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 of 0.1p each in Glen Group plc ("Ordinary Shares"), please forward this circular and enclosed notice of 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

19 December 2007

To: the holders of Ordinary Shares ("Shareholders")

Dear Shareholder,

Proposed Sale of IT Consulting and Training Business
Notice of Extraordinary General Meeting

Introduction

Glen Group plc ("Glen" or "the Company") announced today that it has entered into a conditional agreement ("the agreement") relating to the sale of the business and assets of its wholly owned subsidiaries, Eclectic Group Limited ("Eclectic") and I G Software Limited ("inGroup") for the sum of up to £3.00m payable in cash ("the Sale"). The agreement, which is subject to Glen shareholder consent and final approval from the purchaser's bankers, is with Maxima Information Group Limited, a wholly owned subsidiary of Maxima Holdings plc ("Maxima"), an AIM listed IT solutions and managed services company. It is understood that Maxima intends funding the purchase from operational cash flows and existing facilities with their bankers. The maximum sale price represents a value per issued Ordinary Share of 0.272p, which equates to a premium of 101.5% compared to the closing middle market price on 18 December 2007 of 0.135p, which valued the entire Glen group including the businesses not being sold at £1.6m.

This circular sets out the particulars of the agreement and the reasons why the Directors believe that it should be approved by Shareholders.

Background

Glen provides a range of communications and IT solutions to business customers. It addresses market needs through two principal subsidiary groups of companies, namely the Pinnacle group of companies which is focused on integrated communication solutions for SMEs; and Eclectic, including inGroup, which provides a range of IT consulting and training services focused on the implementation of business intelligence and corporate performance management solutions, mainly to corporate and middle market companies. These two businesses operate independently of each other and, because of the very different markets that they address, there are limited opportunities to cross sell each other's services.

The Company acquired Eclectic in February 2006 and inGroup in August 2007 for a combined adjusted consideration of £3.4m. Since the acquisition of Eclectic, Glen has benefitted from income of £500k from this business in respect of management fees earned in the ordinary course of business. Shortly after the acquisition of inGroup, Eclectic also received a dividend paid by inGroup of £275k.

Following the acquisition of Pinnacle Group Limited in June 2007, the Glen group has been focused on delivering telecommunications related solutions to SMEs which are capable of generating recurring revenue streams. Eclectic and inGroup are project based businesses, which are IT-centric and do not fit these criteria.

In the fast changing telecommunications market, your Board sees opportunities to introduce new services and solutions to Pinnacle customers, based on IP technologies, as well as continuing to expand the more traditional telecommunications business and now seeks to focus on this opportunity.

The Proposed Transaction

The proposed transaction will take the form of a sale of the assets and undertaking of the businesses of Eclectic and inGroup, including its people, supply agreements, customer contracts, the Eclectic and inGroup names and other related data, with effect as at close of business on 31 December 2007 ("the Transfer Date"). The Company will guarantee the obligations of Eclectic and inGroup under the agreement.

The consideration will be payable in cash as follows:

1. At completion of the Sale on 4 January 2008, the sum of £2.25m;
2. On 17 March 2008, an additional sum of up to £750k, calculated by reference to the value of a specified list of customers and customer contracts which have transferred to Maxima, adjusted for deferred income, pre-payments and costs accrued prior to transfer of the trade and assets; this payment may also be reduced if less than 90% by value of Eclectic's significant clients have not agreed to contract novations or indicated their willingness to continue trading with Maxima.

The Directors have received confirmation that, following the Sale, the Company will not be classed as an investing company under the AIM Rules but will continue to be treated as an operating company.

Financial Statements

The financial statements of Eclectic for the year ended 30 September 2007 and inGroup for the nine month period ended 30 September 2007 have not yet been audited and the Group is not expected to issue its preliminary announcement of the results to 30 September 2007 until February 2008.

For the 14 month period ended 30 September 2006, the latest period where audited accounts are available, Eclectic generated revenues of £5.03 million and reported an operating profit, adjusted for intra group charges, of £0.35 million. For the 12 month period ended 31 December 2006, the latest period where audited accounts are available, inGroup generated revenues of £1.45 million and reported an operating loss of £102k. In the half-year unaudited results of Glen for the six month period ended 31 March 2007 it was reported that Eclectic had generated revenues of £2.51 million and an operating profit of £0.19 million over the six month period. On the acquisition of inGroup, announced on 9 August 2007, it was reported that the unaudited management accounts showed that inGroup had delivered revenues of £0.70 million and an operating profit of £74k over the six month period to 30 June 2007.

The Retained Business

Following completion of the Sale, Glen's trading operations will be materially reduced in size.

After completion of the Sale, Glen Group will consist of four operating companies ("the retained businesses") all addressing the SME market. These are:

- Pinnacle Telecom plc which provides line rental and calls, utilising its own in-house billing system;
- Pinnacle Mobile Limited which provides a range of mobile voice and data services;
- Glen Communications Limited, which principally provides voice-based broadband services, more commonly known as VoIP; and
- Explore IT Limited, which provides IT support services to the SME market

Following a strategic review of our SME focused businesses conducted after the acquisition of Pinnacle Group in June this year, we have put in place a number of fundamental changes to our business operations which allow us to concentrate our efforts on services that generate recurring income. IT project work, which we have traditionally undertaken by utilising a direct sales force and our own engineers, has been terminated. Our historically wide portfolio of services has been significantly reduced and there has been a significant reduction in staff.

Our customer acquisition strategy is now focused on generating customers to our telecom solutions business where we package line rental and calls for business customers. This service is at the core of the Pinnacle business and the strategy going forward is to cross sell our other services into this customer base. Our customer acquisition strategy is being driven by the use of an offshore call centre under the control of an experienced consultant with several years of success in this area. The use of an offshore call centre is a recent activity and it is currently in a trial phase. However, early results are encouraging and we fully expect to upscale this activity in the New Year.

These changes are designed to a) significantly lower our costs, b) deliver services and cross selling opportunities into business areas which we perceive to be the fastest growing in the integrated communications space, c) deliver regular recurring income to our business and d) provide a much more focused approach to the marketplace.

As part of this proposed transaction, Pinnacle has signed a letter of understanding with Maxima which gives Pinnacle the opportunity to jointly promote, alongside Maxima, a range of telecommunication services to Maxima group customers.

Use of Proceeds

As well as being used for general trading expansion, working capital and the elimination of bank debt, Glen expects to use some of the proceeds of the Sale to acquire other communications and IT solutions businesses which address the SME market, and your Board is actively engaged in seeking suitable opportunities.

The Directors are of the opinion that the climate for cash-based acquisitions is likely to be positive in the first half of 2008, helped by proposed changes to the capital gains tax rules. The proposed Sale will give the Directors a pool of cash which can be applied towards acquisitions allowing the Directors to move quickly when opportunities arise.

Eclectic will pass £250,000 of the proceeds of the Sale as a bonus to be distributed to an Eclectic director and certain Eclectic staff, none of whom is a director of Glen. This payment will be made in full at completion of the Sale. This element of the transaction does, however, fall under the related party provisions contained in Rule 13 of the AIM Rules. Having consulted with Seymour Pierce Limited, Glen's nominated adviser, the directors consider that the terms of the bonus arrangements are fair and reasonable insofar as Shareholders are concerned.

Action to be taken by shareholders

The notice ("Notice") of an Extraordinary General Meeting of the Company ("EGM") to be held at 10.30am on 4 January 2008 at the offices of the Company, 6 Straiton View, Straiton Business Parc, Loanhead, Edinburgh EH20 9QZ, sets out the resolution to approve the Sale ("the Resolution").

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, The Pavilions, Bridgwater Road, Bristol, BS13 8FB as soon as possible, but in any event, to arrive no later than 10.30am on 2 January 2008.

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

RECOMMENDATION

The Board considers the Sale to be in the best interests of the Company and its Shareholders. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolution as they intend to do so in respect of their own beneficial shareholdings which total 46,168,789 ordinary shares representing 3.87 per cent of the current issued share capital of the Company. The Directors have also received irrevocable undertakings to vote in favour of the Resolution in respect of a further 343,474,049 ordinary shares in aggregate, representing a further 28.76 per cent of the current issued share capital of the Company.

Yours faithfully

Eric M Hagman CBE
Non-Executive Chairman