

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action to be taken, please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all your Ordinary Shares in Glen Group plc, please forward this circular and enclosed notice of Extraordinary General Meeting at once to your stockbroker or other agent through whom you made the sale for transmission to the purchaser or transferee.

GLEN GROUP plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 5259846)

Directors:
Eric M Hagman CBE (Non-Executive Chairman)
Graham J Duncan (Chief Executive Officer)
Peter J Ford (Non-Executive Director)

Registered office:
8-10 New Fetter Lane
London
EC4A 1RS

2 February 2007

To: the holders of Ordinary Shares

Dear Shareholder,

Proposed Capital Reorganisation and Placing of new Ordinary Shares Notice of Extraordinary General Meeting

Introduction

As outlined in the AIM Admission document issued early last year when Glen Group plc ("Glen" or "the Company") undertook the reverse takeover of Eclectic Holdings Limited, it is the stated strategy of your Board to grow the Company both organically and by acquisition. Your Board has been reviewing potential opportunities for acquisitions but has been unable to proceed with any that require the issue of shares, because the market price of the Company's shares has fallen below their nominal value. Under the terms of the Companies Act 1985, the Company is prohibited from issuing shares at a discount to the nominal value and, accordingly, your Board has been unable to pursue any acquisition opportunities of this nature. The Company has also been unable to raise further equity for expansion, by the issue of new shares for cash, while the market price remains below the nominal value.

In the circumstances, the Board has determined that it is in the best interests of the shareholders as a whole to remove this barrier to acquisition-led growth by the reorganisation of the share capital structure. This will allow the Board to proceed with their stated acquisition strategy. The Board has also determined that it is appropriate to raise a modest amount of further equity capital which would allow the Company to fund minor acquisitions or the costs of acquisition-related due diligence, as well as provide additional working capital. Accordingly, the Company's brokers, Ellis Stockbrokers Limited, have placed 100,000,000 shares at a price of 0.50p per share to raise £500,000 before issue costs ("the Placing") conditional on the Company's share capital being reorganised as outlined below ("the Capital Reorganisation").

Capital Reorganisation

The Capital Reorganisation is being proposed because the current market value of the Company's ordinary shares is below their nominal value of 1.00p per share. Under the Companies Act 1985, it is unlawful to issue shares at a price below their nominal value and, as a result, the Company has been unable to issue shares below 1.00p per share.

It is proposed therefore to sub-divide and reclassify each of the Company's issued ordinary shares of 1.00p into one ordinary share of 0.10p and one deferred share of 0.90p ("a Deferred Share") and to sub-divide each of the Company's authorised but unissued ordinary shares of 1.00p into ten ordinary shares of 0.10p each.

The Deferred Shares will have no voting rights and will have negligible rights as to dividends and on a return of capital. They will not be listed on any stock exchange and will not be freely transferable. One of the provisions attaching to the Deferred Shares will allow the directors to effect the transfer of all of the Deferred Shares to a custodian for no consideration. In due course, the directors may arrange for the Company to cancel all the Deferred Shares or effect a re-purchase of the Deferred Shares (for a consideration of 1.00p for all of the Deferred Shares in issue) subject, in each case, to due compliance with relevant legislation.

No new share certificates will be issued in respect of the ordinary shares of 0.10p and existing share certificates will remain valid. The ordinary shares of 0.10p each will trade on AIM and, without taking account of the shares to be issued under the Placing, will be identical in number to the existing ordinary shares of 1.00p each in issue as at the date of this circular, which are as follows:

Class	Nominal Value per share	Number in issue	Voting rights attached
Ordinary	1.00p	401,508,895	401,508,895

No share certificates will be issued in respect of the Deferred Shares.

Admission to AIM

The Company will apply for the 100,000,000 new ordinary shares to be issued pursuant to the Placing to be admitted to trading on AIM and dealings are expected to commence on 27 February 2007. Admission of the 100,000,000 new ordinary shares to trading on AIM is conditional on shareholder approval of the Capital Reorganisation.

Strategy

As well as continuing to pursue organic growth, the Directors intend to identify potential acquisition targets and investments for the Company from a combination of their own research, market knowledge and network of contacts. The Directors' strategy is for the Company to acquire or invest in businesses with one or more of the following characteristics:

- IT and communications services businesses with sustainable growth prospects;
- a strong position in an established market or an early mover position in a potentially fast growing market;
- under exploited assets; or
- an established management team, requiring working capital and/or strategic advice to achieve its potential.

In their investment and acquisition considerations, the Directors will focus primarily on businesses based in the United Kingdom or Ireland operating in the IT and communications space.

Although the Directors believe there are significant numbers of investment prospects which potentially fall within these categories, changing market conditions and valuation issues may require the Company to broaden or alter its investment criteria.

Action to be taken by shareholders

The attached notice of an Extraordinary General Meeting of the Company ("EGM") to be held at 2.30 pm on 26 February 2007 at the offices of Seymour Pierce Limited, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL, sets out the resolutions to effect the Capital Reorganisation ("the Resolutions").

A form of proxy for use at the EGM is enclosed. Whether or not you propose to attend the EGM, you are requested to complete the form in accordance with the instructions printed thereon and return it to Computershare Investor Services plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 3FA, as soon as possible, but in any event, to arrive no later than 2.30pm on 24 February 2007.

Returning the form of proxy will not prevent you from attending the EGM and voting in person if you so wish.

Timetable

Set out below is a timetable outlining the principal events relating to the Capital Reorganisation:

Latest time and date for receipt of forms of proxy	2.30pm on 24 February 2007
Extraordinary General Meeting	2.30pm on 26 February 2007
Record Date (being the latest date on which dealings in the existing ordinary shares of 1.00p will be registered)	2.30pm on 24 February 2007
Dealings in new ordinary shares of 0.10p commence and up to 100,000,000 new ordinary shares admitted to trading on AIM	27 February 2007

RECOMMENDATION

The Board considers the terms of the Capital Reorganisation as set out in the Resolutions to be in the best interests of the Company and its Shareholders. Accordingly, the Directors unanimously recommend shareholders to vote in favour of the Resolutions as they have irrevocably undertaken to do so in respect of their own beneficial shareholdings which total 46,168,789 ordinary shares representing 11.50 per cent of the current issued share capital of the Company.

Yours faithfully

Eric M Hagman CBE

Non-Executive Chairman

Notice of EGM
GLEN GROUP plc

(Company Number 5259846)

Notice is hereby given that an Extraordinary General Meeting of Glen Group plc (the "Company") will be held at 2.30pm on 26 February 2007 at the offices of Seymour Pierce Limited, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL to consider and, if thought fit, pass the following resolutions of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution:

Ordinary Resolution

1. **THAT:**

- 1.1 each of the issued ordinary shares of 1.00p each in the capital of the Company be and is subdivided into one ordinary share of 0.10p (an "Ordinary Share") and one deferred share of 0.90p (a "Deferred Share") with each class of shares having the rights and being subject to the restrictions set out in the Articles of Association of the Company (as amended pursuant to resolution 2 below);
- 1.2 each of the authorised but unissued ordinary shares of 1.00p in the capital of the Company be and is sub-divided into ten Ordinary Shares ranking *pari passu* in all respects with each other and the issued Ordinary Shares;

Special Resolution

2. **THAT** pursuant to section 9 of the Companies Act 1985 (as amended), the Articles of Association of the Company be and are amended so that:

2.1 the existing Article 3 be deleted in its entirety and a new Article 3 be inserted in its place as follows:

"3. The authorised share capital of the Company is £6,000,000 divided into 2,386,419,948 Ordinary Shares of 0.10p each ("Ordinary Shares") and 401,508,895 Deferred Shares of 0.90p each ("Deferred Shares")."

2.2 a new Article 3A be inserted after Article 3 as follows:

"3A The rights attaching to the Deferred Shares shall be restricted as follows:

- (a) the Deferred Shares shall not entitle the holder thereof to payment of any dividend or other distribution or to receive notice or attend or vote at any general meeting of the Company or on a return of capital (whether on winding up or otherwise) to the repayment of the amount paid up on such Deferred Shares until after the repayment of capital paid up on Ordinary Shares together with payment of £10,000,000 on each Ordinary Share;
- (b) the Deferred Shares shall not be capable of transfer at any time other than with the prior written consent of the Directors; and
- (c) the Company is hereby irrevocably authorised:
 - (i) to appoint a person to execute on behalf of any holder of Deferred Shares a transfer of all or any Deferred Shares and/or an agreement to transfer the same (without making payment therefor) to any such person as the Directors may determine as the custodian thereof;
 - (ii) to cancel all or any of the Deferred Shares in accordance with the Act without making any payment therefor or obtaining the sanction of the holder thereof;
 - (iii) if so authorised by the Articles of Association of the Company or otherwise, to purchase all of the Deferred Shares then in issue and to appoint a person to act on behalf of all holders of Deferred Shares to transfer and to execute a transfer of all of the Deferred Shares to the Company for an aggregate consideration of one penny to be paid to such person (whether or not an officer of the Company) as the Directors may nominate to receive the consideration (who shall not be required to account to the holders of the Deferred Shares in respect of such consideration); and
 - (iv) pending any such transfer and purchase, to retain any share certificate relating to the Deferred Shares;

and for these purposes any offer to purchase the Deferred Shares may be made by the Directors depositing at the registered office of the Company a notice addressed to such person as the Directors shall have nominated on behalf of the holders of the Deferred Shares; and

- (d) the rights attaching to the Deferred Shares shall not be varied, abrogated or altered by the issue of any shares ranking in priority thereto, by the redemption or purchase of any shares whether the Deferred Shares or otherwise or by cancellation of the Deferred Shares without any payment to the holders thereof and accordingly no consent thereto or sanction thereof by the holders of the Deferred Shares or any of them shall be required.

BY ORDER OF THE BOARD

Peterkins

Company Secretary

Registered Office:
8-10 New Fetter Lane
London
EC4A 1RS

2 February 2007

1. A member entitled to attend and vote at the meeting convened by the notice set out as above is entitled to appoint a proxy to attend and, on a poll, to vote in his or her place. A proxy need not be a member of the Company.
2. A form of proxy is enclosed. To be effective, it must be completed and lodged at the offices of Computershare Investor Services plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH so as to be received not less than 48 hours before the time appointed for holding the Extraordinary General Meeting. Lodging the proxy does not preclude a member from subsequently attending and voting at the meeting in person.
3. Only those shareholders registered in the register of members of the Company at 2.30pm on 24 February 2007 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, will be entitled to vote, or appoint a proxy or proxies to vote on their behalf, at this meeting in respect of the number of shares registered in their names at that time. Changes to the relevant register of members after 2.30pm on 24 February 2007 or in the event this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting.