK tax resident Shareholders should read paragraph 1(b) of Part 10 of this document for further information.

Once the Single Dividend becomes payable, each relevant C Share will be reclassified as a Deferred Share and will have negligible value. It is currently expected that the Company will purchase and then cancel the Deferred Shares for an aggregate consideration of 1p on or around 29 May 2008.

The attention of non-UK Shareholders is drawn to paragraph 6 of Part 5 of this document.

The Capital Alternative, which will be by way of B Shares

Shareholders who elect for the Capital Alternative in respect of some or all of their Share Entitlement will receive one B Share (or possibly one C Share, if there are insufficient B Shares available as further described below) for each corresponding Existing Ordinary Share they hold at the Record Time.

Where B Shares are issued to satisfy valid elections for the Capital Alternative, it is expected that each such B Share will be redeemed by the Company for £1.21 by 22 May 2008 and that the redemption proceeds will be sent to Shareholders by 29 May 2008. Each such B Share will be cancelled on redemption.

Each B Share will have a nominal value of £1.21 and the maximum aggregate nominal amount of B Shares which the Company may issue is limited to the aggregate amount standing to the credit of the Company's share premium account (to the extent that reserve is available for this purpose). Consequently, the Company may only issue a maximum of 56,198,347 B Shares and, once this maximum is reached, it will not be possible to issue any further B Shares. To the extent that there are insufficient B Shares to satisfy in full all elections for the Capital Alternative, the Company will issue C Shares proportionately in respect of such elections which will be deemed to that extent to be elections for the Dividend Alternative.

Any C Shares issued to satisfy elections for the Capital Alternative will have the Single Dividend paid on them (under the Dividend Alternative).

The amounts received under the Capital Alternative upon redemption of the B Shares should generally be taxed as capital for UK tax purposes. UK tax resident Shareholders should read paragraph 1(c) of Part 10 of this document for further information.

The Capital Alternative is not being offered to Shareholders in the United States. The attention of non-UK Shareholders is drawn to paragraph 6 of Part 5 of this document.

Details of how to complete and return an Election Form are set out in paragraph 1 of Part 4 of this document. Shareholders electing through CREST should refer to paragraph 2 of Part 4 of this document for further information.

Shareholders wishing to receive the Single Dividend in respect of all of their Share Entitlement need NOT complete or return the Election Form or make an election through CREST. C Shares will be issued and the Single Dividend paid automatically in respect of all of the Share Entitlement in relation to which a Shareholder has not elected for either of the Alternatives.

3. Pension Scheme

As at 31 December 2007 the Pension Scheme, together with the smaller defined benefit pension schemes operated within the Group, had combined assets of £776.9 million and combined liabilities of £697.3 million under IAS 19.

In relation to the sale of Aga Foodservice Equipment, Aga reached an agreement with the trustees of the Pension Scheme (the Trustee) which was approved by the Pensions Regulator. Pursuant to that agreement, Aga paid £10 million into the Pension Scheme and provided a guarantee of a further £22.5 million to be made available in agreed circumstances for a period of 5 years from completion of the sale. Aga also agreed that it would not make a distribution to shareholders (otherwise than in the normal course of business) in excess of £80 million without, *inter alia*, obtaining the Trustee's consent.

In the announcement dated 19 October 2007, Aga stated that it was considering, in conjunction with the Trustee and their respective specialist pensions advisers, ways in which to accelerate the Pension Scheme becoming self sufficient, with the objectives of reducing risk and enhancing long-term shareholder value. Since that time, there have been detailed

discussions between Aga and the Trustee and their respective advisers in relation to achieving these objectives, having regard to Aga's intention to return a substantial amount of cash to shareholders.

Arising from these discussions, Aga and the Trustee have entered into a funding and investment strategy agreement, the main points of which are:

- (i) a long-term funding strategy for the Pension Scheme has been agreed under which it is intended to reach a "self sufficiency" funding position by 31 December 2020, on a specified, progressive basis with agreed milestones in 2011, 2014 and 2017. The target funding position in 2020 would have the Pension Scheme's liabilities valued by reference to a discount rate of UK Gilts plus 30 basis points. Should the triennial actuarial valuations to be undertaken up to and as at 31 December 2017 reveal a deficit on the specified basis, normally, no contributions would be paid into the Pension Scheme. Instead additional guarantees for the equivalent amounts would be made available to the Trustee which would be intended to fund any deficit in the Pension Scheme revealed by the actuarial valuation to be undertaken as at 31 December 2020 in accordance with the long-term funding strategy described above;
- (ii) the long-term funding strategy is linked to an agreed investment strategy under which the Trustee agrees to invest at least 40% of the Pension Scheme's assets in return seeking assets;
- (iii) the Pension Scheme will remain open until at least 1 January 2011 to further benefit accruals in respect of current active members at the date of the agreement while they remain in service with a participating employer under the Pension Scheme (and have not opted out);
- (iv) the Trustee has consented to a return of cash of £140 million in total and any further distribution not in the normal course of business will be subject to the agreement of the Trustee for a period of 5 years from completion of the sale of Aga Foodservice Equipment;
- (v) assuming that the proposed return of cash of £140 million is implemented, Aga will provide an additional guarantee of £27.5 million to the Pension Scheme potentially until the completion of the actuarial valuation to be undertaken as at 31 December 2020. The guarantee will be available for the Trustee to draw on immediately in agreed circumstances. The guarantee will also be available to fund any deficit in the Pension Scheme revealed by the actuarial valuation to be undertaken as at 31 December 2020 in accordance with the long-term funding strategy described in (i) above. The existing £22.5 million guarantee put in place on completion of the sale of Aga Foodservice Equipment (or the amount of it remaining) will also be renewed beyond the date that it was originally due to expire and will continue on the same terms as the additional £27.5 million.

The Board is pleased to have reached this agreement with the Trustee, which does not require any additional payments to be made into the Pension Scheme at this stage and which sets out a sensible framework for reaching a self sufficiency funding position for the Pension Scheme in the longer term.

4. Share Capital Consolidation

The Return of Cash represents approximately 41 per cent. of the Company's market capitalisation on 27 March 2008, based on the closing middle market price of 302.25p per Existing Ordinary Share on that date, adjusted to take account of the recommended final dividend of 7.65p per Existing Ordinary Share. The Share Capital Consolidation will reduce the number of ordinary shares in issue by approximately the same percentage as the Return of Cash bears to the market capitalisation of the Company at the close of business on 27 March 2008, adjusted to take account of the recommended final dividend of 7.65p per Existing Ordinary Share.

For every 5 Existing Ordinary Shares held at the Record Time (expected to be at 6 p.m. on 9 May 2008), Shareholders will receive 3 New Ordinary Shares. The intention is that, subject to market movements, the market price per New Ordinary Share immediately after Admission should be approximately equal to the market price per Existing Ordinary Share immediately prior to the Return of Cash.

The New Ordinary Shares will be traded on the London Stock Exchange in the same way as the Existing Ordinary Shares and will be equivalent in all material respects to the Existing Ordinary Shares, including as to their dividend rights. Admission is expected to take effect from 8 a.m. on 12 May 2008. 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 22 May 2008. The CREST accounts of Shareholders who hold their Existing Ordinary Shares in CREST will be credited with New Ordinary Shares at approximately 8 a.m. on 12 May 2008.

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.

5. Aga Foodservice Group Share Schemes

Separate letters are being sent to participants in the Aga Foodservice Group Share Schemes in respect of the Return of Cash.

The intention is broadly to preserve, subject to market fluctuations, the value of each option and award under the Aga Foodservice Group Share Schemes. Accordingly, no adjustments to share entitlements will be made under the Aga Foodservice Group Share Schemes where holders of options and awards will not participate in the Return of Cash with respect to such entitlements. Accordingly, entitlements will relate to the same number of New Ordinary Shares as they currently do to Existing Ordinary Shares. Participants in the Aga Foodservice Group Share Schemes will be able, subject to the terms of the Schemes, to exercise options between the date of this letter and the Record Time.

6. Proposed amendments to the Articles of Association

A number of amendments to the Articles of Association are required to implement the Return of Cash and require approval at the EGM. The proposed amendments relate to the rights and restrictions attaching to the B Shares, C Shares and Deferred Shares, the method of the Return of Cash and certain consequential amendments to the Articles of Association. These changes are summarised in paragraph 10 of Part 5 and in Part 6, Part 7 and Part 8 of this document.

In addition to and separate from the amendments required to implement the Return of Cash, Shareholders will be requested to vote on resolutions to replace the Current Articles to reflect changes introduced by the Companies Act 2006. These changes are summarised in paragraph 11 of Part 5 of this document.

7. Further information

Shareholders' attention is drawn in particular to the further information set out in Parts 5 to 11 of this document and the expected timetable of principal events in Part 2.

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

8. Action to be taken

A Form of Proxy for use in connection with the EGM is enclosed. **Whether or not Shareholders intend to be present at the EGM, they are requested to complete and sign the accompanying Form of Proxy and return it, in accordance with the instructions printed on it, by post or (during normal business hours) by hand to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, England to arrive as soon as possible and, in any event, by no later than 12.30 p.m. on 7 May 2008. Alternatively, Shareholders can submit their proxies electronically at the Equiniti website, www.sharevote.co.uk, subject to the terms and conditions shown on the website. The deadline for the receipt of electronic proxies is 12.30 p.m. on 7 May 2008. Any electronic communications found to contain a virus will not be accepted. Shareholders who hold their Existing Ordinary Shares in CREST may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Equiniti so that it is received by no later than 12.30 p.m. on 7 May 2008.** The return of a completed Form of

Proxy or the transmittal of an electronic proxy or CREST Proxy Instruction will not prevent Shareholders from attending the Extraordinary General Meeting and voting in person (in substitution for their proxy vote) should they wish to do so and are so entitled.

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. To be valid, Election Forms must be validly completed and returned so as to be received by Equiniti by no later than 4.30 p.m. on 9 May 2008. If Shareholders do not use the envelope provided, the Election Form should be sent by post or by hand (during normal business hours) to Equiniti, Princess House, 1 Suffolk Lane, London EC4R 0AX, England, and postage will be payable. Full details on how to complete and return the Election Form are set out in Part 4 of this document.

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. Please see paragraph 2 of Part 4 of this document for further information.

9. Shareholder helpline

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 2897 (+44 121 415 0275 if calling from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. on any Business Day. **Please note that the Shareholder helpline will not provide advice on the merits of the Alternatives or give any financial or tax advice.**

10. Recommendation

The Board believes that the Return of Cash, the Return Resolutions and the CA Resolutions to be proposed at the EGM are in the best interests of Shareholders as a whole. The Board has received financial advice from Dresdner Kleinwort in connection with the Return of Cash and, in giving its advice to the Board, Dresdner Kleinwort has placed reliance upon the Directors' commercial assessments.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings, amounting in aggregate to 344,539 Existing Ordinary Shares representing approximately 0.3 per cent. of the current issued share capital of Aga.

A summary explanation of the Resolutions is set out in paragraphs 10 and 11 of Part 5 of this document.

Yours sincerely
Vic Cocker CBE
Chairman

Part 2: Expected timetable of principal events

Latest time and date for receipt of Forms of Proxy or electronic proxies or CREST Proxy Instructions for the Extraordinary General Meeting	12.30 p.m. on 7 May 2008
Extraordinary General Meeting	12.30 p.m. on 9 May 2008
Latest time and date for receipt of Election Forms or TTE Instructions from CREST holders in relation to the Alternatives	4.30 p.m. on 9 May 2008
Latest time and date for dealings in Existing Ordinary Shares	4.30 p.m. on 9 May 2008
Record Time (for consolidation of Existing Ordinary Shares and entitlement to B Shares and/or C Shares), Existing Ordinary Share register closed and Existing Ordinary Shares disabled in CREST	6 p.m. on 9 May 2008
New Ordinary Shares admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities and dealings in the New Ordinary Shares commence	8 a.m. on 12 May 2008
CREST accounts credited with New Ordinary Shares	At approx. 8 a.m. on 12 May 2008
Single Dividend becomes payable and C Shares automatically reclassified as Deferred Shares	By 22 May 2008
Redemption of B Shares under the Capital Alternative	By 22 May 2008
Despatch of share certificates in respect of New Ordinary Shares and despatch of cheques and CREST accounts credited in respect of fractional entitlements	By 22 May 2008
Despatch of cheques or payment by BACS to mandated accounts in respect of the Dividend Alternative	By 29 May 2008
Despatch of cheques and CREST accounts credited in respect of the Capital Alternative	By 29 May 2008

Notes:

1. References to times in this document are to London times. If any of the above times or dates change, the revised times and/or dates will be notified to Shareholders by an announcement on a Regulatory Information Service.
2. All events in the above timetable following the EGM are conditional on approval by Shareholders of the Return Resolutions. All events in the above timetable following Admission of the New Ordinary Shares are conditional on such admission.

Part 3: Frequently asked questions with answers

The following sets out some frequently asked questions and provides brief answers. **Shareholders should read the whole of this document and not just this Part 3.**

If Shareholders have any further questions, they may call the Shareholder helpline on 0871 384 2897 (+44 121 415 0275 if calling from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. on any Business Day. **Please note that the Shareholder helpline will not provide advice on the merits of the Alternatives or give any financial or tax advice.**

1. Why are you returning cash to Shareholders?

The Group has recently sold Aga Foodservice Equipment, its commercial foodservice and bakery equipment business, to Ali SpA. At the time the sale was announced, the Company stated that it intended to return a significant proportion of the available net proceeds of the sale to Shareholders and this is now being undertaken.

2. Why are you doing it this way?

We have chosen a method which we believe represents the most efficient and effective way to return cash to Shareholders on this occasion. The proposed Return of Cash is intended to give Shareholders, where eligible under their prevailing tax regime (such as in the UK), the flexibility so far as is possible to receive their cash as capital or income for tax purposes, or a combination of the two.

3. What will happen 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 which all Shareholders will hold. As a result of the Share Capital Consolidation, for every 5 Existing Ordinary Shares held at the Record Time, you will receive 3 New Ordinary Shares and, if applicable (and above a *de minimis* £3 level), cash representing any fractional entitlement to a New Ordinary Share.

If the Return of Cash were to take place but there was no Share Capital Consolidation, the Company's ordinary share price would fall because the Company would no longer have the cash which is being returned to Shareholders. The intention of the Share Capital Consolidation is that, subject to market movements, the market price per New Ordinary Share immediately after Admission should be approximately equal to the market price per Existing Ordinary Share immediately prior to the Return of Cash.

4. What does this mean for me and am I being forced to sell my Existing Ordinary Shares?

Although you will hold fewer ordinary shares after the Share Capital Consolidation than you did before, you will continue to own the same percentage holding in the Company (subject to fractional entitlements to New Ordinary Shares). The New Ordinary Shares will be equivalent in all material respects to the Existing Ordinary Shares, including as to their dividend rights.

Excluding market movements, the total value of your New Ordinary Shares immediately after the Share Capital Consolidation, plus £1.21 per Existing Ordinary Share to be returned to you under the Return of Cash, will be approximately equal to the value of your holding immediately before the Share Capital Consolidation.

5. Why have you chosen this complicated structure?

The structure is similar to that used by many other listed companies to return cash to shareholders. This structure is intended to provide all Shareholders with an opportunity to participate in receiving the cash and to allow them so far as is possible to choose the Alternative which best suits their own circumstances, including their own tax position.

6. Do I need to vote at the EGM?

Before it can take place, the Return of Cash needs Shareholder approval at the EGM. The Directors recommend that you vote in favour of the Return Resolutions and the CA Resolutions. Notice of the EGM, which includes the Return Resolutions to be voted on at the EGM, is set out in Part 13 of this document.

Whether or not you intend to attend the EGM, you are requested to complete the Form of Proxy and return it to Equiniti, or submit it electronically at www.sharevote.co.uk, as soon as possible but in any event so as to be received by no later than 12.30 p.m. on 7 May 2008. If you hold your Existing Ordinary Shares in CREST, you also have the option of transmitting a CREST Proxy Instruction by the same time and date. When completing and returning the Form of Proxy you will need to take into account the postal time necessary for your form to reach the registrars. If you do not vote at the EGM you should still make an election for one of the Alternatives, or a combination thereof, except where you wish to receive the Single Dividend in respect of all of your Share Entitlement.

7. How do I decide which Alternative to elect for?

The most appropriate Alternative for you depends on your own individual tax and other circumstances. If you are in any doubt as to which Alternative to elect for, you should seek your own professional advice without delay.

8. What if I do not make my election in time or do nothing?

Shareholders who do not validly complete and return their Election Form or, in the case of Shareholders who hold their Existing Ordinary Shares in CREST, do not send a valid TTE Instruction, so that it is received by 4.30 p.m. on 9 May 2008, will be deemed to have elected for the Dividend Alternative in respect of all of their Share Entitlement.

9. When do I get my certificate for the New Ordinary Share? 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 by 22 May 2008. Share certificates will be sent to Shareholders at their own risk. 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 a.m. on 12 May 2008.

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

No share certificates will be sent to you in respect of B and/or C shares.

Whilst the B Shares (and any 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.

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

If you need a replacement Election Form, you should call the Shareholder helpline on 0871 384 2897 (+44 121 415 0275 if calling from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. on any Business Day. You will need to take into account the postal time necessary for a replacement Election Form to reach Equiniti by 4.30 p.m. on 9 May 2008.

Part 4: Making your election

1. Completing your Election Form

To make an election, Shareholders who hold their Existing Ordinary Shares in certificated form must complete and return the Election Form enclosed with this document. Shareholders who hold their Existing Ordinary Shares in CREST will not be sent Election Forms and instead should refer to paragraph 2 of this Part 4 for further information.

Shareholders wishing to receive the Single Dividend in respect of all of their Share Entitlement need NOT complete or return the Election Form or make an election through CREST. C Shares will be issued and the Single Dividend paid automatically in respect of all of the Share Entitlement in relation to which a Shareholder has not elected for either of the Alternatives.

The following instructions describe what Shareholders should do when completing an Election Form. Any decisions reached by Shareholders between the two Alternatives 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 joint Shareholders, of Existing Ordinary Shares in respect of which an election can be made. When the Election Form is completed, the Shareholder, or all joint Shareholders, must sign the Election Form (in Box 4, as applicable) and the signatures of Shareholders who are individuals signing in Box 4A need to be witnessed (the witness must be over 18 years of age and cannot be the Shareholder or one of the joint Shareholders or otherwise have any financial interest in the relevant shares or in the proceeds resulting from the execution of the Election Form, although one person may 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 Existing Ordinary Shares held

Box A shows the number of Existing Ordinary Shares in the name(s) of Shareholder(s) at 5 p.m. on 27 March 2008 and is for information purposes only. If Shareholders do not purchase, sell or transfer any Existing Ordinary Shares registered in their name(s) between that date and the Record Time (expected to be 6 p.m. on 9 May 2008), then this number will be the same as their Share Entitlement in respect of which they may make an election. If Shareholders do purchase, sell or transfer any Existing Ordinary Shares they should take care to ensure that their election is in respect of their Share Entitlement corresponding to the number of Existing Ordinary Shares which will be registered in their name(s) at the Record Time.

How Shareholders may elect for one Alternative in respect of all of their Share Entitlement

- To elect for the **Dividend Alternative** in respect of all of their Share Entitlement, Shareholders should take no further action. Shareholders who do not complete or return the Election Form will automatically receive only C Shares in respect of all of their Share Entitlement, on which the Single Dividend will be paid.
- To elect for the **Capital Alternative** in respect of all of their Share Entitlement, Shareholders should mark an "X" in Box 2.

How Shareholders may split their Share Entitlement between the two Alternatives

To split their Share Entitlement between the two Alternatives, Shareholders should enter, in numbers, the number of their Share Entitlement in respect of which they wish to elect for the Dividend Alternative (if any) in Box 1 and the number of their Share Entitlement in respect of which they wish to elect for the Capital Alternative (if any) in Box 2.

The default position if a Shareholder makes an election which in total exceeds his or her holding of Existing Ordinary Shares at the Record Time

If Shareholders enter a number or numbers in Boxes 1 and 2 of the Election Form which in total exceeds their holding of Existing Ordinary Shares at the Record Time, or if they mark an "X" in more than one Box, or if they mark an "X" in one or more Boxes and enter a number or numbers in any other Box or Boxes, their election will be disregarded to the extent of such excess in the following order:

- first, their election (if any) in respect of the Capital Alternative; and
- second, their election (if any) in respect of the Dividend Alternative.

The default position where a Shareholder makes an election which in total is less than his or her holding of Existing Ordinary Shares at the Record Time

If Shareholders enter a number or numbers in Boxes 1 and 2 of the Election Form which in total is less than their holding of Existing Ordinary Shares at the Record Time, they will be deemed to have elected for the Dividend Alternative in respect of the balance of their holding.

Subsequent dematerialisation of Existing Ordinary Shares

If the Existing Ordinary Shares to which any election relates are currently held in certificated form and are subsequently dematerialised into uncertificated form before the Election Deadline, any election made by the submission of an Election Form will become invalid. Shareholders who subsequently hold their Existing Ordinary Shares in uncertificated form in CREST will need to give a valid TTE Instruction in place of the submitted Election Form by the Election Deadline.

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 or TTE Instruction, unless attributable to their own wilful default, fraud or negligence, 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 will be irrevocable. If the Election Period is extended, withdrawal rights will also be extended (withdrawal rights are described more fully in paragraph 5 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 an Election Form

Shareholders returning an Election Form must sign in Box 4A or 4B.

All Shareholders named on an Election Form must sign the Election Form. Once completed, signed and witnessed, the Election Form should be returned in the pre-paid envelope provided. No stamps will be needed if posted in the United Kingdom. To be valid, Election Forms must be returned so as to be received by Equiniti by the Election Deadline (expected to be 4.30 p.m. on 9 May 2008). If Shareholders do not use the envelope provided, the Election Form should be sent by post or by hand (during normal business hours) to Princess House, 1 Suffolk Lane, London EC4R 0AX, England and postage will be payable.

Shareholders who do not validly complete and return their Election Form or, in the case of Shareholders who hold their Existing Ordinary Shares in CREST, do not send a valid TTE instruction, will be deemed to have elected for the Dividend Alternative in respect of all of their Share Entitlement.

Shareholders who need assistance in completing the Election Form or have any queries relating to it should telephone the Shareholder helpline on 0871 384 2897 (+44 121 415 0275 if calling from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. on any Business Day. Please note that the Shareholder helpline will not provide advice on the merits of the Alternatives or give any financial or tax advice.

2. Electing through CREST

If Shareholders hold their Existing Ordinary Shares in CREST they will not be sent an Election Form with this document. Such Shareholders should 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 Time (expected to be 6 p.m. on 9 May 2008) in respect of which they are making an election 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 the Election Deadline (expected to be 4.30 p.m. on 9 May 2008). If Shareholders purchase, sell or transfer any Existing Ordinary Shares registered in their name(s) before the Record Time, they should take care to ensure that their election is in respect of the number of Existing Ordinary Shares that will be registered in their name(s) at the Record Time.

If Shareholders are CREST personal members, they should refer to their CREST sponsor before taking any action. CREST sponsors will be able to confirm details of Shareholders' participant ID and the member account ID under which their Existing Ordinary Shares are held. In addition, only CREST sponsors will be able to give the TTE Instruction to Euroclear by which Shareholders make their election.

To make an election, Shareholders should give (or, if they are a CREST personal member, procure that their CREST sponsor gives) a TTE Instruction, which must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Existing Ordinary Shares to be transferred to the escrow account;
- (b) the participant ID;
- (c) the member account ID;
- (d) the corporate action ISIN, which is GB00B1W2X453;
- (e) the corporate action number of the Return of Cash. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- (f) the intended settlement date for the transfer to escrow, which should be as soon as possible and in any event not later than the Election Deadline;
- (g) the standard delivery instruction priority of 80; and
- (h) the name and contact number inserted in the shared note field.

How to elect for the Dividend Alternative

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

Shareholders who hold their Existing Ordinary Shares in CREST and who wish to make an election for the Dividend Alternative in respect of some of their Share Entitlement should give (or, if they are a CREST personal member, procure that their CREST sponsor gives) a TTE Instruction with the following information, in addition to the information listed above:

- the participant ID of Equiniti, which is 2RA51; and
- the member account ID of Equiniti, which for these purposes is AGAFSG01.

How to elect for the Capital Alternative

Shareholders who hold their Existing Ordinary Shares in CREST and who wish to elect for the Capital Alternative in respect of some or all of their Share Entitlement should give (or, if they are a CREST personal member, procure that their CREST sponsor gives) a TTE Instruction with the following information, in addition to the information listed above:

- the participant ID of Equiniti, which is 2RA51; and
- the member account ID of Equiniti, which for these purposes is AGAFSG01.

The default position where Shareholders make an election which in total is less than their holding of Existing Ordinary Shares at the Record Time

If Shareholders send a TTE Instruction which details a number of Existing Ordinary Shares to be transferred to the escrow account which in total is less than their holding of Existing Ordinary Shares at the Record Time, they will be deemed to have elected for the Dividend Alternative in respect of the balance of their holding.

General

The Company, in its absolute discretion, shall determine all questions as to the form and validity (including time and place of receipt) of any TTE Instruction, which determination shall be final and binding. The Company also reserves the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any TTE Instruction completed by or on behalf of any Shareholder, and such determination will be binding on such Shareholder. The Company and 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 or TTE Instruction, unless attributable to their own wilful default, fraud or negligence and the Company shall not be under any duty to give notification of any defect or irregularity in any TTE Instruction or incur any liability for failure to give any such notice.

After the end of the Election Period, any election made will be irrevocable. If the Election Period is extended, withdrawal rights will also be extended (withdrawal rights are described more fully in paragraph 6 of Part 5 of this document). No authority conferred by or agreed to by the giving of a TTE Instruction will be affected by, and all such authority will survive, the death or incapacity of the Shareholder 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 sending a TTE Instruction

In order for an election through CREST to be valid, the TTE Instruction must comply with the requirements as to authentication and contents set out above and must settle by the Election Deadline (expected to be 4.30 p.m. on 9 May 2008).

CREST members and (where applicable) their CREST sponsors should note that the last time at which a TTE Instruction may settle is the Election Deadline.

Shareholders who do not send a valid TTE Instruction will be deemed to have elected for the Dividend Alternative in respect of all of their Share Entitlement.

Shareholders who need assistance in electing through CREST or have any queries relating to it should telephone the Shareholder helpline on 0871 384 2897 (+44 121 415 0275 if calling from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. on any Business Day. Please note that the Shareholder helpline will not provide advice on the merits of the Alternatives or give any financial or tax advice.

Part 5: Details of the Return of Cash

1. Return of Cash

The proposed Return of Cash consists of the Capital Reorganisation (see paragraph 3 below) and the Alternatives (see paragraph 4 below).

2. Conditions to the implementation of the Return of Cash

The Return of Cash is conditional on:

- (a) the passing of the first Return Resolution to be proposed at the Extraordinary General Meeting; and
- (b) Admission of the New Ordinary Shares becoming effective.

If these conditions are not satisfied by 8 a.m. on the Admission Date, no New Ordinary Shares will be created, no B Shares or C Shares will be issued and the Return of Cash will not take effect.

3. Capital Reorganisation

The proposed Capital Reorganisation consists of the allotment and issue of B Shares and C Shares and the Share Capital Consolidation, each described in this paragraph 3 below.

Allotment and issue of B Shares and C Shares

It is proposed that the Company capitalises a sum not exceeding £68,001,159.87 standing to the credit of the Company's share premium account and applies such sum in paying up in full up to a maximum of (i) 56,198,347 B Shares with a nominal value of £1.21 each and (ii) 116,000,000 C Shares with a nominal value of 0.001p each.

The B Shares and the C Shares will be issued on the basis of one B Share or C Share for each Existing Ordinary Share held at the Record Time (expected to be 6 p.m. on 9 May 2008).

The exact number of B Shares and C Shares to be issued will depend on the elections or deemed elections between the two Alternatives made by Shareholders but in total will be equal to the number of Existing Ordinary Shares held at the Record Time. As at 27 March 2008 (the latest practicable date prior to the publication of this document) there were 115,327,399 Existing Ordinary Shares in issue and currently exercisable options under the Aga Foodservice Group Share Schemes giving rights to subscribe for a total of 658,383 Existing Ordinary Shares. The Company does not currently hold any treasury shares.

The rights and restrictions to be attached to the B Shares and the C Shares are more fully set out in Part 6 and Part 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 B Shares and the C Shares cannot be held in CREST. No share certificates will be issued in respect of B Shares or C Shares.

The Company will announce the exact number of B Shares and C Shares issued under the proposed Capital Reorganisation on the Admission Date.

Share Capital Consolidation

Under the proposed Share Capital Consolidation and to reflect the effect of the return of £1.21 per Existing Ordinary Share to Shareholders, the Existing Ordinary Shares will be subdivided and consolidated so that Shareholders will receive 3 New Ordinary Shares for every 5 Existing Ordinary Shares they own at the Record Time. The nominal value of each New Ordinary Share will be $46\frac{7}{8}$ p.

So, for example, a Shareholder who held 100 Existing Ordinary Shares at the Record Time would, after the Share Capital Consolidation, be entitled to receive 60 New Ordinary Shares. The Shareholder would also receive 100 B Shares and/or C Shares (depending on the elections made by the Shareholder between the Alternatives) as a result of the allotment and issue of the B Shares and the C Shares.

The intention of the Share Capital Consolidation is that, subject to market movements, the market price per New Ordinary Share immediately after Admission should be approximately equal to the market price per Existing Ordinary Share immediately prior to the Return of Cash.

The effect of the Capital Reorganisation will be to reduce the number of ordinary shares in issue to reflect the effect of the return of £1.21 per Existing Ordinary Share to Shareholders, but Shareholders will own the same proportion of the Company as they did previously, subject to fractional entitlements.

The Share Capital Consolidation will take place immediately after the allotment and issue of B Shares and C Shares has occurred and the Company's register of members has been duly updated.

To effect the Share Capital Consolidation, it may be necessary to issue a small number of additional Existing Ordinary Shares so that a whole number of issued New Ordinary Shares is created.

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 other respects to the Existing Ordinary Shares, with the exception of the difference in nominal value and subject to the rights of the B Shares and the C Shares.

Application will be made for the New Ordinary Shares to be admitted with dealings commencing at 8 a.m. on the Admission Date. The Company will apply for the New Ordinary Shares to be admitted to CREST with effect from Admission of the New Ordinary Shares so that market transactions in the New Ordinary Shares may be settled within the CREST system.

Share certificates representing New Ordinary Shares will be issued following the Capital Reorganisation and sent to Shareholders by 22 May 2008. 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 will be credited at approximately 8 a.m. on the Admission Date.

Fractional entitlements to New Ordinary Shares

Unless a holding of Existing Ordinary Shares is exactly divisible by 5, a Shareholder will have a fractional entitlement to a New Ordinary Share following the Share Capital Consolidation. So, for example, a Shareholder having 104 Existing Ordinary Shares would, after the allotment and issue of B Shares and C Shares and the Share Capital Consolidation, be entitled to 62 New Ordinary Shares and two-fifths of a New Ordinary Share.

The fractional entitlements of all Shareholders will be aggregated into New Ordinary Shares and sold in the market on their behalf. The net proceeds of sale will be in sterling and (subject to the *de minimis* threshold below) will be paid *pro rata* to the relevant Shareholders. Cheques in respect of the net proceeds of sale will be sent to the relevant Shareholders or CREST accounts credited with the net proceeds, as appropriate, together with certificates for New Ordinary Shares, where applicable, by 22 May 2008.

If the cash consideration for a fractional entitlement is £3 or less, Shareholders will not receive a cheque or have their CREST accounts credited in respect of that entitlement because the administrative costs which would be incurred in doing so would be high in relation to the amount of the payment.

4. The Alternatives

Shareholders may choose between the two Alternatives (the Dividend Alternative and the Capital Alternative) or a combination of the Alternatives in respect of their Share Entitlement. Shareholders who are resident in the United States will automatically receive the Dividend Alternative in respect of all their Share Entitlement. Details of how to make an election are set out in paragraph 1 of Part 4 of this document and on the Election Form. Shareholders who hold their Existing Ordinary Shares in CREST will not be sent Election Forms. Such Shareholders may only elect in respect of the Alternatives through CREST and should refer to paragraph 2 of Part 4 of this document for further information.

Shareholders who do not make a valid election will be deemed to have elected for the Dividend Alternative in respect of ALL of their Share Entitlement.

The general guidance on the UK tax treatment of the Return of Cash included below is only a summary, is based on current UK law and practice as at the date of this document and applies only to Shareholders who are resident and, if they are individuals, ordinarily resident in the UK for tax purposes and who hold their Existing Ordinary Shares, B Shares and/or C Shares beneficially as investments and not on a trading account. UK tax resident Shareholders should read Part 10 of this document before electing for either of the two Alternatives as the Alternatives will have different UK tax consequences. **Shareholders who are in any doubt as to their tax position, or are subject to tax in a jurisdiction other than the United Kingdom, should consult an appropriate professional adviser without delay.**

Alternative 1 – Dividend Alternative

Shareholders who elect, or are deemed to have elected, for the Dividend Alternative in respect of some or all of their Share Entitlement will receive one C Share for each corresponding Existing Ordinary Share they hold at the Record Time. A Single Dividend of £1.21 per C Share will be declared on the Dividend Declaration Date and will become payable on each such C Share on the Effective Date. Shareholders entitled to receive the Single Dividend will be sent cheques or, if mandate instructions are held, payments will be made by BACS to mandated accounts in respect of the amount of the Single Dividend on the Payment Date.

The amounts received under the Dividend Alternative should generally be taxed as income for UK tax purposes. UK tax resident Shareholders should read paragraph 1(b) of Part 10 of this document for further information.

Shareholders who wish to elect for the Dividend Alternative in respect of all of their Share Entitlement need take no further action and need not return their Election Form or send a TTE Instruction. To elect for the Dividend Alternative in respect of some only 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, should refer to paragraph 8 of Part 11 of this document for further information.

The C Shares will be automatically reclassified as Deferred Shares, with Shareholders receiving one Deferred Share for each such C Share upon the Single Dividend becoming payable. It is currently expected that the Company will purchase and then cancel the Deferred Shares for an aggregate consideration of 1p on or around 29 May 2008, although there can be no guarantee that the Company will do so. In view of its negligible amount, entitlement to any of the aggregate consideration of 1p will not be sent to individual Shareholders.

The C Shares and the Deferred Shares will not be listed and cannot be held in CREST. No share certificates will be issued in respect of the C Shares or the Deferred Shares.

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

The attention of Non-UK Shareholders is drawn to paragraph 6 of Part 5 of this document.

Alternative 2 – Capital Alternative

Shareholders (other than those resident in the United States) who elect, or are deemed to have elected, for the Capital Alternative in respect of some or all of their Share Entitlement will receive one B Share (or possibly one C Share, if there are insufficient B Shares available) for each corresponding Existing Ordinary Share they hold at the Record Time.

Where B Shares are issued to satisfy valid elections for the Capital Alternative, each such B Share will be redeemed by the Company for £1.21 on the Effective Date. Each such B Share will be cancelled on redemption.

It is proposed that the Company capitalises a sum not exceeding £68,001,159.87 standing to the credit of the Company's share premium account and applies such sum in paying up in full up to a maximum of (i) 56,198,347 B Shares with a nominal value of £1.21 each, and (ii) 116,000,000 C Shares with a nominal value of 0.001p each. Consequently, the Company may only issue a maximum of 56,198,347 B Shares and once this maximum is reached it will

not be possible to issue any further B Shares. To the extent that there are insufficient B Shares to satisfy in full all elections for the Capital Alternative, the Company will issue C Shares proportionately amongst such elections which will be deemed to that extent to be elections for the Dividend Alternative. If the proportion of B Shares and 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 to which a Shareholder is entitled will be rounded up to the nearest whole number.

Any C Shares issued to satisfy elections for the Capital Alternative will have the Single Dividend paid on them (under the Dividend Alternative).

Shareholders entitled to receive payments in respect of the proceeds from the redemption of B Shares issued pursuant to the Capital Alternative will be sent cheques or, if Shareholders hold their Existing Ordinary Shares in CREST, will have their CREST accounts credited, on the Payment Date. The proceeds received under the Capital Alternative should generally be taxed as capital for UK tax purposes. UK tax resident Shareholders should read paragraph 1(c) of Part 10 of this document for further information.

To elect for the Capital Alternative in respect of some or all of their Share Entitlement, Shareholders should follow the instructions in paragraph 1 of Part 4 of this document or, if they hold their Existing Ordinary Shares in CREST, should refer to paragraph 2 of Part 4 of this document for further information.

Each B Share redeemed pursuant to the Capital Alternative will be cancelled.

The C Shares upon which the Single Dividend becomes payable will be automatically reclassified as Deferred Shares, with Shareholders receiving one Deferred Share for each such C Share. It is currently expected that the Company will purchase and then cancel the Deferred Shares for an aggregate consideration of 1p on or around 29 May 2008, although there can be no guarantee that the Company will do so. In view of its negligible amount, entitlement to any of the aggregate consideration of 1p will not be sent to individual Shareholders.

The B Shares, the C Shares and the Deferred Shares will not be listed and cannot be held in CREST. No share certificates will be issued in respect of the B Shares, the C Shares or the Deferred Shares.

The rights and restrictions to be attached to the B Shares, the C Shares and the Deferred Shares are more fully set out in Part 6, Part 7 and Part 8 of this document.

The attention of non-UK Shareholders is drawn to paragraph 6 of Part 5 of this document.

5. Withdrawal rights

Shareholders should note that any election, whether made by the signing of an Election Form or the giving of a TTE Instruction, relating to the Alternatives may be withdrawn by Shareholders at any time prior to the end of the Election Period. If an election is validly withdrawn, the Shareholder may make a new election within the Election Period but, if a new valid election is not made by the end of the Election Period, the Shareholder will be deemed to have elected for the Dividend Alternative in respect of all of his or her Share Entitlement. After the end of the Election Period, any election made will be irrevocable. If the Election Period is extended, withdrawal rights will also be extended.

Shareholders wishing to withdraw their elections must inform the Shareholder helpline by calling 0871 384 2897 (+44 121 415 0275 if calling from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. on any Business Day. If such Shareholders wish to make a new election in respect of the Alternatives, they can request a replacement Election Form or receive instructions on how to make a new election through CREST from the Shareholder helpline. Shareholders will need to take into account the postal time necessary for a replacement Election Form to reach Equiniti by the Election Deadline (expected to be 4.30 p.m. on 9 May 2008).

For a withdrawal of any election to be effective, a written notice of withdrawal signed by the person(s) who signed the relevant Election Form or the Shareholder(s) who gave the relevant TTE Instruction must:

- (a) specify the name(s) and address(es) of the person(s) who is/are tendering the election to be withdrawn, the account number (which, for Shareholders who hold their Existing Ordinary Shares in certificated form, appears on the front page of the relevant Election Form) and the exact number of their Share Entitlement in respect of which an election is to be withdrawn; and
- (b) in the case of an election originally made by a TTE Instruction, be accompanied by a valid ESA Message given by the person(s) who gave the relevant TTE Instruction, and be received by Equiniti one hour before the Election Deadline (expected to be by 3.30 p.m. on 9 May 2008).

Each ESA message must, in order to be valid and settle, include the following details:

- the ISIN number for the Aga Shares. This is GB0B1W2X453;
- the number of Aga Shares to be withdrawn;
- the participant ID of the accepting Aga Shareholder;
- the member account ID of the accepting Aga Shareholder;
- the participant ID of the Escrow Agent. This is 2RA51;
- the member account ID of the Escrow Agent included in the relevant Electronic Acceptance. This is AGAFSG01 for the Dividend Alternative and AGAFSG02 for the Capital Alternative;
- the CREST transaction ID of the Electronic Acceptance to be withdrawn, to be inserted at the beginning of the shared note field;
- input with a standard delivery instruction priority of 89;
- the intended settlement date for the withdrawal; and
- the corporate action number of the Return of Cash. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST.

Any such withdrawal will be conditional upon Equiniti verifying that the withdrawal is validly made. Accordingly, Equiniti will, on behalf of Aga, reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or a receiving agent accept (AEAN) message, as the case may be.

Telex, facsimile, electronic mail or other electronic means of transmission or any form of copy of written notice will not constitute a written instruction of withdrawal.

Withdrawals may not be rescinded but new elections may be made at any time prior to the end of the Election Period. Withdrawals and any new elections in respect of Share Entitlements that are received by Equiniti after the end of the Election Period will be deemed invalid. Any Shareholder who withdraws his or her election before the end of the Election Period and does not make a new election will be deemed to have elected for the Dividend Alternative in respect of all of his or her Share Entitlement.

The Company will determine all questions as to the form and validity (including time and place of receipt) of all notices of withdrawal, in its absolute discretion, which determination shall be final and binding. The Company also reserves the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any withdrawal by any Shareholder, and such determination will be binding on such Shareholder. None of any member of the Group, 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 or for any reason with regard to withdrawal and new election.

6. Non-UK Shareholders

Non-UK Shareholders should consult their professional advisers to ascertain whether the Return of Cash (including, as may be relevant in each case, the issue, holding, redemption or disposal of the B Shares, the C Shares and/or the Deferred Shares) 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 Non-UK Shareholder to satisfy himself or herself 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 compliance with other formalities needing to be observed, and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

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 Return of Cash constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action would be unlawful.

Each Shareholder 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 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 election for either of the Alternatives in any territory and such Shareholder has not taken or omitted to take any action which may result in the Company or any other persons acting in breach of the legal or regulatory requirements of any territory in connection with the Return of Cash or such Shareholder's election for either of the Alternatives.

If the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or that the Company would or might be required to make filings or take any other action in any jurisdiction as a result of an election made pursuant to an Election Form or TTE Instruction by a Non-UK Shareholder, such Non-UK Shareholder shall be deemed to have elected to receive the Dividend Alternative (unless the Company otherwise determines in its absolute discretion).

The Capital Alternative is not being offered in the United States and Shareholders in the United States may not elect for such alternative. Any purported election by a Shareholder in the United States for the Capital Alternative will be deemed by the Company to be an election for the Dividend Alternative in respect of the entirety of that Shareholder's Share Entitlement and accordingly that Shareholder will receive the Dividend Alternative.

The above provisions of this paragraph relating to Non-UK Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion.

7. Extraordinary General Meeting

The Extraordinary General Meeting will be held at the National Motorcycle Museum, Coventry Road, Bickenhill, Solihull B92 0EJ on 9 May 2008 at 12.30 p.m., or as soon thereafter as the AGM convened for the same day at 12.00 noon shall close or be adjourned. Notice of the Extraordinary General Meeting is set out in Part 13 of this document.

Shareholders will find enclosed with this document a Form of Proxy for use in respect of the Extraordinary General Meeting.

Whether or not Shareholders intend to be present at the Extraordinary General Meeting, they are requested to complete and sign the accompanying Form of Proxy and return it, in accordance with the instructions printed on it, by post or (during normal business hours) by hand to Equiniti, FREEPOST SEA7111, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6US, England so as to arrive as soon as possible and, in any event, by no later than 12.30 p.m. on 7 May 2008. Alternatively, Shareholders can submit their proxy electronically at the Equiniti website, www.sharevote.co.uk, subject to the terms and conditions shown on the website. The deadline for the receipt of electronic proxies is 12.30 p.m. on 7 May 2008. Any electronic communications found to contain a virus will not be accepted. Shareholders who hold their Existing Ordinary Shares in CREST may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Equiniti so that it is received by no later than 12.30 p.m. on 7 May 2008.

The return of a completed Form of Proxy or the transmittal of an electronic proxy or a CREST Proxy Instruction will not prevent a Shareholder from attending the Extraordinary General Meeting and voting in person (in substitution for his or her proxy vote) should he or she wish to do so and is so entitled.

8. Proposed amendments to the articles of association

Changes to the Current Articles are required to reflect changes introduced by the Companies Act 2006. It is proposed that this be done by replacing the Current Articles with replacement, updated Articles of Association. These changes are summarised in paragraph 11 of this Part 5 of this document.

A number of amendments to the Articles of Association are also required to implement the Return of Cash and require approval at the EGM. Such amendments include the insertion into the Articles of Association of the rights and restrictions attaching to the B Shares, C Shares and Deferred Shares. Such rights and restrictions are summarised in Part 6, Part 7 and Part 8 of this document. There will also be a number of other and consequential amendments to the Current Articles, which are summarised in paragraph 10 of this Part 5 of this document.

9. Dealings and despatch of documents

The Return of Cash will be made by reference to holdings of Existing Ordinary Shares on the Company's register of members at the Record Time.

Dealings and settlement within the CREST system of the Existing Ordinary Shares will continue until the Election Deadline 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 possible. The registration of uncertificated holdings in respect of the Existing Ordinary Shares will be 'disabled' in CREST at the Record Time.

In respect of New Ordinary Shares, Shareholders who hold their Existing Ordinary Shares in CREST will have their CREST accounts credited with New Ordinary Shares at approximately 8 a.m. on the Admission Date.

From the Record Time, 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 until New Ordinary Share certificates are sent, which will be by 22 May 2008. Following this date, certificates in respect of the Existing Ordinary Shares can be destroyed. Share certificates will be sent to Shareholders at their own risk.

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

Shareholders holding New Ordinary Shares through the CREST system will not receive any share certificates.

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

Shareholders entitled to receive the Single Dividend will be sent cheques or, if mandate instructions are held, payments will be made by BACS to mandated accounts on the Payment Date.

Shareholders entitled to receive the proceeds from the redemption of B Shares pursuant to the Capital Alternative will be sent cheques or, if Shareholders hold their Existing Ordinary Shares in CREST, their CREST accounts will be credited on the Payment Date.

All share certificates and cheques will be sent by post, at the risk of the Shareholder entitled thereto, to the registered address of the relevant Shareholder (or, in the case of joint Shareholders, to the address of the joint Shareholder whose name stands first in the register in respect of such joint shareholding).

Subject to any instructions to the contrary, share registration and dividend payment mandates in respect of holdings of Existing Ordinary Shares will continue to apply in respect of New Ordinary Shares.

No application has been, or will be, made for the B Shares, the C Shares or the Deferred 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.

10. Summary explanation of the Return Resolutions to be proposed at the Extraordinary General Meeting

The Return of Cash requires the approval of Shareholders at the Extraordinary General Meeting, notice of which is set out in Part 13 of this document. The Extraordinary General Meeting will be held at the National Motorcycle Museum, Coventry Road, Bickenhill, Solihull B92 0EJ on 9 May 2008 at 12.30 p.m., or as soon thereafter as the AGM convened for the same day at 12.00 noon shall close or be adjourned.

The Return Resolutions will be proposed as special resolutions and will be passed if at least 75 per cent. of the votes cast (whether in person or by proxy) are in favour.

The first Return Resolution is conditional upon Admission of the New Ordinary Shares becoming effective by 8 a.m. on the Admission Date. A summary of the paragraphs comprising the first Return Resolution follows below:

- (a) this paragraph increases the authorised share capital of the Company from £81,754,119.84 to £149,755,279.71 by the creation of 56,198,347 B Shares and 116,000,000 C Shares;
- (b) this paragraph sets out the procedure for the division and consolidation of the issued 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 the net proceeds of the sale, in excess of £3 per shareholding, paid in due proportion to them. The net proceeds of sale from fractional entitlements of £3 per shareholding or less will be retained by the Company;
- (c) this paragraph amends the Articles of Association of the Company so that they (i) incorporate the rights and restrictions to be attached to the B Shares, C Shares and Deferred Shares (as summarised in Part 6, Part 7 and Part 8 of this document), (ii) permit the retention of proceeds of sale of less than £3 arising from fractional entitlements upon the Share Capital Consolidation, (iii) permit the Company in general meeting to approve the appropriation of capitalised sums amongst members as described in this document, and (iv) update the description of the authorised share capital of the Company to reflect the effect of the Share Capital Consolidation and the creation of the B Shares and C Shares and include definitions of the B Shares, C Shares and Deferred Shares and make other minor consequential changes;
- (d) this paragraph authorises the Directors to:
 - (i) capitalise a sum not exceeding £67,999,999.87 standing to the credit of the Company's share premium account to pay up in full the B Shares;
 - (ii) capitalise a sum not exceeding £1,160 standing to the credit of the Company's share premium account to pay up in full the C Shares; and
 - (iii) allot and issue the B Shares and C Shares on the basis of one B Share or one C Share for each Existing Ordinary Share which is held at the Record Time as described in this document. The authority granted to the Directors will expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of the first Return Resolution, whichever is earlier;
- (e) this paragraph sets out the procedure for the division and consolidation of the authorised but unissued Existing Ordinary Shares into New Ordinary Shares;
- (f) this paragraph cancels any authorised but unissued B Shares and C Shares existing at 6 p.m. on the date falling one month after the Admission Date and reduces the authorised but unissued capital of the Company accordingly;
- (g) this paragraph cancels any authorised share capital of the Company available for issue as a consequence of:
 - (i) any redemption of B Shares; and
 - (ii) any purchase by the Company of Deferred Shares; and
- (h) this paragraph sets out certain definitions applicable to the first Return Resolution.

The second Return Resolution is conditional upon the first Return Resolution being passed and becoming unconditional. This resolution amends the Company's authority to make market purchases of its ordinary shares, to be proposed at the Company's annual general

meeting earlier in the day on 9 May 2008, to take account of the reduced number of issued ordinary shares of the Company resulting from the Share Capital Consolidation and to ensure continued compliance with investor guidelines. The terms of the original authority provided for this authority will last until 9 May 2009 or, if earlier, the conclusion of the Company's annual general meeting in 2009. The statements made by the Directors in the notice of annual general meeting dated 28 March 2008 regarding the exercise of this authority are unaffected.

11. Summary explanation of the CA Resolutions to be proposed at the Extraordinary General Meeting

Resolution 1 proposes to adopt new Articles of Association (the **New Articles**) with effect from the conclusion of the Extraordinary General Meeting. These update the Current Articles primarily to take account of changes in company law brought about by certain provisions of the Companies Act 2006.

The principal changes introduced in the New Articles are set out below. Other changes, which are of a minor, technical or clarifying nature, have not been noted.

(a) Articles which duplicate statutory provisions

Provisions in the Current Articles which reflect provisions contained in the Companies Act 1985 are, in the main, amended to bring them into line with the equivalent provisions contained in the Companies Act 2006. Examples of such provisions, including provisions relating to proxies and to convening and notice of general meetings, are detailed below.

(b) Form of resolution

The Current Articles contain a provision that, subject to legislation where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision and certain other provisions are being amended as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

(c) Convening and notice of general meetings

It is proposed that the provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings be amended to conform to the new provisions in the Companies Act 2006. In particular, a general meeting (other than an annual general meeting) to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

(d) Quorum requirements

The Companies Act 2006 provides that in general terms the quorum for a general meeting be calculated by reference to the numbers of "qualifying persons" who are present at the meeting, which includes an individual who is a member of the Company, a person authorised under Section 323 of the Companies Act 2006 to act as the representative of a corporation, and a person appointed as proxy of a member. As before, it is proposed that the quorum for a general meeting will be two but, in line with the Companies Act 2006, the New Articles make clear that there will be no double counting for qualifying persons who are representatives of the same corporation or proxies of the same member.

(e) Proxies

A proxy has a statutory right under the Companies Act 2006 to speak at any general meeting. Under the Companies Act 2006, proxies are also entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. Multiple proxies may be appointed to exercise the rights attached to different shares held by a shareholder. The New Articles reflect these new provisions.

(f) Electronic and web communications

Provisions of the Companies Act 2006 enable companies to communicate with shareholders by electronic and/or website communications. The New Articles will allow communications with shareholders in electronic form and, in addition, they permit the

Company to take advantage of the new provisions relating to website communications. However, before the Company can communicate with a shareholder by means of website communication, the relevant shareholder must be asked individually by the Company to agree that the Company may send or supply documents or information to him or her by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the shareholder (either in writing or by other permitted means) when a relevant document or information is placed on the website and a shareholder can always request a hard copy version of the document or information.

(g) Directors' indemnities

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors. This is reflected in the New Articles. The opportunity is also being taken to clarify that, subject to the Companies Act 2006, the Company may grant indemnities to directors of associated companies.

The Companies Act 2006 is being implemented in phases with the final phase coming into force on 1 October 2008. Resolution 4 proposes to make further revisions to the New Articles with effect on and from 1 October 2008 to cater for changes being introduced on that date relating to directors' conflicts of interest. The principal changes to the New Articles are summarised below.

Directors' interests

The Companies Act 2006 sets out directors' general duties. The provisions largely codify the existing law, but with some changes. Under the Companies Act 2006, from 1 October 2008, a director must avoid a situation where he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles, which will take effect on and from 1 October 2008, give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. These include, first, that only independent directors (i.e. those who have no interest in the matter being considered) will be able to take the relevant decision and, second, that, in taking the decision, the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation or subsequently if they think this is appropriate.

It is proposed to include provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director from being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors.

A copy of the New Articles and a copy of the Current Articles marked to show changes being proposed by Resolutions 1 and 4 are available for inspection as noted in paragraph 10 of Part 11 of this document.

Part 6: Rights and restrictions attached to the B Shares

The following summarises the proposed amendments to the Articles of Association relating to the rights and restrictions attaching to the B Shares:

Rights and restrictions attached to the B Shares

Notwithstanding any other provisions in these Articles which relate to shares, the provisions of Articles 142 to 147 comprise all the rights and restrictions which relate to B shares.

142. Election Form

- (A) Together with a circular to all Shareholders dated 28 March 2008 (the **Circular**), Shareholders who held their Existing Ordinary Shares in certificated form were sent a form of election (**Election Form**) relating to the B Shares and C Shares proposed to be issued by the Company, as more fully described in the Circular. Pursuant to the Election Form or, where Shareholders held their Existing Ordinary Shares in uncertificated form, by following the instructions set out in the Circular, Shareholders could elect (an **Election**), *inter alia*, to have issued to them B Shares to be redeemed by the Company on the Redemption Date (as defined in Article 147(A) below) (the **Capital Alternative**).
- (B) Shareholders who do not validly complete and return their Election Form or, in the case of Shareholders who hold their Existing Ordinary Shares in uncertificated form, do not send a valid TTE instruction by 4.30 p.m. on 9 May 2008 (or such later time and/or date as the Directors may determine), will be deemed to have elected for the Dividend Alternative (as defined and described in the Circular) in respect of each Existing Ordinary Share held by them.
- (C) To the extent that there are insufficient B Shares to satisfy in full all Elections for the Capital Alternative, the Company will issue C Shares proportionately in respect of such Elections, which will be deemed to that extent to be Elections for the Dividend Alternative.
- (D) The Directors, in their absolute discretion, shall determine all questions as to the form and validity (including time and place of receipt) of any Election Form, 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.

143. Income

The B Shares shall confer no right to participate in the profits of the Company save for the right to redemption under Article 147 below.

144. Capital

- (A) Except as provided in Article 146, on a return of capital on winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of B Shares shall be entitled, in priority to any payment to the holders of every other class of share in the capital of the Company (except the C Shares) but *pari passu* with any payment to the holders of C Shares, to £1.21 for each B Share held by them.
- (B) 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 144(A) above. In the event that there is a winding-up to which Article 144(A) applies and the amounts available for payment are insufficient to pay the amounts due on all the B Shares in full, the holders of the B Shares shall be entitled to their *pro rata* proportion of the amounts available.
- (C) The aggregate entitlement of each holder of B Shares on a winding-up in respect of all of the B Shares held by him or her shall be rounded up to the nearest whole penny.
- (D) The holders of the B Shares shall not be entitled to any further right of participation in the assets of the Company.

145. Voting and general meetings

- (A) The holders of B Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company or to attend, speak or vote at any such general meeting unless the business of the meeting includes the consideration of a resolution for the winding-up (excluding any intra-group reorganisation on a solvent basis) of the Company, in which case the holders of the B Shares shall have the right to attend, speak and vote on that resolution only.
- (B) If the holders of the B Shares are entitled to vote at a general meeting of the Company, each holder thereof present in person or by proxy (or, being a company, by representative) will have one vote on a show of hands and, on a poll, every holder who is present in person or by proxy (or, being a company, by a company representative) will have one vote for each B Share he or she holds.

146. Class rights

- (A) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent 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 the B Shares.
- (B) A reduction and/or repayment 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 or require the consent of the holders of the B Shares.
- (C) Without prejudice to the foregoing, the Company is authorised to reduce and/or repay (or purchase shares in) its capital of any class or classes and such reduction and/or repayment (or purchase) shall not involve a variation of any rights attaching to the B Shares for any purpose or require the consent of the holders of the B Shares.
- (D) If at any time a currency other than sterling is accepted as legal tender in the United Kingdom in place of or in addition to sterling, the Directors shall be entitled, without the consent of holders of Ordinary Shares, B Shares or C Shares, to make such arrangements and adjustments in respect of the method of calculation and payment of any of the entitlements of holders of B Shares under these Articles as the Directors consider necessary, fair and reasonable in the circumstances to give effect to the rights of the B Shares. Any such arrangements and adjustments shall not involve a variation of rights attaching to the B Shares for any purpose.

147. Redemption

Subject to the provisions of the Companies Act 2006 and these Articles, the Company shall redeem, out of the profits available for distribution, the B Shares as follows:

- (A) The B Shares in respect of which a valid Election has been made or is deemed to be made for the Capital Alternative in accordance with the terms described in the Circular and the Election Form shall be redeemed on such date as the Directors may in their absolute discretion decide (**Redemption Date**) being, in any event, a date not less than one day and not more than 30 days after the issue of such B Shares.
- (B) On redemption of a B Share on the Redemption Date, the Company will be liable to pay to a holder of B Shares £1.21 (the **Redemption Amount**) for each B Share in respect of which a valid Election has been made or is deemed to be made by such holder for the Capital Alternative in accordance with the terms described in the Circular and the Election Form. The Company's liability to pay to such holder the Redemption Amount for each such B Share shall be discharged by the Company by a payment to such holder within 14 days of the Redemption Date of the Redemption Amount for each such B Share.
- (C) 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 choice of the Redemption Date in accordance with Article 147(A).

(D) All B Shares redeemed shall be cancelled and the Company shall not be entitled to re-issue them.

148. Deletion of Articles 142 to 147 when no B Shares in existence

Articles 142 to 147 shall remain in force until there are no longer any B Shares in existence notwithstanding any provision in the Articles to the contrary. Thereafter Articles 142 to 147 shall be and shall be deemed to be of no effect (save to the extent that the provisions of Articles 142 to 147 are referred to in other Articles) and shall be deleted and replaced with the wording 'Articles 142 to 147 have 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 Articles 142 to 147 before that date shall not otherwise be affected and any actions taken under Articles 142 to 147 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 relating to the rights and restrictions attaching to the C Shares:

Rights and restrictions attached to the C Shares

Notwithstanding any other provisions in these Articles which relate to shares, the provisions of Articles 149 to 154 comprise all the rights and restrictions which relate to C shares.

149. Election Form

- (A) Shareholders who held their Existing Ordinary Shares in certificated form were sent, together with the Circular, an Election Form relating to the B Shares and C Shares proposed to be issued by the Company as more fully described in the Circular. Pursuant to the Election Form or, where Shareholders held their Existing Ordinary Shares in uncertificated form, by following the instructions set out in the Circular, Shareholders could make an Election *inter alia* to have issued to them C Shares in respect of which the Single Dividend (as defined in Article 150(A) below) would be paid.
- (B) Shareholders who do not validly complete and return their Election Form or, in the case of Shareholders who hold their Existing Ordinary Shares in uncertificated form, do not send a valid TTE instruction by 4.30 p.m. on 9 May 2008 (or such later time and/or date as the Directors may determine) will be deemed to have elected for the Dividend Alternative (as defined and described in the Circular) in respect of each Existing Ordinary Share held by them.
- (C) The Directors, in their absolute discretion, shall determine all questions as to the form and validity (including time and place of receipt) of any Election Form, 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.

150. Income

- (A) Out of the profits available for distribution, a single dividend of £1.21 per C Share (the **Single Dividend**) shall, if declared, become payable on the Redemption Date to holders of C Shares in respect of which a valid Election to receive the Single Dividend has been made or deemed to be made in accordance with the terms described in the Circular and the Election Form.
- (B) The Company's liability to pay the Single Dividend to such holder of C Shares shall be discharged by the Company by a payment to such holder within 14 days of the Redemption Date of the Single Dividend.
- (C) Each C Share in respect of which the Single Dividend becomes payable shall immediately thereupon (but without prejudice to the accrued right to receive such dividend) be reclassified as a Deferred Share with the rights and restrictions described in Articles 156 to 161 below.
- (D) 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 choice of the Redemption Date in connection with Article 150(A) above.

151. Capital

- (A) Except as provided in Article 154, on a return of capital on winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of C Shares shall be entitled, in priority to any payment to the holders of every other class of share capital of the Company (except the B Shares) but *pari passu* with any payment to the holders of B Shares, to £1.21 for each C Share held by them.

- (B) On a 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 151(A) above. In the event that there is a winding-up to which Article 151(A) applies and the amounts available for payment are insufficient to pay the amounts due on all the C Shares in full, the holders of the C Shares shall be entitled to their pro rata proportion of the amounts available.
- (C) The aggregate entitlement of each holder of C Shares on a winding-up in respect of all of the C Shares held by him or her shall be rounded up to the nearest whole penny.
- (D) The holders of the C Shares shall not be entitled to any further right of participation in the assets of the Company.

152. Voting and general meetings

- (A) The holders of C Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company or to attend, speak or vote at any such general meeting unless the business of the meeting includes the consideration of a resolution for the winding-up (excluding any intra-group reorganisation on a solvent basis) of the Company, in which case the holders of the C Shares shall have the right to attend, speak and vote on that resolution only.
- (B) If the holders of the C Shares are entitled to vote at a general meeting of the Company, each holder thereof present in person or by proxy (or, being a company, by representative) will have one vote on a show of hands and, on a poll, every holder who is present in person or by proxy (or, being a company, by a company representative) will have one vote for each C Share he holds.

153. Company's right to purchase

Subject to the provisions of the Companies Act 2006 and to compliance with applicable securities law and regulations but without the need to obtain the sanction of an extraordinary resolution of the holders of the C Shares, the Company may at any time and at its sole discretion purchase C Shares (i) by tender available alike to all holders of C Shares or (ii) by private treaty, in each case at a price and upon such other terms and conditions as the Directors may think fit.

154. Class rights

- (A) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent 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 the C Shares.
- (B) A reduction and/or repayment 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 or require the consent of the holders of the C Shares.
- (C) Without prejudice to the foregoing, the Company is authorised to reduce and/or repay (or purchase shares in) its capital of any class or classes and such reduction and/or repayment (or purchase) shall not involve a variation of any rights attaching to the C Shares for any purpose or require the consent of the holders of the C Shares.
- (D) If at any time a currency other than sterling is accepted as legal tender in the United Kingdom in place of or in addition to sterling, the Directors shall be entitled, without the consent of holders of Ordinary Shares, B Shares or C Shares, to make such arrangements and adjustments in respect of the method of calculation and payment of any of the entitlements of holders of C Shares under these Articles as the Directors consider necessary, fair and reasonable in the circumstances to give effect to the rights of the C Shares. Any such arrangements and adjustments shall not involve a variation of rights attaching to the C Shares for any purpose.

155. Deletion of Articles 149 to 154 when no C Shares in existence

Articles 149 to 154 shall remain in force until there are no longer any C Shares in existence notwithstanding any provision in the Articles to the contrary. Thereafter Articles 149 to 154 shall be and shall be deemed to be of no effect (save to the extent that the provisions of Articles 149 to 154 are referred to in other Articles) and shall be deleted and replaced with the wording 'Articles 149 to 154 have 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 Articles 149 to 154 before that date shall not otherwise be affected and any actions taken under Articles 149 to 154 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 relating to the rights and restrictions attaching to the Deferred Shares:

Rights and restrictions attached to the Deferred Shares

Notwithstanding any other provisions in these Articles which relate to shares, the provisions of Articles 156 to 161 comprise all the rights and restrictions which relate to Deferred Shares.

156. Income

The Deferred Shares shall confer no right to participate in the profits of the Company.

157. Capital

On a return of capital on a winding-up (excluding any intra-group reorganisation 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:

- (i) first, paying to the holders of the B Shares £1.21 per B Share and to the holders of the C Shares £1.21 per C Share held by them; and
- (ii) secondly, paying to the holders of every other class of share in the capital of the Company (other than the B Shares, C Shares and Deferred Shares) the nominal capital paid up or credited as paid up on such shares held by them respectively, together with the sum of £100,000,000 to each holder of such shares.

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

158. Voting and general meetings

The holders of the Deferred Shares shall not be entitled to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting.

159. Transferability

The Deferred Shares shall not be listed on any stock exchange nor shall any share certificates be issued in respect of such shares. The Deferred Shares shall not be transferable except in accordance with Article 161 below or with the written consent of the Directors.

160. Class rights

- (A) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent to the Deferred Shares. The creation, allotment or issue of 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.
- (B) A reduction and/or repayment by the Company of the capital paid up or credited as paid up 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 or require the consent of the holders of the Deferred Shares.
- (C) Without prejudice to the foregoing, the Company is authorised to reduce and/or repay (or purchase shares in) its capital of any class or classes and such reduction and/or repayment (or purchase) shall not involve a variation of any rights attaching to the Deferred Shares for any purpose or require the consent of the holders of the Deferred Shares.

161. Purchase

- (A) The Company may at any time (and from time to time), subject to the provisions of the Companies Act 2006, without obtaining the sanction of the holder or holders of the Deferred Shares appoint any person to execute on behalf of any holder 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), and any such transfer shall be for not more than 1p for all the Deferred Shares then being purchased.

(B) All Deferred Shares purchased by the Company shall be cancelled.

162. Deletion of Articles 156 to 161 when no Deferred Shares in existence

Articles 156 to 161 shall remain in force until there are no longer any Deferred Shares in existence notwithstanding any provision in the Articles to the contrary. Thereafter Articles 156 to 161 shall be and shall be deemed to be of no effect (save to the extent that the provisions of Articles 156 to 161 are referred to in other Articles) and shall be deleted and replaced with the wording 'Articles 156 to 161 have 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 Articles 156 to 161 before that date shall not otherwise be affected and any actions taken under Articles 156 to 161 before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever.

Part 9: Risk factors

Set out below are risk factors relating to the Group and the B and C Shares. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently consider to be immaterial, may also have an adverse effect on the business, results or financial condition of the Group. **Investors should carefully consider these risk factors, together with the other information contained in this document, before making any decisions in relation to the matters set out in this document.**

1. Risks relating to the Group and its business

(i) Possible volatility of the price of shares in Aga

The market price of the New Ordinary Shares may be affected by a variety of factors including, but not limited to, changes in market sentiment regarding the New Ordinary Shares, variations in the Group's operating results compared with the expectations of market analysts and investors, its business developments and/or those of its competitors, the operating performance of its competitors, speculation about the Group's business and regulatory changes affecting the Group's operations. Shareholders should be aware that the value of the New Ordinary Shares can decrease as well as increase and may not always reflect the underlying asset value or prospects of the Group.

(ii) Dividend payments

The ability of Aga to pay dividends on the New Ordinary Shares is dependent on its profitability and the extent to which, as a matter of law, it has available to it sufficient distributable reserves out of which any proposed dividend may be paid. The Company's ability to pay dividends is also dependent upon receipt by it of dividends and other distributions from subsidiaries. Further distributions other than in the normal course are subject to the agreement of the Trustee of the Pension Scheme for a period of five years from completion of the sale of Aga Foodservice Equipment.

(iii) Creditworthiness

As a result of the Return of Cash, the Group will have lower net assets and will generate lower profits than would otherwise have been the case. This may affect the quantity of debt which the Group is able to raise and the terms on which it is able to do so.

(iv) Pension funding

The values of the assets and liabilities of the Group's defined benefit pension schemes are substantial and will become relatively more so in relation to the size of the Group following the Return of Cash. As at 31 December 2007, these schemes were in surplus on an IAS 19 basis. The funding position of these schemes is, and the contributions that are required from the companies that participate in them are, likely to fluctuate as a result of changes in economic conditions, demographic experience, movements in interest rates, the investment performance of the schemes' assets and the longevity of the schemes' members. The Company seeks to mitigate the potential risks and uncertainties inherent in such schemes by careful management and continual monitoring of the schemes by working closely with the scheme trustees and specialist advisers.

(v) Forward-looking statements

This document includes forward-looking statements concerning the Group. Forward-looking statements are based on current expectations and projections about future events. These forward looking statements are subject to risks, uncertainties and assumptions about the Group. Subject to Aga's continuing obligations under the Listing Rules, the Disclosure and Transparency Rules, applicable laws and regulations, the Group undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

(vi) Economic conditions

Changes in economic conditions, including, for example, interest rates, rates of inflation, the competitive environment, economic growth rates, tax laws and other factors can substantially and adversely affect the business, financial and operating performance of the Group.

(vii) Competitive environment

The markets in which the Group competes are fragmented but many of the Group's competitors are large and have substantially greater financial, marketing, technological and personnel resources. The Group is subject to their competitive actions and, although the Group believes that the performance and price characteristics of its products provide competitive solutions for its customers' needs, there can be no assurance that existing customers will continue to choose its products over products offered by competitors. The Group has a good understanding of the markets in which it operates and its key competitors and their strategies and monitors and develops its strategy to mitigate these risks.

(viii) Effect of legislation or other regulatory action

The Group is subject to various laws and regulations around the world and operates in sectors which may be affected by changes in the regulatory environment. Failure to comply with laws and regulations, including health and safety and environmental regulations, could impose additional costs on, have an adverse impact on the performance of and/or damage the reputation of the businesses carried on by the Group.

(ix) Foreign exchange

The Company is exposed to two types of currency risk: transaction risk in respect of products manufactured in one currency region and sold in another currency; and translation risk in that the results of non-UK businesses will translate into differing pounds sterling values depending on the exchange rate.

(x) Raw material and utility prices

The Group uses large amounts of stainless steel, aluminized steel, electricity, gas and related commodities. Volatility and changes in the pricing and availability of these could have a significant impact on the Group's results. In particular, the prices of steel and utilities have increased significantly in recent years and may increase further. The Group's raw materials are sourced on the world market and, in general, the Group has access to multiple sources of supply. However, should there be a significant change in the global balance of supply and demand, or should there be a cessation of supply of these items, the performance of the Group could be adversely affected. In addition, following the sale of Aga Foodservice Equipment, the Group now purchases lower volumes of stainless steel and other commodities. As a result there can be no assurance that the Group will continue to secure supply of these commodities on the same pricing and other terms as currently supplied.

(xi) Changes in consumer trends and spending

The Group derives most of its revenues from sales of consumer appliances. Financial and operating performance depends, in part, on factors which affect the level and patterns of consumer and retail spending, including changes in consumer preferences and trends.

The Group's future success and revenues will be dependent, in part, on the strength of its principal trading brands. The Group monitors changing consumer preferences, brand perception, price points and other trends such as environmental awareness to understand better and to anticipate its customers' preferences.

(xii) Inability to protect intellectual property rights

The Group relies significantly on confidential know-how, patents, trademarks, copyrights and design rights to protect proprietary technology and other proprietary rights. Notwithstanding the precautions taken to protect its intellectual property rights, it is possible that third parties may copy or otherwise obtain and use the Group's proprietary technology without authorisation or may otherwise infringe the Group's rights. In some cases, including in relation to a number of the Group's most important products, there may be no effective legal recourse against duplication by competitors.

(xiii) Infringement of third party intellectual property rights

Patents of third parties may have an important bearing on the Group's ability to offer some of its products. The competitors of the Group, as well as other companies and individuals, may obtain, and may be expected to obtain in the future, patents related to the types of products which the Group offers or plans to offer. In addition, third parties may allege that their intellectual property rights have been infringed by Group products. There can be no assurance that the Group is or will be aware of all patents which may pose a risk of

infringement by its products. If one or more of the Group's products were to infringe patents held by others or were alleged to infringe such patents, this could result in claims being made against the Group, which might result in additional costs and/or the Group being required to modify or cease development or marketing of a particular product or products.

(xiv) Product defect risk; product liability

The products manufactured and sold by the Group could contain defects, which could result in claims being made against the Group. Individual components may not withstand the mechanical stress placed upon them. The materials used may result in as yet unknown health risks; in particular this could affect food prepared with such materials. The Group has put in place product liability insurance but it cannot be ruled out that claims arise which are not covered by such insurance.

(xv) Sale of Aga Foodservice Equipment

The sale and purchase agreement governing the sale of the Aga Foodservice Equipment Division to Ali SpA contained certain warranties and indemnities in favour of Ali SpA. If the Group were to incur costs under any of these warranties or indemnities, these costs could have an adverse effect on its business, financial condition and results of operation.

2. Risks relating to the B and C Shares

United Kingdom taxation

The general guide to United Kingdom taxation in relation to the Return of Cash set out in Part 10 of this document is based on current United Kingdom tax law and HM Revenue & Customs practice as at the date of this document. Current legislation and practice may change and any such change may affect the taxation liabilities of Shareholders in relation to the Return of Cash.

Part 10: United Kingdom Taxation in relation to the Return of Cash

1. United Kingdom taxation

The comments below are intended as a general guide only and are based on current United Kingdom tax law and HM Revenue and Customs practice as at the date of publication of this document. The comments apply only to Shareholders who are resident and, if they are individuals, ordinarily resident in the United Kingdom for tax purposes and who hold their Existing Ordinary Shares, New Ordinary Shares, B Shares and C Shares beneficially as an investment and not on a trading account. The position may be different for any future return of cash and may alter between the date of this document and the implementation of the Return of Cash.

*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. In particular, the attention of UK resident corporate Shareholders is drawn to the provisions of sections 91A and 91B of the Finance Act 1996 (the "**Finance Act**"). The Finance Act contains provisions which could result in all returns on certain types of shares, whether capital or income in nature, being taxed as income under the "loan relationship rules". Shareholders who are subject to tax in accordance with the "loan relationship" rules should consult an appropriate adviser.*

(a) Capital Reorganisation

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

- (i) The receipt of New Ordinary Shares, B Shares and C Shares should be treated as a reorganisation of the share capital of the Company. Accordingly, the New Ordinary Shares replacing a Shareholder's holding of Existing Ordinary Shares as a result of the Capital Reorganisation and the B Shares and C Shares should 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 should be apportioned between the New Ordinary Shares and the B Shares and C Shares by reference to their respective market values on the first day on which market prices are quoted or published for the New Ordinary Shares.
- (ii) The sale, on behalf of relevant Shareholders, of fractional entitlements to New Ordinary Shares resulting from the Capital Reorganisation should not constitute a part disposal of such Shareholders' Existing Ordinary Shares. Instead the amount of any payment received by the Shareholder should be deducted from the base cost of the B Shares, C Shares and any New Ordinary Shares received.

On the basis that the B Shares and the C Shares will be treated as being paid up for "new consideration" received by the Company, neither the issue of the B Shares or the C Shares should give rise to any liability to United Kingdom income tax (or corporation tax) in a Shareholder's hands.

(b) Dividend Alternative

Income tax

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

A United Kingdom resident individual Shareholder who is liable to income tax at the starting or basic rate will pay no tax on the Single Dividend unless it 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 aggregate of the cash dividend received and the associated tax credit (equal to one-ninth of the cash dividend), when treated as the top slice of that Shareholder's income, falls above the threshold for higher 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 Single Dividend.

United Kingdom resident corporate Shareholders will generally not be subject to corporation tax on the Single Dividend.

Non-UK resident Shareholders will not generally be able to claim repayment from HM Revenue and Customs under any double tax treaty in respect of the tax credit associated with the Single Dividend. A Shareholder resident outside the United Kingdom may 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 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 Single Dividend should note that, as a consequence of 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 a repurchase of the Deferred Shares) will be treated as a disposal of those shares for CGT purposes and may result in a Shareholder realising a capital loss. However, Shareholders liable to corporation tax should note that it is likely that section 30 of the Taxation of Chargeable Gains Act 1992 would be regarded as being applicable to such a Shareholder who elects for the Single Dividend. In such event, the effect would be broadly to deny the relevant Shareholder any capital loss arising on disposal of the Deferred Shares to the extent that that loss arises as a consequence of payment of the Single Dividend.

(c) Capital Alternative

- (i) The Company has been advised that the redemption of B Shares by the Company under the Capital Alternative should be treated as a disposal of those shares for United Kingdom tax purposes.

Accordingly:

- (A) Shareholders whose B Shares are redeemed under the Capital Alternative should be treated as having disposed of those shares for CGT purposes. This may, depending on individual circumstances, give rise to a liability to CGT. Any gain or loss will be calculated by reference to the difference between the redemption price and the Shareholder's base cost in the B Shares that are redeemed. Shareholders are referred to paragraph (a) above for information on how the base cost attributable to their B Shares will be determined in the computation of any gain or loss arising.
- (B) The amount of CGT, if any, payable by an individual Shareholder on the redemption of his or her B Shares will depend on his or her personal tax position. No tax will be payable on any gain realised on a redemption of B Shares if the amount of the chargeable gain realised by the Shareholder, when aggregated with other chargeable gains realised by the Shareholder in the year of assessment in question (and after taking account of exemptions and allowable losses as may be available in each case), does not exceed the applicable Shareholder's annual exempt amount.
- (C) In the Budget Report published on 12 March 2008, the Government confirmed its intention that legislation, currently in draft form, will be enacted in the Finance Act 2008 under which individual and trustee CGT payers will cease to be entitled to taper relief (and, for periods up to 5 April 1998, indexation allowance) and will be subject to a single rate of charge to CGT at 18 per cent. (for the 2008/2009 tax year), in relation to disposals of capital assets after 5 April 2008. It is proposed that the annual exempt amount will remain. Accordingly, if the draft legislation is enacted in its current form,

amounts received by an individual or trustee Shareholder who is resident in the UK or ordinarily resident in the UK for CGT purposes on redemption of his or her B Shares in excess of the annual exempt amount will be subject to CGT at 18 per cent. (subject to any applicable exemption or relief).

- (D) A corporate Shareholder is taxable on all of its chargeable gains, subject to other reliefs. Corporate Shareholders are entitled to indexation allowance up to the date the chargeable gain is realised.
- (E) No part of the proceeds received by a Shareholder on the redemption of B Shares under the Capital Alternative should be an income distribution in the Shareholder's hands.
- (ii) If Shareholders elect (in respect of some or all of their Existing Ordinary Shares) for the Capital Alternative, and are issued C Shares, the UK tax treatment relating to the C Shares will be as set out at paragraph (b) above.

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

If Chapter 1, Part 13 ITA 2007 applied in respect of the Capital Alternative, Shareholders who are UK income tax payers might be liable to taxation as if they had received a dividend equal to the amount received on redemption of the B Shares. The Company has not applied for a clearance under section 701 ITA 2007 in this regard. However, having consulted with leading tax counsel, the Company does not expect that Chapter 1, Part 13 ITA 2007 will be applied to Shareholders who are UK income tax payers and who elect for the Capital Alternative in respect of some or all of their Existing Ordinary Shares.

(e) Chapter 1, Part XVII Income and Corporation Taxes Act 1988 (“ICTA 1988”)

If Chapter 1, Part XVII ICTA 1988 applied in respect of the Dividend Alternative, Shareholders who are UK corporation tax payers might be liable to taxation as if they had received a capital sum equal to the Single Dividend payable on their C Shares. The Company has not applied for a clearance under section 707 ICTA 1988 in this regard. However, having consulted with leading tax counsel, the Company does not expect that Chapter 1, Part XVII ICTA 1988 will be applied to Shareholders who are UK corporation tax payers and who elect for the Dividend Alternative in respect of some or all of their Existing Ordinary Shares.

(f) Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

Except in relation to depositary receipt arrangements or clearance services to which special rules apply:

- (i) No stamp duty or SDRT will be payable on the issue of the B Shares or the C Shares.
- (ii) No stamp duty or SDRT will be payable on the redemption of B Shares.
- (iii) An agreement to sell B Shares, C Shares or Deferred 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 B Shares or C Shares (as the case may be) 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) For the avoidance of doubt, a sale of Deferred Shares to the Company will not give rise to any liability to stamp duty or SDRT for the selling Shareholder.

Part 11: Additional information

1. The Company

The Company was incorporated and registered in England and Wales on 5 July 1939 under the Companies Act 1929 with registered number 00354715.

The registered office of the Company, and the business address of all of the Directors, is 4 Arleston Way, Shirley, Solihull B90 4LH.

2. Working capital

In the opinion of the Company, taking into account bank and other facilities available to the Group and on the assumption that the Return of Cash is implemented in full, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of this document.

3. Directors' and other interests

- (a) At the close of business on 27 March 2008 (being the latest practicable date prior to the posting of this document), the interests of the Directors in the issued ordinary share capital of the Company (all of which are beneficial unless otherwise stated) as notified to the Company in accordance with Rule 3.1.2R of the Disclosure and Transparency Rules, and shares under option, were as follows:

<i>Director</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Existing Ordinary Shares under option and conditional share awards</i>
W B McGrath	146,692	0.127	380,499
S M Smith	105,396	0.091	125,912
V Cocker	51,161	0.044	0
J Coleman	0	0	0
P B Dermody	17,777	0.015	0
P E Jackson	888	0.001	0
H M Mahy	4,848	0.004	0
P W G Tom	17,777	0.015	0

(W B McGrath holds 144,000 options under the Aga Foodservice Group 1994 Senior Executive Share Option Scheme and 236,499 options under the Aga Foodservice Group Long-Term Incentive Plan. S M Smith holds 125,912 options under the Aga Foodservice Group Long-Term Incentive Plan).

- (b) Save as disclosed in paragraph 3(a) above, none of the Directors has any interest, beneficial or non-beneficial, in the share capital of the Company or any of its subsidiaries.

- (c) As at the close of business on 27 March 2008, the total voting rights attributable to the issued ordinary share capital of the Company was 115,327,399 and the following persons had notified the Company in accordance with Rule 5 of the Disclosure and Transparency Rules that they held three per cent. or more of the voting rights attributable to the issued ordinary share capital of the Company:

<i>Shareholder</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of share capital directly owned</i>	<i>Percentage of share capital indirectly owned</i>
Boston Holdings LP Inc	27,717,114	24.06	0
Aviva plc	8,659,179	7.04	0.47
HSBC Holdings plc	8,653,424	7.36	0.14
Prudential plc	4,854,832	4.19	0
J P Morgan Chase & Co	5,566,117	0	4.83
Aberdeen Asset Management Limited	5,765,600	0	5.00
Legal & General Group plc	4,686,714	4.06	0
Principle Capital Investment Trust plc	3,502,382	3.05	0

- (d) Save as disclosed in paragraph 3(c) above, the Company is not aware of any person who is interested in three per cent. or more of the voting rights attributable to the issued ordinary share capital of the Company.
- (e) As at the close of business on 27 March 2008, there were 1,448,740 options outstanding over the Company's Existing Ordinary Shares, representing 1.3 per cent. of the Existing Ordinary Shares in issue. Following Admission of the New Ordinary Shares and assuming full use of the Company's authority to buy back ordinary shares, these options would represent 2.3 per cent. of the New Ordinary Shares in issue.
- (f) The Company is not aware of any person who exercises, or could exercise, directly or indirectly, jointly or severally, control over the Company.

4. Trend information

The preliminary statement of the Group's results for the financial year ended 31 December 2007 was announced on 14 March 2008. The statement included the following comment on current trading and outlook.

"Orders at the start of 2008 have been encouraging for our major businesses, although some of the economies in which we operate are clearly slowing. This year the price increase for Aga was on 1 March and this helped stimulate demand. Rangemaster has seen growth continuing and order intake is up 5% so far this year. Encouragingly, Fired Earth's orders are up nearly 10%. In the US, Marvel has seen orders fall so far this year by around 20% while Aga Heartland is ahead. The Group is adjusting to its new scale and focus and expects its cost cutting initiatives to assist in the current drive to achieve a higher return on sales."

There have been no material developments since this statement was published.

5. No significant change

There has been no significant change in the financial or trading position of the Group since 31 December 2007, the date to which the Company's latest audited financial statements were prepared.

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

The rights and restrictions attaching to the New Ordinary Shares will be as currently set out in the Articles of Association of the Company in relation to the Existing Ordinary Shares but amended as proposed at the Extraordinary General Meeting. These rights and restrictions may be summarised as regards income, return of capital and voting as follows:

Income: Subject to the payment of the Single Dividend, 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, if the Directors so resolve, 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 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 up to the nominal value of each New Ordinary Share together with £100,000,000 per holder of a New Ordinary Share.

Voting: The holders of the New Ordinary Shares shall be entitled in respect of their holding 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 or by proxy shall have one vote and upon a poll every such holder present in person or by proxy shall have one vote for every New Ordinary Share of which he or she is the holder.

7. Form

The New Ordinary Shares, the B Shares and the 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 the C Shares will be in registered form. The Company will apply for the New Ordinary Shares to be admitted to CREST with effect from the Admission Date. Accordingly, settlement of transactions in the New Ordinary Shares may take place within the CREST system in respect of general market transactions.

8. CREST

Shareholders who hold their Existing Ordinary Shares in CREST will, following the Share Capital Consolidation, have their CREST accounts credited with New Ordinary Shares under the ISIN GB00B2QMX606 on the Admission Date.

9. Consent

Dresdner Kleinwort 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 in which they appear.

10. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Allen & Overy LLP at One Bishops Square, London E1 6AO and at the registered office of the Company from the date of this document up to and until the conclusion of the Extraordinary General Meeting and will also be available for inspection for at least 15 minutes before and during the Extraordinary General Meeting:

- (a) the Current Articles marked 'A' and signed by the Chairman of the EGM for identification purposes;
- (b) the New Articles of Association marked 'B' and signed by the Chairman of the EGM for identification purposes;
- (c) the proposed amendments to the New Articles pursuant to Resolution 2 marked 'C' and signed by the Chairman of the EGM for identification purposes;
- (d) the proposed amendments to the New Articles pursuant to Resolution 4 marked 'D' and signed by the Chairman of the EGM for identification purposes;
- (e) the consent letter referred to in paragraph 9 of this Part 11; and
- (f) this document.

Part 12: Definitions

The following definitions apply throughout this document and the accompanying documents including the Form of Proxy and the Election Form, unless the context otherwise requires:

“Admission”	admission to listing on the Official List and admission to trading on the London Stock Exchange’s main market for listed securities and a reference to Admission becoming “effective” is to be construed in accordance with the Listing Rules or the Standards (as applicable)
“Aga” or the “Company”	Aga Foodservice Group plc
“Admission Date”	12 May 2008 (or such later date as the Directors may determine)
“AGM”	the Annual General Meeting of the Company to be held at the National Motorcycle Museum, Coventry Road, Bickenhill, Solihull B92 0EJ on 9 May 2008 at 12.00 noon
“Alternatives”	the Dividend Alternative and the Capital Alternative, or either of them as the context may require
“Articles” or “Articles of Association”	the articles of association of the Company from time to time
“Aga Foodservice Group Share Schemes”	The Aga Foodservice Group Long-Term Incentive Plan and The Aga Foodservice Group 1994 Senior Executive Share Option Scheme
“B Shares”	the redeemable preference shares of £1.21 each in the capital of the Company carrying the rights and restrictions summarised in Part 6 of this document
“BACS”	the Bankers Automated Clearing System
“Board”	the board of directors of the Company or a duly appointed committee thereof
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which sterling deposits may be dealt in on the London inter-bank market and commercial banks are open for general business in London
“CA Resolutions”	Resolutions 1 and 4 set out in the notice of the Extraordinary General Meeting contained in Part 13 of this document
“C Shares”	the non-cumulative irredeemable preference shares of 0.001p each in the capital of the Company carrying the rights and restrictions summarised in Part 7 of this document
“Capital Alternative”	the allotment and issue of B Shares to be redeemed by the Company on the Effective Date with such redemption proceeds to be sent to holders of such B Shares on the Payment Date, as more fully described in Part 1 and Part 5 of this document
“Capital Reorganisation”	the reorganisation of the Company’s share capital comprising the Share Capital Consolidation and the allotment and issue of B Shares and/or C Shares
“Companies Act”	the Companies Act 1985, as amended, to the extent still in force at the date of this document and/or the Companies Act 2006 to the extent in force at the date of this document, as the context requires
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear is the Operator (as defined in such 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 Extraordinary General Meeting and containing the information required to be contained in the manual published by Euroclear

“Current Articles”	the articles of association of the Company immediately prior to the commencement of the EGM
“Deferred Shares”	the deferred shares of 0.001p each in the capital of the Company carrying the rights and restrictions summarised in Part 8 of this document
“Directors”	the directors of Aga
“Disclosure and Transparency Rules”	the disclosure and transparency rules made by the Financial Services Authority in exercise of its function as competent authority pursuant to Part VI of FSMA
“Dividend Alternative”	the allotment and issue of C Shares on which the Single Dividend shall be declared on the Dividend Declaration Date, the amount of which is to be sent to holders of such C Shares on the Payment Date, as more fully described in Part 1 and Part 5 of this document
“Dividend Declaration Date”	12 May 2008 (or such later date as the Directors in their absolute discretion may determine)
“Dresdner Kleinwort”	Dresdner Kleinwort Limited
“Effective Date”	such date as the Directors in their absolute discretion may determine between 12 May 2008 and 22 May 2008 (inclusive), being the date on which the Single Dividend will become payable and the B Shares issued under the Capital Alternative will be redeemed
“Election Deadline”	4.30 p.m. on 9 May 2008 (or such later time and/or date as the Directors in their absolute discretion may determine)
“Election Form”	the election form enclosed with this document, where this document is sent to Shareholders who hold their Existing Ordinary Shares in certificated form
“Election Period”	the period from the date of this document until the Election Deadline during which time Shareholders may make elections for one or both of the Alternatives
“Equiniti”	the Company’s registrars, Equiniti Financial Services Limited and Equiniti Limited (together or separately “ Equiniti ”) of Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, England
“ESA Message”	a message through CREST to Equiniti in its capacity as escrow agent requesting a withdrawal of Existing Ordinary Shares from the escrow balance
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST (formerly known as CRESTCo Limited)
“Existing Ordinary Shares”	the existing ordinary shares of 28 ¹ / ₈ p each in the capital of the Company
“Extraordinary General Meeting” or “EGM”	the Extraordinary General Meeting of the Company to be held at the National Motorcycle Museum, Coventry Road, Bickenhill, Solihull B92 0EJ on 9 May 2008 at 12.30 p.m., or as soon thereafter as the AGM convened for the same day at 12.00 noon shall close or be adjourned
“Finance Act”	the Finance Act 1996
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the Extraordinary General Meeting
“FSA”	Financial Services Authority
“FSMA”	Financial Services and Markets Act 2000, as amended
“Group”	Aga and its subsidiary undertakings
“HM Revenue and Customs”	Her Majesty’s Revenue and Customs

“ITA 2007”	the Income Tax Act 2007
“Listing Rules”	the listing rules made by the FSA for the purposes of Part VI of FSMA, as amended
“London Stock Exchange”	London Stock Exchange plc
“New Articles”	the replacement articles of association of the Company to be adopted pursuant to Resolution 1
“New Ordinary Shares”	following the Capital Reorganisation, the new ordinary shares of 46 ⁷ / ₈ p each in the capital of the Company
“non-UK Shareholder”	a Shareholder who is not resident in the United Kingdom or who is a citizen, resident or national of a country other than the United Kingdom. For the avoidance of doubt, a Shareholder who is not resident in the United Kingdom includes a Shareholder who is resident in the Channel Islands or the Isle of Man
“Official List”	the official list maintained by the FSA for the purposes of Part IV of FSMA, as amended
“Payment Date”	such date as the Directors in their absolute discretion may determine, being the date on which cash is expected to be sent to Shareholders under the Dividend Alternative and the Capital Alternative, expected to be by 29 May 2008
“Pension Scheme”	the Aga Foodservice Group Pension Scheme
“Record Time”	6 p.m. on 9 May 2008 (or such later time and/or date as the Directors in their absolute discretion may determine)
“Regulatory Information Service”	a Regulatory Information Service on the list of Regulatory Information Services maintained by the FSA
“Resolutions”	the resolutions set out in the notice of the Extraordinary General Meeting contained in Part 13 of this document
“Return of Cash”	the Capital Reorganisation and the Alternatives
“Return Resolutions”	Resolutions 2 and 3 set out in the notice of the Extraordinary General Meeting contained in Part 13 of this document and “Return Resolution” means Resolution 2 or Resolution 3 as the case requires
“Share Capital Consolidation”	the subdivision and consolidation of the Existing Ordinary Shares in the manner set out in paragraph (b) of Resolution 2
“Share Entitlement”	the entitlement of each Shareholder to be allotted one B Share or one C Share for each Existing Ordinary Share held at the Record Time
“Shareholders”	holders of Existing Ordinary Shares, New Ordinary Shares, B Shares, C Shares or Deferred Shares, as the context may require
“Single Dividend”	a single, preferential dividend of £1.21 per C Share to be declared and paid in accordance with the Dividend Alternative
“Standards”	the “Admission and Disclosure Standards” of the London Stock Exchange
“TTE Instruction”	transfer to escrow instruction
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories, possessions, any state of the United States of America and the District of Columbia
“US Securities Act”	the United States Securities Act of 1933 (as amended) and the rules and regulations promulgated thereunder

Part 13: Notice of Extraordinary General Meeting



FOODSERVICE GROUP PLC

Aga Foodservice Group plc (the “Company”)

(incorporated in England and Wales with company number 00354715)

Notice is hereby given that an Extraordinary General Meeting of the Company will be held at the National Motorcycle Museum, Coventry Road, Bickenhill, Solihull B92 0EJ on 9 May 2008 at 12.30 p.m., or as soon thereafter as the annual general meeting of the Company (the **AGM**) convened for the same day at 12.00 noon shall close or be adjourned, to consider and, if thought fit, pass the following resolutions, all of which will be proposed as special resolutions:

Resolution 1

That, with effect from the conclusion of the Extraordinary General Meeting, the articles of association of the Company produced to the meeting and for the purpose of identification marked ‘B’ and signed by the Chairman of the meeting be adopted in substitution for, and to the exclusion of, the current articles of association of the Company.

Resolution 2

THAT, conditional on Admission of the New Ordinary Shares becoming effective by 8 a.m. on 12 May 2008 (or such later time and/or date as the Directors may in their absolute discretion determine):

- (a) the authorised share capital of the Company be and is hereby increased from £81,754,119.84 to £149,755,279.71 by the creation of 56,198,347 redeemable preference shares of £1.21 each in the capital of the Company (the “**B Shares**”) and 116,000,000 non-cumulative irredeemable preference shares of 0.001p each in the capital of the Company (the “**C Shares**”) each having the rights and subject to the restrictions set out in the articles of association of the Company as proposed to be amended pursuant to paragraph (c) of this resolution;
- (b) each issued ordinary share of 28¹/₈ p in the capital of the Company (each an “**Existing Ordinary Share**”) held by each holder or joint holders at 6.00 p.m. on 9 May 2008 (or such other time and/or date as the Directors may in their absolute discretion determine) (the “**Record Time**”) be and is hereby subdivided into 3 shares of 9³/₈p each and forthwith upon such subdivision every 5 shares of 9³/₈p each resulting from such subdivision be and are hereby consolidated into one New Ordinary Share, PROVIDED THAT no member shall be entitled to a fraction of a share and all fractional entitlements (treating shares held in certificated form and shares held in CREST as separate holdings) arising out of such subdivision or consolidation shall be aggregated into New Ordinary Shares and the whole number of New Ordinary Shares so arising sold and the net proceeds of sale in excess of £3 per holding distributed in due proportion (rounded down to the nearest penny) among those members who would otherwise be entitled to such fractional entitlements and any proceeds of sales not exceeding £3 per holding shall be retained by the Company;
- (c) the articles of association of the Company shall be and are hereby amended in the manner set out in the list of amendments produced to the meeting and for the purpose of identification marked ‘C’ and signed by the Chairman of the meeting;
- (d) the directors of the Company be and are hereby generally and unconditionally authorised to:
 - (i) capitalise a sum not exceeding £67,999,999.87 standing to the credit of the share premium account of the Company and to apply such amount in paying up in full at par up to a maximum of 56,198,347 B Shares;
 - (ii) capitalise a sum not exceeding £1,160 standing to the credit of the share premium account of the Company and to apply such amount in paying up in full at par up to a maximum of 116,000,000 C Shares; and

- (iii) pursuant to section 80 of the Companies Act 1985 (as amended) (the “**Act**”), exercise all the powers of the Company to allot and issue up to 56,198,347 B Shares and 116,000,000 C Shares each credited as fully paid up to the holders of the Existing Ordinary Shares as described in the Circular to the Company’s shareholders dated 28 March 2008 convening the Extraordinary General Meeting, provided that the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or 15 months from the date of the passing of this resolution whichever is earlier;
- (e) each authorised but unissued Existing Ordinary Share (up to such number as will result in the maximum whole number of New Ordinary Shares, with any balance remaining unconsolidated) be and is hereby subdivided into 3 shares of $9\frac{3}{8}$ p each and forthwith upon such subdivision every 5 shares of $9\frac{3}{8}$ p each resulting from such subdivision be and are hereby consolidated into one New Ordinary Share provided that the balance of the unconsolidated Existing Ordinary Shares shall immediately thereafter be and are thereupon cancelled pursuant to section 121(2)(e) of the Act and the amount of the Company’s authorised but unissued share capital diminished accordingly;
- (f) with effect from 6.00 p.m. on the date falling one month after the Record Time any authorised but unissued B Shares and C Shares then existing shall be cancelled and the authorised but unissued capital of the Company reduced accordingly;
- (g) the share capital available for issue as a consequence of:
 - (i) any redemption of B Shares created pursuant to paragraph (a) above; and
 - (ii) any purchase by the Company of deferred shares derived from any of the C Shares created pursuant to paragraph (a) above,
 be and is thereupon cancelled; and
- (h) for the purposes of this resolution:
 - (i) “**Admission**” means admission to listing on the official list maintained by the Financial Services Authority for the purposes of Part IV of the Financial Services and Markets Act 2000, as amended, and admission to trading on the London Stock Exchange’s main market for listed securities;
 - (ii) “**certificated form**” means, in relation to any share, where the title to that share is not recorded in the register of members of the Company as being held in uncertificated form;
 - (iii) “**Directors**” means the directors of the Company or a duly appointed committee thereof;
 - (iv) “**CREST**” means the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such regulations); and
 - (v) “**New Ordinary Share**” means a new ordinary share of $46\frac{7}{8}$ p in the capital of the Company having the rights and subject to the restrictions set out in the articles of association of the Company as proposed to be amended pursuant to paragraph (c) of this resolution.

Resolution 3

THAT, subject to the passing of Resolution 2 above and such Resolution becoming unconditional in accordance with its terms, and subject to the passing of Resolution 12 in the notice of the AGM, the existing authority of the Company to make market purchases (within the meaning of section 163(3) of the Act) of ordinary shares granted by the Company at its annual general meeting on 9 May 2008 be amended such that:

- (i) the maximum aggregate number of ordinary shares authorised to be purchased is reduced to 6,919,643; and

(ii) the minimum price which may be paid for an ordinary share is 46⁷/₈p (exclusive of expenses and taxes (if any) payable by the Company),

but that such existing authority shall not be amended in any other respect.

Resolution 4

That, subject to the passing of Resolution 1 above, and to take effect on and from 1 October 2008, Article 103 of the articles of association of the Company be deleted in its entirety and articles 103 to 108 (inclusive) as set out in the document produced to the meeting and for the purposes of identification marked 'D' and signed by the Chairman of the meeting be substituted therefore, and the remaining articles be renumbered.

By Order of the Board

P M Sissons
Company Secretary

28 March 2008

4 Arleston Way, Shirley, Solihull B90 4LH

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
2. In order to be valid an appointment of proxy must be returned by one of the following methods:
 - (a) in hard copy form by post, by courier or by hand to the Company's registrars, Equitini;
 - (b) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below; or
 - (c) by appointing and registering his/her proxy vote electronically by visiting the website www.sharevote.co.uk,and in each case must be received by the Company not less than 48 hours before the time of the meeting.
3. 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 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.
4. The statement of rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 2RA51) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
7. 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.
8. CREST members and, when applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal systems 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 provider(s), to procure that his or her 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.
9. A member who wishes to appoint a proxy and register his or her proxy vote electronically should visit the website www.sharevote.co.uk. The on-screen instructions will give details on how to complete the appointment and voting process.
10. A form of proxy is enclosed for use by shareholders and, if appropriate, must be deposited with the Company's registrars, Equitini, not less than 48 hours before the time of the meeting.

11. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, in order to be able to attend and vote at the meeting or any adjourned 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 of members of the Company by 6.00 p.m. (London time) on 7 May 2008 (or 6.00 p.m. on the date two days before any adjourned meeting). Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
12. Shareholders who return a form of proxy or register the appointment of a proxy will still be able to attend the meeting and vote in person if they so wish.
13. As at 27 March 2008 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 115,327,399 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 27 March 2008 are 115,327,399.
14. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

