

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your Ordinary Shares in Feedback plc you should deliver this document together with the accompanying Form of Proxy 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 onward transmission to the purchaser or transferee. However such documents should not be forwarded or transmitted into or from any other jurisdiction including but not limited to the United States of America, Australia, Canada, Japan, the Republic of Ireland or South Africa. If you have sold or transferred part of your holding of Ordinary Shares in Feedback plc you are advised to consult your stockbroker, bank or other agent through or to whom the sale or transfer was effected.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. It is expected that Admission will become effective and dealings in the New Ordinary Shares will commence on 3 July 2007.

The Directors, whose names appear on page 7 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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## **FEEDBACK PLC**

*(Incorporated and registered in England and Wales, registration number 598696)*

### **Proposed Share Capital Reorganisation and Reduction of Capital**

### **Proposed increase in authorities to issue and allot New Ordinary Shares**

### **Notice of Extraordinary General Meetings**

### **Placing of 46,666,667 New Ordinary Shares at 3 pence per share**

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Your attention is drawn to the letter from the Chairman of Feedback PLC which is set out in Part 1 of this document and which contains the recommendation of the Directors to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting and the Ordinary Class Meeting referred to below.

Notices of separate general meetings of holders of Ordinary Shares and of an Extraordinary General Meeting of Feedback, each to be held at The Spa Hotel, Mount Ephraim, Tunbridge Wells, Kent, TN4 8XJ on 2 July 2007 are set out at the end of this document. BLUE Forms of Proxy for use at the EGM and YELLOW Forms of Proxy for use at the Ordinary Class Meeting are enclosed with this document and should be returned to the Company's registrars, Proxy Processing Centre, Telford Road, Bicester, Oxon OX26 4LD or by hand during normal business hours to Capita Registrars, (Proxy Department), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so as to be received on 30 June 2007, not less than 48 hours before the time appointed for the holding of the relevant meeting.

Charles Stanley Securities, which is regulated in the United Kingdom by The Financial Services Authority, is acting for Feedback and for no one else in connection with this document and will not be responsible to anyone other than Feedback for providing the protections afforded to clients of Charles Stanley Securities nor for providing advice to any other person in relation to this document, the contents of this document nor any other matter referred to in this document.

Copies of this document, which is dated 5 June 2007, will be available free of charge to the public during normal working hours on any weekday (except Saturdays and public holidays) from the registered office of the Company and from the offices of the Company's solicitors, Cripps Harries Hall LLP, Wallside House, 12 Mount Ephraim Road, Tunbridge Wells, Kent TN1 1EG, during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until the expiry of one month after the EGM.

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## DEFINITIONS

The following words and expressions apply in this document unless the context requires otherwise:

“Act” or “Companies Act”	the Companies Act 1985, as amended
“Admission”	admission of all the New Ordinary Shares to be issued pursuant to the Proposals, expected to be on 3 July 2007
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for companies published by the London Stock Exchange
“Capita Registrars”	a trading name of Capita IRG plc
“Charles Stanley”	Charles Stanley Securities, Nominated Adviser and Broker to Feedback and a division of Charles Stanley & Co. Limited, regulated by the FSA
“Companies”	the Company, Feedback Instruments Limited, Feedback Data Limited, Feedback GmbH and Feedback Incorporated.
“CREST”	the electronic, paperless transfer and settlement mechanism for equity trades transacted on AIM administered by CRESTCo
“CRESTCo”	CRESTCo Limited
“CVA” or “Company Voluntary Arrangement”	the Company Voluntary Arrangements of each of the Company, FIL and FDL, in its present form containing the proposals, with any modification thereof approved by the directors, which is subject to the approval of the Shareholders and the creditors of the Company
“CVA Creditors’ Meeting”	the meetings of the creditors of each of the Company, FDL and FIL to be held at 10.00 a.m. on 2 July 2007 to consider the CVA
“CVA Meetings”	the CVA Creditors’ Meetings and the CVA Shareholders’ Meeting
“CVA Proposals”	The Companies’ directors proposals for a CVA in respect of the Companies to be filed at the High Court of Justice
“CVA Shareholders’ Meeting”	a meeting of the Shareholders of the Company to be held at 10.15 a.m. on 2 July 2007 to consider the CVA of the Company
“Deferred Shares”	deferred shares of 9.75 pence each in the capital of the Company to be created pursuant to the Share Capital Reorganisation and then cancelled pursuant to the Reduction
“Directors” or “Board”	The directors of the Company
“Director’s Share Issue”	the allotment of shares to Tom Charlton in consideration of the repayment of the Former Director’s Loan as detailed in paragraph 7 of Part 1 of this document
“Enlarged Share Capital”	the issued equity share capital of the Company as enlarged by the Placing, the PPF Allotment and the Director’s Share Issue, as described in Part 1 of this document
“Existing Shareholder”	a holder of Existing Ordinary Shares
“Existing Ordinary Shares”	the 17,611,841 Ordinary Shares in issue at the date of this document

“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at The Spa Hotel, Mount Ephraim, Tunbridge Wells, Kent, TN4 8XJ on 2 July 2007 at 10.30 a.m. and at which the Proposals will be considered and the Resolutions set out in the Notice of EGM will be proposed
“Feedback” or the “Company”	Feedback PLC
“FDL”	Feedback Data Limited
“FIL”	Feedback Instruments Limited
“Former Director’s Loan”	the loan of US\$1million granted by Tom Charlton, a former non-executive director of the Company under a document dated 27 November 2003 as amended by a document dated 1 December 2004
“Form(s) of Proxy”	the form(s) of the proxy enclosed within this document for use by Shareholders in relation to the EGM and the Ordinary Class Meeting
“Group”	Feedback and its subsidiaries from time to time
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the new ordinary shares of 0.25 pence each to be created pursuant to the Share Capital Reorganisation
“Nominees”	David Crawshaw and Samantha Bewick of KPMG LLP, 8 Salisbury Square, London EC4Y 8BB
“Notice of EGM”	the notice of the Extraordinary General Meeting of the Company set out at the end of this document
“Ordinary Class Meeting”	the separate general meeting of the Ordinary Shareholders to be held at The Spa Hotel, Mount Ephraim, Tunbridge Wells, Kent, TN4 8XJ on 2 July 2007 at 11.00 a.m. (or as soon thereafter as the EGM has concluded or adjourned), at which the Resolutions set out in the notice of class meeting at the end of this document will be proposed
“Ordinary Shares”	the existing ordinary shares of 10 pence each in the capital of the Company
“Pension Scheme”	the Feedback Pension Scheme
“Pensions Regulator”	the Pensions Regulator as defined by the Pensions Act 2004
“Placing”	the placing of the Placing Shares at the Placing Price with institutional and other investors by Charles Stanley on behalf of the Company, as described in this document
“Placing Agreement”	the conditional agreement dated 5 June 2007 between the Company and Charles Stanley in connection with the proposed Placing
“Placing Price”	3 pence per share
“Placing Shares”	the 46,666,667 new Ordinary Shares which are to be allotted and issued pursuant to the Placing Agreement
“PPF”	Pension Protection Fund

“PPF Allotment”	the allotment of shares to the PPF for 14,846,411 New Ordinary Shares at 3 pence per share pursuant to the Settlement Agreement
“Preference Shares”	the 10 per cent (net) convertible redeemable cumulative preference shares of £1 each formerly in the capital of the Company
“Proposals”	together, the terms and conditions of the CVA, the Placing, the PPF Allotment, the Director’s Share Issue, the Share Capital Reorganisation and the Reduction or each of them, as the context may require
“Record Date”	close of business on 1 June 2007
“Reduction”	The proposed cancelling of the share premium account of the Company and of the Deferred Shares
“Reduction Resolution”	the proposed resolution to approve the Reduction
“Resolutions”	the resolutions variously set out in the Notice of EGM and the notice of the Ordinary Class Meeting at the end of this document
Settlement Agreement	the terms of settlement agreed between the Companies and the PPF/Trustees, as detailed in the terms and conditions of the CVA and further described in section 3 of Part 1 of this document, subject always to the PPF’s powers becoming exercisable by the filing of the CVA documents at Court
“Share Capital Reorganisation”	the proposed share capital reorganisation in Feedback involving the Ordinary Shares as described in sections 8, 9 and 10 of Part 1 of this document
“Shareholders”	holders of issued Ordinary Shares on the Record Date
“Share Option Schemes”	the Enterprise Management Incentives Scheme and the Share Incentive Plan
“Trustees”	Capital Cranfield Pension Trustees Limited, the trustees of the Pension Scheme

## EXPECTED TIMETABLE OF EVENTS

Record Date	1 June 2007
Latest time for receipt of Forms of Proxy for the EGM	30 June 2007 no later than 48 hours prior to the meeting
Latest time for receipt of Forms of Proxy for the Ordinary Class Meeting	30 June 2007 no later than 48 hours prior to the meeting
CVA Creditors' Meeting to be held	10 a.m. on 2 July 2007
CVA Shareholders' Meeting to be held	* 10.15 a.m. on 2 July 2007
Extraordinary General Meeting	* 10.30 a.m. on 2 July 2007
Ordinary Class Meeting	* 11.00 a.m. on 2 July 2007
Commencement of dealings in New Ordinary Shares on AIM	8.00 a.m. on 3 July 2007
Court hearing of petition to confirm the Reduction	† August 2007
Date when the Reduction becomes effective	† September 2007

Notes:

- (1) \* Or as soon thereafter as the previous meeting is concluded or adjourned.
- (2) †No specific dates have yet been agreed with the Court and therefore these dates are indicative only and are subject to postponement according to the Court timetable and cannot be guaranteed
- (3) The dates set out in the Expected Timetable of Events above and mentioned throughout this document may be adjusted by the Company. In which event, details of the new dates will be notified to AIM and, where appropriate, to the Shareholders.

## KEY TO FORMS OF PROXY

<i>Colour of form</i>	<i>For use at the following meeting</i>	<i>By holders of the classes of shares</i>
Blue	Extraordinary General Meeting	Ordinary
Yellow	Ordinary Class Meeting	Ordinary

## PART 1

### LETTER FROM THE CHAIRMAN OF

#### FEEDBACK PLC

*(Incorporated and registered in England and Wales, registration number 598696)*

*Directors:*

David Harding	Chairman
David Sawyer	Chief Executive
Gerard Bushell	Finance Director
John Westcott	Non-Executive Director

*Registered Office:*

Feedback PLC  
Park Road  
Crowborough  
East Sussex  
TN6 2QR

5 June 2007

***To Shareholders***

Dear Shareholder,

**Proposed CVA, Proposed Share Capital Reorganisation, Proposed Cancellation of Share Premium Account and Reduction of Capital, Proposed increase in authorities to issue and allot New Ordinary Shares  
Placing of 46,666,667 New Ordinary Shares**

#### **1. Introduction**

The Company announced today that it, FDL and FIL are proposing to enter into Company Voluntary Arrangements with their creditors which, provided the terms and conditions are completed, will enable the Companies to compromise, inter alia, the Former Director's Loan and its Pension Scheme liabilities, which have a deficit, as at 28 February 2007, of £8.08 million.

The Company has also announced the Placing to raise £1.4 million, in order to enable the Company to satisfy one of the conditions of the CVA.

In addition to this document you are also being sent a copy of the Directors' CVA proposal, a copy of the Nominee's report on the CVA and notice of the CVA Shareholders' Meeting (together with the associated form of proxy) to consider and vote on the CVA. If you are a creditor of the Company FDL and FIL you will also receive a notice of the CVA Creditors' Meeting. In order for the Placing to be completed, the share capital of the Company will need to be substantially restructured. The restructuring will require the Extraordinary General Meeting as well as a separate meeting of Shareholders, to be held and for the various Resolutions, as described in this document, to be passed. These meetings will be in addition to the CVA Shareholders' Meeting to be held prior to the EGM on the 2 July 2007, which is purely to consider and vote on the CVA.

We would ask that you take particular care in relation to the completion and posting of the forms of proxy in relation to both the CVA Shareholders' Meeting and the Ordinary Class Meeting.

The purpose of this letter is to provide details of the proposed Placing, the Settlement Agreement, the Share Capital Reorganisation, the Reduction and to give notice of the EGM and the Ordinary Class Meeting to be held on 2 July 2007.

The Proposals require, *inter alia*, the approval of the creditors of the Company and the Shareholders. In the opinion of the Directors and for the reasons contained in this letter, the Proposals are the best option for the Group. The Board therefore unanimously and strongly recommends that the Shareholders vote in favour of the Resolutions to approve all of the Proposals.

**If the Proposals are not approved by both the Shareholders and the creditors of the Company, the Directors will need to take alternative action to address the financial position of the Group. This is likely to require the Group to enter into different insolvency procedures that will be likely to result in a total loss for Shareholders.**

## **2. Background to the Proposals and related Resolutions**

Feedback historically operated a defined benefit, or final salary, pension scheme for its employees. As a result of changes in, inter alia, actuarial assumptions and life expectancy, the Pension Scheme was closed to new members with effect from April 2004 and to future benefits accrual for existing members in August 2004.

The Directors had also concluded that the Group would have difficulty in meeting the anticipated ongoing contributions to the Pension Scheme. This reflected the then financial performance of the Group.

In recent years, steps have been taken by the Directors to restructure the Group's operations primarily to improve profitability and to provide a more stable financial position. Whilst this restructuring, which is ongoing, has shown positive benefits, the Board has not seen an improvement in the Company's financial performance which would allow the contributions to the Pension Scheme, referred to in more detail below, to be funded from ongoing profitability.

In the interim results of the Group for the period to 30 September 2006, which were published on 19 December 2006, the Group was required to show the financial position under the Pension Scheme, in accordance with the requirements of Accounting Standard FRS 17 - Retirement Benefits. Accordingly, the balance sheet disclosed that the deficit under the Pension Scheme, as at 30 September 2006, amounted to £8.26 million. As at 28 February 2007, the deficit stands at £8.08 million on the same basis.

The provisional results of an actuarial valuation, as at 31 March 2006, show a deficit £17.07 million on a buy out basis. The Directors have been advised that funding this deficit would require annual contributions of approximately £1.3 million, increasing in line with inflation, over a period of 10 years. In addition, a levy due to the PPF of around £120,000 per annum will be payable from 2007/08.

Financial projections produced by the Directors, and reviewed by the Company's advisors, demonstrated that the Company could not generate sufficient funds to support this level of annual contributions. The Directors therefore held discussions with the Trustees, the PPF and the Pensions Regulator.

As a consequence, subject to the Pension Scheme being eligible for PPF entry, the PPF has agreed to the terms of the CVA which will result in the Company's liabilities to the Pension Scheme being compromised, subject to the approval of the CVA by the creditors of the Company and the Shareholders.

It should be noted that the Pension Scheme's eligibility for entry into the PPF, and the expectation that the PPF's powers will become exercisable, has been assumed for the rest of this circular.

## **3. Agreement with the PPF**

As one of the conditions of the Settlement Agreement, the Company is required to pay the net sum of £1.2 million in cash to the Pension Scheme and to allocate to the Trustees of the Pension Scheme such number of New Ordinary Shares as equal 18.0 per cent. of the Enlarged Share Capital, each in accordance with the CVA.

The Board considers that following approval and subsequent completion of the CVAs, the Company, FDL and FIL will be able to pay, in full, all creditors of the Company other than the liabilities currently owed to the Pension Scheme and certain of the Group's inter-company debts.

A US\$1 million loan provided by a former director (and significant shareholder) will also be written down by 80 per cent. and the balance will be satisfied by the Company allotting 3,355,141 New Ordinary Shares, at the Placing Price.

## **4. The Placing**

The purpose of the Placing is to raise the necessary money, net of costs, to assist the Company to comply with certain of its obligations pursuant to the Settlement Agreement and to provide working capital for the Company going forward.

The raising of funds, which the Company expects to achieve by the Placing, is a condition of the CVA being completed. Accordingly, the Placing will assist the Company with restructuring its business and will allow the Directors' business plan for returning the Group to profitability to continue to be implemented.

There are conditions which have to be satisfied before the Placing is completed. These conditions include the passing of all resolutions at the CVA Meetings, the passing and coming into effect of all the Resolutions to be proposed at the EGM and the Settlement Agreement becoming unconditional in all respects (save as to the payment of the net sum of £0.7 million by the Company to the Trustees which would happen immediately thereafter and the payment of a further £0.5 million which will happen following the completion of the sale of the Company's Crowborough premises).

Charles Stanley has agreed to use its reasonable endeavours to place 46,666,667 New Ordinary Shares on behalf of the Company, representing a total of 56.58 per cent. of the total issued share capital of the Company, (following the Proposals). The Placing is conditional, *inter alia*, upon Admission.

The Placing is intended to raise approximately £1.4 million, before expenses. Application will be made for the Placing Shares to be admitted to trading on AIM and it is anticipated that Admission will become effective and that dealings will commence on 3 July 2007.

It is expected that the Placing Shares will be delivered into CREST on 3 July 2007 and that share certificates for the New Ordinary Shares to be held in certificated form will be despatched by 12 July 2007.

The Placing is not a rights issue or open offer and New Ordinary Shares will not be offered generally to Shareholders, whether on a pre-emptive basis or otherwise. The Directors believe that the considerable extra cost and delay involved in a rights issue or open offer would not be in the best interests of the Company in the circumstances.

Certain of the Directors of the Company have agreed to participate in the Placing. David Sawyer, Jed Bushell and the wife of John Westcott have agreed to acquire 500,000 New Ordinary Shares, 250,000 New Ordinary Shares and 3,333,333 New Ordinary Shares respectively.

The participation by Mrs Westcott is regarded as a related party transaction for the purposes of the AIM Rules. In the opinion of the Directors, having consulted with Charles Stanley, the Company's Nominated Adviser, the subscription by Mrs Westcott is fair and reasonable insofar as Shareholders are concerned.

## **5. The Preference Shares**

On 1 March 2007 the Company received notification from certain holders of Preference Shares of their intent to convert their Preference Share holdings into Ordinary Shares. In aggregate, the Company received conversion notices in relation to, in aggregate, 405,719 Preference Shares, having a nominal paid up value of £543,405, which converted into 2,717,025 Ordinary Shares.

Following this conversion, there were 365,065 Preference Shares, having a nominal paid up value of £502,527.93, outstanding (representing less than 25 per cent. of the original nominal amount of the Preference Shares) and therefore on 1 March 2007 in accordance with the terms of the Preference Shares the Company gave notice to the remaining Preference Share holders of its intention to compulsorily convert all the remaining Preference Shares into Ordinary Shares. This compulsory conversion took effect on 30 March 2007 whereupon an additional 2,512,645 Ordinary Shares were issued.

## **6. Proposed Company Voluntary Arrangements**

Copies of the CVA Proposals and the Nominee's Report are being sent to Shareholders, together with a notice of the CVA Shareholders' Meeting, and associated form of proxy, at which the CVA Proposals will be considered and voted upon by Shareholders.

Copies of the CVA Proposal and the Nominee's Report are being lodged with the High Court of Justice in accordance with the provisions of the Insolvency Act 1986.

The lodging of the CVA Proposals and Nominee's Report at the High Court of Justice constitute a qualifying insolvency event and triggers the PPF's assessment period under the Pensions Act 2004. At that point the rights and powers of the Trustees in relation to any debt due to them by the employers are exercisable by the PPF to the exclusion of the Trustees. This includes the right to vote on the CVA at the CVA Creditors' Meeting.

The CVA Proposals will be approved if more than one half of Shareholders present in person, or by proxy and voting, vote in favour whereupon the CVA will come into effect. If the CVA proposal is subsequently approved by the Companies creditors, but not by Shareholders the Companies' creditors' decision will prevail and stand approved subject to any Shareholder applying to the court within 28 days of the CVA Shareholders' Meeting and successfully challenging the approval.

In order for the CVA to be implemented, the CVA Proposals must be approved by a majority of more than three quarters in value of the creditors present in person, or by proxy, voting in favour.

Many standard agreements have a clause entitling a party to terminate a contract if the other party enters into a CVA. Therefore some of the Group's suppliers and / or customers may have the ability to terminate their contract with the Company, FDL or FIL as a result of those companies entering into a CVA.

The Board strongly and unanimously recommends that Shareholders vote in favour of the CVA Proposals as they believe that this offers the only realistic option of preserving some value for existing Shareholders, as well as enabling the Directors' plan for ensuring the long term future of the Group to continue to be implemented.

## **7. Arrangements with Tom Charlton**

In November 2003, Tom Charlton, at that time a non-executive director of the Company, agreed to provide the Former Director's Loan of US\$1 million to Feedback. The US denominated loan was provided on an unsecured basis at an interest rate of 0.1 per cent per month, accruing on a daily basis. The loan was originally provided for a term of one year and five months (with repayment scheduled on 30 April 2005). Mr Charlton agreed to extend the term of the loan from 1 May 2005 until 30 September 2009, at a revised rate of interest of 0.575 per cent per month, accruing on a daily basis. As at 23 May 2007, the amount of the loan stands at US\$1 million or £503,271.26, based on a US\$:£ exchange rate of 1.987 as at 23 May 2007, being the last practicable date before the publication of this circular.

Mr Charlton has agreed to accept a write down of the loan to £100,654.25 (being an 80 per cent. reduction) which will be satisfied by the issue of 3,355,141 New Ordinary Shares, at the Placing Price, being the Director's Share Issue.

In addition to the Director's Share Issue, Mr Charlton has also agreed to participate in the placing for 6,666,667 New Ordinary Shares. Following the Proposals, Mr Charlton will own 11,400,302 New Ordinary Shares, representing 13.82 per cent. of the Company's Enlarged Issued Share Capital.

## **8. Proposed Share Capital Reorganisation**

Under the Placing, Charles Stanley has placed 46,666,667 New Ordinary Shares at a price per New Ordinary Share of 3 pence. Under Section 100 of the Companies Act, it is only possible to issue shares at a value greater than or equal to their nominal value. Accordingly, in order for Feedback to issue shares at 3 pence per share it is necessary to create shares with a nominal value of 3 pence or less.

It is proposed to effect a capital re-organisation of the Ordinary Share capital by means of a subdivision of the Ordinary Shares. This requires the passing of certain resolutions by Shareholders at the EGM and separately the approval of Ordinary Shareholders at the Ordinary Class Meeting. As at the Record Date Feedback had 17,611,841 Ordinary Shares in issue. It is proposed to reduce the nominal value of the issued Ordinary Share capital of the Company such that:

1. each of the existing 17,611,841 issued Ordinary Shares of 10 pence in the capital of the Company would be subdivided into one New Ordinary Share of 0.25 pence and one Deferred Share of 9.75 pence;
2. each of the remaining authorised but unissued Ordinary Shares of 10 pence each will be subdivided into 495,526,360 New Ordinary Shares of 0.25 pence each.

## 9. Deferred Shares

It is intended that the Deferred Shares to be created from the Ordinary Shares, having the rights referred to in resolution 3 to be proposed by the EGM, will effectively be valueless in the hands of the holders. However, in the Company's books, the capital paid up on the Deferred Shares will represent a capital reserve of £1,713,520.20. That reserve can be applied for limited purposes. However, with the sanction of a special resolution of shareholders and the confirmation of the High Court, the reserve may be cancelled and (*inter alia*) set against the deficit on the Company's profit and loss account, thus reducing the deficit and bringing forward the time at which the Company may pay dividends in the future should its profits permit it to do so. Accordingly, it is proposed that the Deferred Shares will be cancelled. Resolution 3 to be proposed at the EGM is required to enable this.

## 10. Capital Reduction

Subject to the approval of Shareholders at the EGM and the confirmation of the Court, the Company also intends to cancel the share premium account of the Company.

Under the Act, a company's ability to use its share premium account is very limited. However, with the consent of the Court and the approval of Shareholders, it is possible for the Company to cancel its share premium account and apply the sum which results from such cancellation to partially eliminate the accumulated deficit on the Company's profit and loss account. Although the Company has no present intention to start paying dividends to Shareholders, the Directors believe that the cancellation of the share premium account and the related reduction of the accumulated deficit on the Company's profit and loss account will bring forward the time when the Company may be in a position to pay dividends and doing so will bring the Company's balance sheet and share capital more in line with its available assets.

The cancellation of the share premium account also requires the passing of a special resolution by Shareholders at the EGM.

The last audited balance sheet of the Company is at 31 March 2006. This discloses that, as at 31 March, there was an amount of £409,900 in the share premium account of the Company.

The agreement with the PPF referred to in paragraph 3 above is anticipated to give rise to a further amount of £408,276 on the share premium account by the allotting of 14,846,411 New Ordinary Shares for £0.03 each at a premium of £0.0275 per New Ordinary Share.

The Placing referred to in paragraph 4 above is anticipated to give rise to the further amount of £1,283,333 on the share premium account by the allotting of 46,666,667 New Ordinary Shares for £0.03 each at a premium of £0.0275 per New Ordinary Share.

The arrangements with Tom Charlton referred to in paragraph 7 above are anticipated to increase the value of the share premium account by an additional £92,266 by allotting 3,355,141 New Ordinary Shares for £0.03 each at a premium of £0.0275 per New Ordinary Share.

The conversion of Preference Shares referred to in paragraph 5 above gave rise to the further amount of £522,967 on the share premium account by:

- the voluntary conversion of 405,719 Preference Shares with a nominal paid up value of £543,405 to Ordinary Shares with a value of £271,702.50; and
- the compulsory conversion of 365,065 Preference Shares with a nominal paid up value of £502,527.93 to Ordinary Shares with a value of £251,264.50.

It is anticipated that the aggregate on the share premium account will be the total of £409,900, £408,276, £1,283,333, £92,266 and £522,967 being £2,716,742.

Accordingly, the Company is seeking Shareholder approval and the confirmation of the Court for the share premium account, anticipated to be £2,716,742 to be cancelled.

## 11. The Court Application

The cancellation of the Deferred Shares and cancellation of the Company's share premium account will only take effect if sanctioned by the shareholders at the Extraordinary General Meeting and confirmed by the Court and upon the appropriate documents being lodged with the Registrar of Companies.

Assuming the passing of the Reduction Resolution, application will be made to the Court as soon as practicable.

The Directors have been advised that, having regard to the circumstances at the date of this document the Court should confirm the Capital Reduction. The Directors are not, however, able to guarantee the Court's confirmation of the Reduction.

The Directors have also been advised that the Court is likely to require that the Company give undertakings for the protection of the Company's existing creditors and in particular that it will require an undertaking by the Company not to make any distribution until all creditors outstanding at the date that the reduction of capital becomes effective consent or are paid or there is in place replacement share premium or share capital. The Company will give such further undertakings to the Court for the protection of creditors as it may be advised are appropriate to be given.

The application to the Court will be made as soon as practicable after the passing of the Reduction Resolution and the procedure is expected to be completed within six to eight weeks. The Company hopes that the hearing of the Petition will take place by the end of August 2007. However, this date is subject to postponement, depending on the Court timetable and the Board cannot guarantee that the hearing will in fact take place on that date.

The Court Order confirming the Reduction will then need to be registered at Companies House and advertised in the National press, which is likely to be completed two to three weeks after the date of the hearing.

## 12. Share Capital following completion of the Proposals

Immediately following the Proposals becoming unconditional and being completed in accordance with their respective terms and conditions:

- the authorised share capital of the Company will be £1,445,016.05 divided into 578,006,420 New Ordinary Shares of 0.25 pence each; and
- the issued share capital will comprise 82,480,060 New Ordinary Shares which will be held as follows:

<i>Name</i>	<i>No. of New Ordinary Shares held</i>	<i>%</i>
Placees*	50,021,808	60.65
Trustees	14,846,411	18.0
Existing Ordinary Shareholders	17,611,841	21.35
<b>TOTAL</b>	<u>82,480,060</u>	<u>100</u>

\*This includes the New Ordinary Shares being issued to Tom Charlton as detailed in paragraph 7 above.

## 13. Share Option Schemes

The Directors intend to adopt the Share Option Schemes and a proposal to approve this will be put to Shareholders at the EGM.

In the opinion of the Directors, the ability to make grants of options is essential in the retention, recruitment and incentivisation of the Group's employees.

It is intended that grants of options pursuant to the Share Option Schemes will be made following the EGM, assuming the Proposals are approved. The Directors intend to limit the number of options granted pursuant to the Share Option Schemes to approximately 10 per cent. of the Enlarged Share Capital.

#### **14. Strategy to be implemented following completion of the Proposals**

The Directors have formulated a coherent plan intended to ensure the Group's future growth and profitability once the Pension Schemes liabilities have been addressed.

In recent years considerable cost reductions have been achieved and will continue to be sought together alongside efforts to improve margins and increase turnover by introducing new products.

It is intended that over the coming months all the Group's operations will be consolidated into a new single site which will help to greatly improve communications and efficiency. The Directors believe that the Group's in house manufacturing capabilities are essential given that the Group's extensive product range is generally of a very specialised nature and volume sales of individual products can be small. In addition, demand, which is frequently dependent upon the funding of large overseas aid projects, can be variable.

It is imperative that the Group competes internationally in terms of cost and therefore to improve competitiveness, 'lean' techniques are being introduced to manufacturing and other departments across the Company. The Directors believe that these techniques will help reduce cost and waste whilst improving quality and design by involving all employees in the supply process.

The Group will also be installing an ERP system based on the Microsoft Dynamics NAV solution. Once fully implemented this will provide the reliable and timely management information which will prove fundamental to the company's future success.

The Directors also intend to focus efforts to improve routes to market and to continue to introduce innovative new designs. In addition, attention will be focused on increasing revenues arising from support and maintenance of products as the Directors consider this to be a superior income stream.

To help attract and retain key personnel a flexible benefits package will be introduced together with ongoing staff training and development. Despite the close links with universities and colleges throughout the UK it has proved difficult to locate suitable engineers for development in some of the more specialist areas. The development team located in Poland has proved a great success and will be maintained to complement the effort in the UK. The first joint venture project is due to be launched in July.

The Directors intend to concentrate on efforts to grow the Group's business organically although they are of the opinion that opportunities also exist for growth via acquisitions, whether of a bolt on nature that should improve turnover without a substantial increase in cost, or in areas that are complementary to the existing operations

Once the current restructuring is completed, and the improvements above are implemented, the Directors are confident that the Group has a very successful future.

#### **15. Current Trading**

Further to the update on trading provided on 1 March 2007, the Board continues to be pleased with the progress made at each of the Group's subsidiaries and the current order book remains at an encouraging level. There have been recent signs of an improvement in output following the partial relocation of all manufacturing facilities to one site.

The Group continues to prepare for a move to a new site and although a site has been identified no agreement has yet been finalised in this respect.

The Company intends to change its accounting reference date from 31 March to 31 May, with effect from the current financial year and therefore the audited results for the 14 months ended 31 May 2007 are expected to be published in September.

#### **16. Summary of the Placing Agreement**

The Company has today entered into the Placing Agreement with Charles Stanley. The obligations of Charles Stanley under the Placing Agreement are conditional upon certain conditions having being fulfilled (or waived), including, *inter alia*, the passing of the Resolutions and Admission. The agreement

contains certain representations and warranties by the Company as to the accuracy of the information contained in this document and other matters relating to the Company and its business which are usual for an agreement of this nature.

The Company has agreed to indemnify Charles Stanley against all losses, costs, charges and expenses which Charles Stanley may suffer or incur as a result of carrying out its duties under the Placing Agreement, save to the extent the same arise by virtue of the fraud, negligence or wilful default of Charles Stanley.

Charles Stanley has certain rights, at any time prior to Admission, to terminate their obligations under the Placing Agreement in certain limited circumstances. Such circumstances include, *inter alia*, material breach by the Company of the terms of the Placing Agreement or any warranty therein being or becoming untrue, inaccurate or misleading in any material respect.

### **17. Extraordinary General Meeting**

You will find set out at the end of this document the Notice of EGM to be held at The Spa Hotel, Mount Ephraim, Tunbridge Wells, Kent, TN4 8XJ on 2 July 2007 at 10.30 a.m. (or as soon thereafter as the CVA Shareholders' Meeting shall have concluded or adjourned) at which resolutions will be proposed, *inter alia*:

- to approve the Share Capital Reorganisation generally and the individual steps to convert the Ordinary Shares more specifically;
- to approve the Reduction;
- to approve certain amendments to the Articles of Association of the Company required to facilitate and reflect the Share Capital Reorganisation;
- to approve certain amendments to the Memorandum of Association of the Company to enable it to set up the Share Option Schemes;
- to authorise the Directors to issue New Ordinary Shares pursuant to the Placing Agreement and the Settlement Agreement, as well as to authorise the Directors more generally to issue further shares by way of placing or by way of pre-emptive offer.

**All of the resolutions to be proposed at the EGM need to be passed in order for the Proposals to become effective.**

### **18. Ordinary Class Meeting**

A meeting convening a class meeting of the Ordinary Shareholders to be held on 2 July 2007 at 11.00 a.m. (or as soon thereafter as the EGM convened for the same day has concluded or adjourned) is set out at the end of this document. A resolution will be proposed at the Ordinary Class Meeting seeking the approval of holders of the Ordinary Shares to the variation of the rights attaching to the Ordinary Shares arising from the passing and implementation of the resolutions set out in the Notice of EGM. This resolution is required in order for the Share Capital Reorganisation to become effective.

### **19. Irrevocable Undertakings**

The Directors who own or are interested in 4,418,964 Ordinary Shares, representing approximately 25.09 per cent. of the Existing Ordinary Shares, have irrevocably undertaken to vote in favour of the Resolutions to be proposed at the EGM and the Ordinary Class Meeting in respect of their total holdings.

As at the date of this document, the Company has also received an irrevocable undertaking to vote in favour of the Resolutions from the Westcott Family Trust in respect of 2,991,369 Ordinary Shares, representing approximately 16.98 per cent. of the Existing Ordinary Shares.

## **20. Action to be taken**

BLUE Forms of Proxy for use at the EGM by Shareholders, and YELLOW Forms of Proxy for use at the Ordinary Class Meeting by the Ordinary Shareholders are enclosed. Whether or not Shareholders intend to be present at the meetings, they are requested to complete, sign and return the Forms of Proxy to the Company's registrars, Proxy Processing Centre, Telford Road, Bicester, Oxon OX26 4LD or by hand during normal business hours to Capita Registrars, (Proxy Department), The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and in any event so as to arrive no later than 48 hours prior to the holding of the relevant meeting. The completion and return of a Form of Proxy will not preclude Shareholders from attending any meeting that they are entitled to attend and vote in person should they subsequently wish to do so.

**Please do not return CVA forms to the Company's registrars.**

## **21. Recommendation**

Approval of the resolutions to be proposed at the EGM and the Ordinary Class Meeting is essential if the Proposals are to succeed. Your Directors consider the Proposals are the only viable option for the Group and provide benefit for all stakeholders. If the Proposals are not approved by both the Shareholders and the creditors of the Company, the Directors will need to take alternative action to address the financial position of the Group. This is likely to require the Group to enter into different insolvency procedures that will be likely to result in a total loss for Shareholders.

Accordingly, your Directors, who have been so advised by Charles Stanley, consider the Proposals described above to be in the best interests of the Company and its Shareholders as a whole. If approved, they will give the Directors the opportunity to pursue strategic business initiatives designed to create profitable operations and give value to the Company's shares.

Therefore, the Board unanimously and strongly recommends that Shareholders vote in favour of the resolutions to be proposed at the CVA Shareholders' Meeting, the EGM and the Ordinary Class Meeting as they intend to do in respect of their own beneficial holdings of the Company's existing Ordinary Shares.

Yours faithfully

David Harding  
*Chairman*

## PART 2

### PRO-FORMA BALANCE SHEET

The following unaudited pro forma balance sheet of the Group following the Proposals has been prepared for illustrative purposes only to show the effect of the Proposals as if they had occurred on 30 September 2006. Because of the nature of pro forma information, this information addresses a hypothetical situation and does not therefore represent the actual financial position or results of the Group.

The statement of pro forma balance sheet set out below is based on the unaudited consolidated balance sheet of Feedback as at 30 September 2006, after making the adjustments on the basis described in the notes below. The historical financial information of Feedback has been prepared in accordance with UK GAAP and is presented in £ Sterling. The notes below form an integral part of the pro-forma balance sheet.

#### Consolidated Pro Forma Balance Sheet Based Upon the Balance Sheet at 30 September 2006

<i>£000s</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>Total</i>
Tangible Assets	698		(660)			38
Stocks	886					886
Debtors	2,465					2,465
Cash at Bank	96	1,400	950	(1,200)	(695)	551
	<u>3,447</u>					<u>3,902</u>
Bank Loan	25					25
Preference Shares	778	(778)				0
Dividend Reserve	268	(268)				0
Other Creditors	1,853					1,853
	<u>2,924</u>					<u>1,878</u>
Net Current Assets	<u>523</u>					<u>2,024</u>
Total Assets Less Current Liabilities	1,221					2,062
Bank Loan	3					3
Charlton Loan	532	(532)				0
	<u>686</u>					<u>2,059</u>
Pension Fund Liability	(8,257)			8,257		0
	<u>(7,571)</u>	2,978		7,057	(695)	<u>2,059</u>
Issued Share Capital	1,234	648		37	(1,713)	206
0.25p New Ordinary Shares						0
9.75p Deferred Shares						0
Share Premium	410	1,898		408	(2,716)	0
Revaluation Reserve	596		(596)			0
Capital Redemption Reserve						0
Capital Reserve	300					300
Profit & loss Account	(10,111)	432	886	6,612	3,734	1,553
	<u>(7,571)</u>					<u>2,059</u>

**Adjustments:**

1. The conversion of the Preference Shares, the proposed Share Capital Reorganisation (other than the Reduction), the write down of the Former Director's Loan, the Director's Share Issue and the Placing.
2. The sale of the Company's Crowborough premises for £955,000 and release of the Revaluation Reserve shown in the accounts of the Group.
3. The payment to the PPF, the PPF Allotment and the write back of the liabilities relating to the Pension Scheme.
4. The expenses relating to the Proposals and the write back of the share premium accounts relating to the Ordinary Shares and the capital reserve account relating to the Deferred Shares of the Company as a result of the Reduction.

## PART 3

### ADDITIONAL INFORMATION

1. The Directors, whose names appear on page 7 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
2. Immediately following the Proposals becoming unconditional and completed in accordance with their respective terms and conditions the interests of the Directors and their families will be as follows:-

<i>Director</i>	<i>Beneficial</i>	<i>% of Enlarged Share Capital</i>	<i>Non- beneficial</i>	<i>% of Enlarged Share Capital</i>
D. H. Harding	Nil	—	4,067,461	4.93
D. J. Sawyer	510,000	0.62	Nil	—
J. H. Westcott	3,674,836	4.46	4,067,461	4.93
G. B. M. Bushell	250,000	0.30	Nil	—

Dated: 5 June 2007

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### FEEDBACK PLC

(*"THE COMPANY"*)

COMPANY NO. 598696

Notice is hereby given that an Extraordinary General Meeting of the Company will be held at The Spa Hotel, Mount Ephraim, Tunbridge Wells, Kent, TN4 8XJ on 2 July 2007 at 10.30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

#### Special Resolution

1. **THAT**, without being limited by the remaining Resolutions set out in this Notice, subject to and conditional upon the matters referred to in the next sentence, the Share Capital Reorganisation, as defined and more particularly described in the circular ("Circular") accompanying the notice convening this Meeting (a copy of which is produced to the Meeting and, for the purposes of identification only, initialled by the chairman) be approved by this Extraordinary General Meeting of the Company. This Resolution is subject to and conditional upon:
  - (a) the passing at the CVA Creditors' Meeting and at the CVA Shareholders' Meeting (as each is defined in the Circular) of the resolutions to be proposed at those meetings and:
    - (i) there being no application made by either a creditor of the Company or a Shareholder pursuant to section 6(3) of the Insolvency Act 1986 and/or by a Shareholder pursuant to section 4A of the Insolvency Act 1986 ("Application") before the end of the period of 28 days beginning with the first day on which each of the reports required by section 4(6) of the Insolvency Act 1986 has been made to the court; or
    - (ii) if any Application is made, such Application being unconditionally withdrawn by the applicant or dismissed by the court;
  - (b) the Share Capital Reorganisation being approved at a separate General Meeting of the holders of the Ordinary Shares in the capital of the Company which is to be held on the same day as and following this Meeting; and

#### Special Resolution

2. **THAT**, subject to and conditional upon Resolution 1 being passed and becoming unconditional, the Memorandum and Articles of Association of the Company shall be amended as set out in Schedule 1 attached to this Notice.

#### Special Resolution

3. **THAT**, subject to and conditional upon Resolutions 1 and 2 being passed and becoming unconditional:
  - (a) all of the Ordinary Shares of 10 pence each in the capital of the Company ("Ordinary Shares") in issue as at the date that this Resolution becomes effective, each be subdivided into one ordinary share of 0.25 pence ("New Ordinary Shares") and one deferred share of 9.75 pence having the rights set out in Schedule 2 attached to this Notice ("Deferred Shares") and
  - (b) all of the Ordinary Shares that are authorised but unissued as at the date that this Resolution becomes effective each be subdivided into 40 New Ordinary Shares;

provided that, where such subdivision results in any shareholder being entitled to a fraction only of one New Ordinary Share, such fraction shall be dealt with by the Directors of the Company as they see fit pursuant to their powers under Article 47 of the Company's Articles of Association.

### **Ordinary Resolution**

4. **THAT**, subject to and conditional upon Resolutions 1 and 3 being passed and becoming unconditional, for the purposes of section 80 of the Companies Act 1985 as amended (the “Act”) and so that any expressions used in this Resolution shall, where relevant, bear the same meanings as in section 80 of the Act, the directors be and are hereby authorised generally and unconditionally pursuant to section 80 of the Companies Act 1985 (the “Act”) and in substitution for any existing authority to allot relevant securities (within the meaning of section 80(2) of the Act) but without prejudice to the exercise of any such authority prior to the passing of this resolution, to exercise all the powers of the Company to allot relevant securities (i) to an aggregate nominal amount of £230,903.93 in connection with a placing of up to 92,361,572 Ordinary Shares (the “Placing”); (ii) otherwise than pursuant to (i) above, up to an aggregate nominal amount of £68,733.38 representing one third of the issued ordinary share capital of the Company’s enlarged by the issue of new Ordinary Shares pursuant to the Placing and also by the PPF Allotment and the Directors Share Issue as defined in the Circular; provided that such authority shall expire at the conclusion of the next annual general meeting of the Company which is expected to be in September 2007 unless previously varied, revoked or renewed by the Company in general meeting, save that the Company may before such expiry make an offer, agreement or other arrangement which would or might require any such relevant securities to be allotted after such expiry and the directors may allot such relevant securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not expired.

### **Special Resolution**

5. **THAT**, subject to and conditional upon Resolutions 1, 3 and 4 being passed and becoming unconditional the Directors be and are hereby empowered in substitution for any existing power under section 95 of the Companies Act 1985 (“the Act”) but without prejudice to the exercise of any such power prior to the passing of these resolutions, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority given in accordance with section 80 of the Act granted above, as if section 89 (1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to an aggregate nominal value of £137,286.68 pursuant to the Placing provided that this power shall expire at the conclusion of the annual general meeting of the company which is expected to be held in September 2007 unless previously varied, revoked or renewed by the Company in general meeting save that the Company may before such expiry make an offer, agreement or other arrangement which would or might require any such equity securities to be allotted after such expiry and the directors may allot such equity securities pursuant to any such offer, agreement or other arrangement as if the authority conferred hereby had not expired.

### **Special Resolution**

6. **THAT**, subject to and conditional upon Resolutions 1, 2, 3, 4 and 5 being passed and becoming unconditional, and subject further to the confirmation from the Court being obtained, the Share Premium Account of the Company be cancelled.

### **Special Resolution**

7. **THAT**, subject to and conditional upon Resolutions 1 to 6 being passed and becoming unconditional, the capital of the Company be reduced from £3,000,000.00 divided into 513,138,201 New Ordinary Shares of £0.0025 each and 17,611,841 Deferred Shares of £0.0975 each to £1,282,845.5025 divided into 513,138,201 New Ordinary Shares of £0.0025 each and such reduction be effected by cancelling and extinguishing altogether the 17,611,841 Deferred Shares of £0.0975 each.

### **Special Resolution**

8. **THAT**, subject to and conditional upon Resolutions 1 and 3 being passed and becoming unconditional, the Articles of Association of the Company shall be amended as set out in Schedule 3 attached to this Notice.

## Ordinary Resolution

9. **THAT**, subject to and conditional upon Resolutions 1 to 8 being passed and becoming unconditional, the Directors be and are hereby empowered to implement an Enterprise Management Incentive Option Scheme and a Share Incentive Plan substantially in the form of the draft agreements copies of which are produced to the meeting and, for the purpose of identification only, initialled by the Chairman.

*By Order of the Board*

Jed Bushell  
*Company Secretary*

*Registered Office:*

Park Road  
Crowborough  
East Sussex  
TN6 2QR

Dated: 5 June 2007

### Notes

1. Holders of Ordinary Shares are entitled to attend and vote at this meeting. A member entitled to attend and vote may appoint one or more proxies, who need not be members of the Company, to attend instead of him or her.
2. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members 48 hours before the time appointed for the meeting or any adjournment thereof.
3. A BLUE proxy card is enclosed. To be effective, a proxy form must be duly completed, executed and returned, together with the power of attorney or other authority, if any: under which it is executed, or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power of attorney or authority, so as to reach the offices of the Company's registrars, Proxy Processing Centre, Telford Road, Bicester, Oxon OX26 4LD or by hand during normal business hours to Capita Registrars, (Proxies Department), The Registry, 34 Beckenham Road, Beckenham; Kent BR3 4TU, not less than 48 hours before the time for holding the meeting or any adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used. Completion of a form of proxy will not preclude a member from attending and voting in person at the meetings or at any adjournment thereof.
4. There will be available for inspection, from today until the date of the Extraordinary General Meeting, at the registered office of the Company and from the offices of the Company's solicitors Cripps Harries Hall LLP, Wallside House, 12 Mount Ephraim Road, Tunbridge Wells, Kent, TN1 1EG, during normal business hours on any weekday (Saturdays and public holidays excepted) and at the meeting a copy of the draft agreements referred to in Resolution 9 above.

## SCHEDULE 1

### TO THE NOTICE OF EXTRAORDINARY GENERAL MEETING

#### **Amendments to Memorandum and Articles of Association (as referred to in Resolution No. 2)**

Existing Article 47 to be deleted and replaced with the following:

- Subject to direction by the Company in General Meeting, whenever as a result of a consolidation or sub-division of any shares any members would become entitled to a fraction of a share, the Directors may make such arrangements as may be thought fit for the sale of shares representing the fractions to any person (including, subject to the provisions of the Statutes, the Company) and for the distribution among the persons entitled thereto in the due proportions of the net proceeds of such sale (save that where the share of such proceeds payable to a member is less than £3, such amount may be retained for the Company's benefit). For the purpose of giving effect to any such sale, the Directors may, in the case of shares in certificated form, appoint some person to execute an instrument of transfer of the shares representing the fractions to, or in accordance with the directions of, the purchaser and, in the case of shares in un-certificated form, the Directors may, to enable the Company to deal with the shares representing the fractions in accordance with the provisions of this Article, require the operator of a relevant system to convert such shares into certificated form and after such conversion may appoint some person to execute an instrument of transfer of the shares representing the fractions to or in accordance with the directions of the purchaser and/or take such steps (including the giving of directions to or on behalf of the holders, who shall be bound by them) as they think fit to effect the transfer. Any transferee of any shares sold pursuant to this Article shall not be bound to see to the application of the purchase money nor shall such transferee(s)' title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

The Memorandum of Association of the Company be amended by the inclusion of a new objects clause 4(y) as follows:

- To set up, establish, support and maintain profit sharing or share purchase schemes for the benefit of any employees of the Company or of any company which is a subsidiary of the Company or the holding company of the Company or a fellow subsidiary of the Company.

## SCHEDULE 2

### TO THE NOTICE OF EXTRAORDINARY GENERAL MEETING

#### **Rights of Deferred Shares (as referred to in Resolution No. 3)**

The rights attaching to the Deferred Shares are as follows:

1. The Deferred Shares will confer no right either to share in the profits of the Company available for distribution, or to receive notice of any general meeting of the Company or to attend, speak or vote at any such general meeting and shall confer a right to repayment of the amount paid up on such shares only after firstly, payment to the holders of the Ordinary Shares of any profits of the Company available for dividend and resolved to be distributed; secondly, repayment of capital paid on the Ordinary Shares and thirdly, a further payment of the sum of £10 million per Ordinary Share. The holders of the Deferred Shares shall not be entitled to any further right of participation in the assets of the Company.
2. The Deferred Shares may at any time be cancelled for no consideration by means of a reduction of capital effected in accordance with the Companies Act 1985 without the sanction of the holders of the Deferred Shares.
3. 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 paragraph 4 below or with the written consent of the Directors.
4. The Company shall at any time (and from time to time) have irrevocable authority to:
  - (a) 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 such person(s) as the Company may determine (whether or not an officer of the Company), or itself to purchase the Deferred Shares together with the Deferred Shares held by any other person in accordance with the Companies Act 1985, in either case for an aggregate sum of not more than 1 pence for all the Deferred Shares then being purchased from him and any such other persons. Such consideration may be paid to and/or retained by the Company and the Company will also be authorised to execute any other documents necessary or appropriate to give effect to such transfer or purchase; and
  - (b) cancel all or any of the Deferred Shares so purchased by the Company in accordance with the Statutes.
5. The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the Deferred Shares, and any such creation, allotment or issue shall not involve a variation of these rights for any purpose or require the consent of the holders of the Deferred Shares.

### **SCHEDULE 3**

#### **TO THE NOTICE OF EXTRAORDINARY GENERAL MEETING**

##### **Amendments to Articles of Association (as referred to in Resolution No. 8)**

- (A) The replacement of all references to the Ordinary Shares of 10 pence each in the capital of the Company, Ordinary Shares, Ordinary Shareholders with references to New Ordinary Shares of 0.25 pence each in the capital of the Company, New Ordinary Shares and New Ordinary Shareholders, as appropriate.
- (B) The deletion of the existing Articles 3.1 and 3.2 inclusive and the insertion of a new Article 3 to read:  
“1 The capital of the Company is £1,282,845.5025 divided into 513,138,201 New Ordinary Shares of 0.25 pence each.”
- (C) The deletion of Article 98.3, the appropriate renumbering of the remaining articles and appropriate amendments to cross-references to those articles.

**NOTICE OF SEPARATE GENERAL MEETING OF THE HOLDERS  
OF ORDINARY SHARES**

**FEEDBACK PLC**  
*(“THE COMPANY”)*

COMPANY NO. 598696

Notice is hereby given that a General Meeting of the holders of the Ordinary Shares in the capital of the Company will be held at The Spa Hotel, Mount Ephraim, Tunbridge Wells, Kent, TN4 8XJ on 2 July 2007 at 11 a.m. (or so soon thereafter as the Extraordinary General Meeting of the Company convened at the same place and on the same day shall have concluded or is adjourned), for the purpose of considering and, if thought fit, passing the following resolutions:

**Extraordinary Resolution**

1. **THAT**, subject to the Share Capital Reorganisation, as defined and more particularly described in the circular (“Circular”) accompanying the notice convening this Meeting (a copy of which is produced to the Meeting and, for the purposes of identification only, initialled by the chairman), being approved at the Extraordinary General Meeting of the Company referred to above, this separate General Meeting of the holders of Ordinary Shares approves the Share Capital Reorganisation and sanctions each and every variation, modification and abrogation of the rights attached to such Ordinary Shares as will or may be involved in or effected by or pursuant to, or resulting from the passing and implementation of the Resolutions set out in the Notice convening the above mentioned Extraordinary General Meeting of the Company which accompanies this Notice.

*By Order of the Board*

Jed Bushell  
*Company Secretary*

*Registered Office:*

Park Road  
Crowborough  
East Sussex  
TN2 2QR

Dated: 5 June 2007

Notes

1. Holders of Ordinary Shares are entitled to attend and vote at this meeting. A member entitled to attend and vote may appoint one or more proxies, who need not be members of the Company, to attend instead of him or her.
2. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company’s register of members 48 hours before the time appointed for the meeting or any adjournment thereof.
3. A YELLOW proxy card is enclosed. To be effective, a proxy form must be duly completed; executed and returned, together with the power of attorney or other authority, if any, under which it is executed, or a notarially certified copy or a copy, certified in accordance with the Powers of Attorney Act 1971 of such power of attorney or authority, so as to reach the offices of the Company’s registrars, Proxy Processing Centre, Telford Road, Bicester, Oxon OX26 4LD or by hand during normal business hours to Capita Registrars, (Proxies Department), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time for holding the meeting or any adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the meeting, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used, or adjourned meeting. Completion of a form of proxy will not preclude a member from attending and voting in person at the meeting or at any adjournment thereof.





