

Lighthouse Group plc

Annual General Meeting 2009

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Recommended Proposals for

the cancellation of the share premium account, the capitalisation of the merger reserve by way of a bonus issue of shares and the subsequent cancellation of such bonus shares, to eliminate the deficit in retained earnings and create distributable reserves



LIGHTHOUSE GROUP

8 May 2009

Dear Shareholders,

Lighthouse Group plc: Annual General Meeting and recommended proposals for the cancellation of the share premium account, the capitalisation of the merger reserve by way of a bonus issue of shares and the subsequent cancellation of such bonus shares (together, the "Proposals")

The 2009 Annual General Meeting ("**AGM**") of Lighthouse Group plc ("**Company**") will be held at 26 Throgmorton Street, London EC2N 2AN on 3 June 2009 at 10.00 am.

Business of the AGM

The purpose of this letter is to give you details of the items of business that will be put before the AGM. The notice of AGM is set out at the end of this document and a form of proxy for use in connection with the AGM is enclosed. Also enclosed with this letter is a copy of the Report and Accounts of the Company for the year ended 31st December 2008.

This year, shareholders will be asked to approve 12 Resolutions. Resolutions 1 to 7 (inclusive) will be proposed as ordinary resolutions and Resolutions 8 to 12 (inclusive) will be proposed as special resolutions.

In addition to the usual business of the AGM, which is proposed by Resolutions 1 to 9 (inclusive), and of which further details are set out in the paragraphs entitled "Explanation of Resolutions", the Directors are proposing Resolutions 10, 11 and 12, which together seek to implement the Proposals.

Purpose of the Proposals

Your Board of Directors considers it highly desirable that the Company has the maximum flexibility to pay dividends and otherwise return value to its shareholders. Company law and applicable accounting standards place technical restrictions on the ability of the Company to pay dividends. This is particularly the case in turbulent markets when, for example, even if the Company has generated sufficient profits to justify the payment of a dividend, such profits may be eroded by the technical requirement for companies to adjust (with no effect on cash) the fair value of the assets they hold.

The purpose of the Proposals is to eliminate the deficit in the Company's retained earnings and to create distributable reserves in the Company to facilitate the future payment of dividends to shareholders, where justified by the profits of the Company. The Proposals represent your Board's response to essentially technical restrictions which may otherwise prevent the Company from paying such dividends.

In particular, if the Proposals are implemented and subject to the creation of a sufficient level of distributable reserves, the Directors intend to resume the payment of dividends, as set out below in the paragraph entitled "Dividend Policy".

If the Proposals are approved by you at the AGM, they will be subject to the scrutiny of, and confirmation by, the High Court of Justice and, subject to that confirmation, are expected to take effect in early July 2009. Assuming that there is no material change in the financial position or prospects of the Company, and subject to the Court process, the Board of Directors currently anticipates that the Proposals will result in the creation of approximately £8.7 million of additional distributable reserves in the Company.

Background to the Proposals

(a) Creation of the Share Premium Account

As set out in the audited balance sheet of the Company for the year ended 31 December 2008, there is an amount of approximately £5.7 million standing to the credit of the share premium account of the Company.

The share premium account has arisen on the issue by the Company of shares at a premium to their par value.

In accordance with applicable law and accounting standards, the share premium account is an undistributable reserve and, pursuant to relevant provisions of the Companies Act 1985, the share premium account is treated for most purposes as part of the permanent capital of the Company.

(b) Creation of the Merger Reserve

As set out in the audited balance sheet of the Company for the year ended 31 December 2008, there is an amount of approximately £3.3 million standing to the credit of a merger reserve of the Company.

The merger reserve has arisen as a result of the merger by the Company with Sumus Limited in 2008 and the subsequent utilisation of part of the original reserve to off-set an impairment charge in respect of the current value of the shares in Sumus held by the Company.

In accordance with applicable law and accounting standards, the merger reserve is also an undistributable reserve but, unlike the share premium account, is not pursuant to relevant provisions of the Companies Act 1985 treated for any purposes as part of the permanent capital of the Company.

(c) Implementation of the Proposals

The Board of Directors of the Company is now proposing to implement the Proposals to enable the reserves standing to the credit of the share premium account and the merger account first to be applied in eliminating the deficit in the Company's retained earnings and then, as regards the balance, to be treated as distributable.

These steps involve applying to the High Court to confirm a cancellation of the Company's share premium account and a reduction in the Company's share capital (created by the capitalisation of the merger reserve referred to below). As noted above, the merger reserve must first be capitalised (by way of applying it by issuing bonus shares to the shareholders) before the Court can be asked to confirm the cancellation of such shares. In effect, the bonus shares will be allotted and cancelled practically simultaneously and it is not therefore intended to admit the bonus shares to trading on AIM.

If approved by shareholders, the cancellation of the share premium account and the cancellation of the bonus shares created by the capitalisation of the merger reserve will require the confirmation of the High Court. In order to provide such confirmation, the Court will need to be satisfied that the interests of the creditors of the Company are not prejudiced. The Company will put in place appropriate arrangements in this regard, which may include an undertaking not to treat all or part of the reserve arising on the cancellations as distributable until all current creditors of the Company have been paid or have consented to the cancellations. As the Company has few creditors, it is unlikely that any undertaking given will be in place for a significant period of time.

Further details of both the cancellation of the share premium account and the capitalisation of the merger reserve (by way of applying it in paying up bonus shares to be issued to the shareholders) and the subsequent cancellation of the bonus shares are set out in the paragraphs relating to Resolutions 10, 11 and 12 below, by which Resolutions such Proposals will be implemented.

(d) *Tax implications of the Proposals*

This paragraph summarises certain UK income tax and capital gains tax consequences for the Company and its shareholders of the implementation of the Proposals, based on current UK legislation and what is understood to be current HM Revenue & Customs practice.

It is intended as a general guide and applies only to Company shareholders who are resident or, if individuals, ordinarily resident in the UK for tax purposes.

(i) The Company

The Company has been advised that the capitalisation of the merger reserve by way of a bonus issue of shares, and the subsequent reduction of share capital and cancellation of share premium account will not, of themselves, generate a tax liability for the Company.

(ii) Shareholders

The Company has been advised that, because the bonus issue of shares will not precede or take place after a repayment of share capital to shareholders, it will not comprise a distribution for income tax purposes.

The Company has further been advised that, whereas the cancellation of the bonus shares will be treated as a disposal of those shares for capital gains tax purposes, because the shareholders will receive no capital sum in consideration of the cancellation of such shares (which will be matched with the shares issued), there should be no capital gains tax liability accruing to the shareholders on such disposal.

The Company will write to the shareholders setting out the number of bonus shares issued to them (and subsequently cancelled, as appropriate) in time to enable them to complete their tax returns.

If you are in any doubt about your tax position, you are advised to consult an appropriate independent professional adviser immediately.

Dividend Policy

As indicated in my statement in the accompanying Directors' Report, the impact of the impairment charge required by International Financial Reporting Standards, and the non-recurring prior year adjustment of £1.5 million relating primarily to the acquisition of Carrwood Barker Holdings in 2005, means that there are insufficient retained earnings with which to pay a final dividend in respect of 2008.

The purpose of the Proposals is in effect to reclassify the merger reserve and share premium account in order to increase retained earnings and therefore distributable reserves.

Should Resolutions 10, 11 and 12, being the resolutions required to implement the Proposals, be passed and Court confirmation obtained, and subject to the sufficiency of profits, it is the Company's intention to resume dividend payments with an interim dividend of 0.2 pence per share in September or October 2009.

Other Matters

As reported last year, the Companies Act 2006, which makes various changes to company law, is being implemented in stages.

The Company updated its Articles of Association last year to reflect certain key changes which took effect from 1 October 2008. While other changes have taken or will take effect before the date of the

Company's next Annual General Meeting, they do not require any other changes to be made to the Articles of Association this year.

The Company therefore intends to update its Articles of Association again in 2010, by which time it is expected that the Companies Act 2006 will have been brought into force in its entirety.

Explanation of Resolutions

Resolution 1: Annual Report and Accounts

Each year the Directors of the Company are required to lay before the members in general meeting the annual accounts of the Company together with the Directors' report and Auditors' report on those accounts. Resolution 1 therefore deals with the receipt and adoption of such accounts and reports.

Resolutions 2, 3, 4 and 5: Reappointment of Directors

Resolution 2 proposes the reappointment of Mr M Streatfield as a Director. This is in accordance with the Company's Articles of Association which require that one third of the Directors (or the number nearest to but not exceeding one-third), excluding for these purposes Directors appointed by the Board since the last Annual General Meeting, retire by rotation at each Annual General Meeting. The Directors who retire by rotation are those who have been Directors for the longest period of time since they were last appointed or reappointed by shareholders.

Resolutions 3, 4 and 5 propose the reappointment of Mr A Rosengren, Mr P Smith and Mr A Scott-Barrett as Directors. This is also in accordance with the Company's Articles of Association which require that any new Directors appointed by the Board must retire and seek reappointment at the next Annual General Meeting following their appointment. This gives shareholders the opportunity to confirm those appointments.

Resolution 6: Reappointment of Auditors and fixing their remuneration

The Company is required to reappoint Auditors at each general meeting at which accounts are laid to hold office until the next such meeting. Therefore, Resolution 6 proposes the reappointment of KPMG Audit Plc as Auditors and, in accordance with normal practice, authorises the Directors to determine the Auditors' remuneration.

Resolution 7: Authority to allot shares

The directors of a company may only allot shares if they have been authorised to do so by shareholders in general meeting. Resolution 7 renews a similar authority given at last year's Annual General Meeting and, if passed, will authorise the Directors to allot shares in the capital of the Company up to an aggregate nominal amount of £444,086.75 (which represents approximately one third of the issued share capital of the Company at the date of this notice, together with the nominal value of options exercisable in the period in relation to the Company's shares). This limit is in line with the guidelines issued by the Investor Protection Committees. If given, this authority will expire at the conclusion of the Company's next Annual General Meeting. It is the Directors' intention to renew this authority each year. This resolution is being proposed as an ordinary resolution in accordance with the requirements of the Companies Act 1985.

For the avoidance of doubt, the Directors are proposing to seek a separate authority to allot shares in connection with the bonus issue which forms part of the Proposals pursuant to Resolution 11.

Resolution 8: Power to disapply pre-emption rights

The directors of a company may not allot shares for cash unless they have first offered them to the existing shareholders in proportion to their existing shareholdings (i.e. on a fully pre-emptive basis). Resolution 8 renews a similar authority given at last year's Annual General Meeting and, if passed, will empower the Directors to allot shares for cash on a non pre-emptive basis in certain circumstances. It will authorise the Directors to allot shares for cash on a non pre-emptive basis up to

an aggregate nominal amount of £63,850.15 (which represents approximately five per cent. of the Company's issued share capital at the date of this notice).

This limit is in line with the guidelines issued by the Pre-emption Group. In addition, in accordance with normal practice, it will enable the Board to deal with overseas shareholders and fractional entitlements as it thinks fit in the context of any rights issue or open offer. If given, this authority will expire at the conclusion of the Company's next Annual General Meeting. It is the Directors' intention to renew this authority each year. This resolution is being proposed as a special resolution in accordance with the requirements of the Companies Act 1985.

For the avoidance of doubt, the Directors are proposing to seek a separate authority to allot shares on a non pre-emptive basis in connection with the bonus issue which forms part of the Proposals pursuant to Resolution 11.

Resolution 9: Purchase by the Company of its own shares

A company may only make a purchase of its own shares if the purchase has first been authorised by its shareholders in general meeting. Resolution 9, if passed, will allow the Company to buy back up to 12,770,029 ordinary shares in the market (representing approximately ten per cent. of the Company's issued share capital as at the date of this notice). The minimum and maximum prices for such a purchase are set out in the Resolution. If given, this authority will expire at the conclusion of the Company's next Annual General Meeting or on 3 December 2010 (whichever is earlier). It is the Directors' intention to renew this authority each year.

The Directors have no current intention of exercising this authority and would only do so if they were satisfied that the purchase would be likely to result in an increase in expected earnings per share, and would be in the best interests of shareholders generally.

This resolution is being proposed as a special resolution as, whereas the Companies Act 1985 requires an ordinary resolution, institutional investor guidelines and market practice recommend a special resolution.

Resolution 10: Cancellation of share premium account

Please see below for an explanation of this Resolution 10.

Resolution 11: Capitalisation of the merger reserve by way of bonus issue of shares

Resolution 11, if passed, will authorise the Directors to carry out the capitalisation of the merger reserve by applying such reserve in allotting at par, credited as fully paid, new ordinary shares in the Company to the shareholders in proportion, as nearly as possible, to their existing holdings of shares, in accordance with article 138 of the Company's Articles of Association.

As set out in the paragraph entitled "Implementation of the Proposals" above, the bonus issue is being made in specific contemplation of the cancellation of such bonus shares in order to create distributable reserves. Therefore, whereas authority for the capitalisation and bonus issue is being sought at the AGM, the Directors only intend to allot the bonus shares on the business day immediately prior to the Court hearing to confirm the cancellation of such shares.

Similarly, as it is proposed to cancel the bonus shares shortly following their issue, it is not intended that application will be made to the London Stock Exchange to admit the bonus shares to trading on AIM or that share certificates will be issued, or CREST stock accounts credited, in respect of the bonus shares. However, the register of members of the Company will be written up to reflect both the issue and subsequent cancellation of the bonus shares.

In the unlikely event that the Court does not confirm the cancellation of the bonus shares, application will be made to admit the bonus shares to trading on AIM and share certificates will be issued, or CREST stock accounts will be credited, in respect of the bonus shares. However, the Directors do not currently anticipate that Court confirmation will be withheld.

Resolution 11 is being proposed as a special resolution as, notwithstanding that article 138 of the Company's Articles of Association requires an ordinary resolution, the resolution incorporates specific authorities to allot shares and to disapply pre-emption rights on such allotment, which latter authority is required to be passed as a special resolution.

Resolution 11 is conditional on the cancellation of the share premium account, which is proposed by Resolution 10, taking effect.

Resolutions 10 and 12: Cancellation of share premium account and reduction of share capital

Resolutions 10 and 12, if passed, will authorise the Company to cancel the whole of its share premium account and to reduce its authorised and issued share capital, by way of the cancellation of the bonus shares authorised to be issued pursuant to Resolution 11.

The cancellation of the share premium account and of the bonus shares (together, the "Cancellations") will be required to be confirmed by the High Court of Justice in England and Wales (as more particularly set out above).

The Directors intend, subject only (in the case of the cancellation of share premium account) to Resolution 10 being duly passed at the AGM and (in the case of the cancellation of the bonus shares) Resolutions 11 and 12 being duly passed at the AGM, to file an application with the Court to confirm the Cancellations as soon as practicable following the conclusion of the AGM. For technical reasons, the Court will be asked to approve the cancellation of share premium account prior to the cancellation of the bonus shares.

Two Court hearings at which, subject to the discretion of the Court, the Cancellations will be confirmed have been provisionally scheduled for 24 June 2009 and 8 July 2009. However, the actual dates of the Court hearings to confirm the Cancellations will be advertised in a national newspaper as directed by the Court at least seven days prior to the first of these Court hearings.

Furthermore, the Cancellations will only take effect once office copies of the Court orders confirming the Cancellations have been filed with and registered by the Registrar of Companies in England and Wales.

Resolutions 10 and 12 are also being proposed as special resolutions, as required by the Companies Act 1985 and the Company's Articles of Association.

It should be noted, however, that if Resolution 12 is passed, but Resolution 11 relating to the capitalisation of the merger reserve is not passed at the AGM, the Directors will exercise their discretion not to allot the bonus shares pursuant to the authority granted by Resolution 11, as they will not subsequently be permitted to apply to the Court for a cancellation of the bonus shares.

Recommendation

The Directors of the Company recommend that you vote in favour of each of the Resolutions to be proposed at the AGM, including Resolutions 10 to 12 in respect of the Proposals. The Directors intend to vote, or procure or use reasonable endeavours to procure the vote, in favour of the Proposals in respect of their own beneficial holdings of ordinary shares in the Company.

I look forward to welcoming you at the 2009 Annual General Meeting.

Whether or not you are able to attend the AGM in person, please read the notice of AGM set out at the end of this document and the enclosed form of proxy, including the notes thereto, carefully to ensure you are able to record your votes in respect of the resolutions to be proposed at the AGM.

Yours faithfully,

David Hickey
Chairman

Lighthouse Group plc

Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Lighthouse Group plc will be held at 26 Throgmorton Street, London EC2N 2AN on 3 June 2009 at 10.00 am when the following business will be transacted:-

To consider and, if thought fit, to pass the following Resolutions, of which Resolutions 1 to 7 (inclusive) will be proposed as ordinary resolutions and Resolutions 8 to 12 (inclusive) will be proposed as special resolutions:-

Ordinary Business

1. To receive and adopt the Report of the Directors and the Accounts of the Company for the period ended 31st December 2008 together with the Auditors' Report thereon.
2. To re-appoint Mr M Streatfield, who is retiring from the Board in accordance with the Articles of Association, as a Director of the Company.
3. To reappoint Mr A Rosengren, who has been appointed to the Board since the last Annual General Meeting, as a Director of the Company.
4. To reappoint Mr P Smith, who has been appointed to the Board since the last Annual General Meeting, as a Director of the Company.
5. To reappoint Mr A Scott-Barrett, who has been appointed to the Board since the last Annual General Meeting, as a Director of the Company.
6. To re-appoint KPMG Audit Plc as Auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting of the Company at which Accounts are laid and to authorise the Directors to fix their remuneration.

Special Business

ORDINARY RESOLUTION:

7. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ("the Act"), in substitution for all existing authorities granted under that section (to the extent unused) but without prejudice to the authority to be granted under that section by Resolution 11 below (if passed), to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £444,086.75 provided that such authority (unless previously revoked, varied or renewed by the Company) shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2010, save that the Company may before such expiry make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement as if the authority hereby conferred had not expired.

SPECIAL RESOLUTIONS:

8. THAT, subject to the passing of Resolution 7 above, the Directors of the Company be and they are hereby empowered pursuant to section 95 of the Act, in substitution for all existing authorities granted under that section (to the extent unused) but without prejudice to the authority to be granted under that section by Resolution 11 below (if passed), to exercise all the powers of the Company to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority conferred by Resolution 7 above as if section 89(1) of the Act did not apply to such allotment, provided that such power shall be limited to:
 - (i) the allotment of equity securities in connection with an offer of such securities (whether by open offer, rights issue or otherwise) to the holders of ordinary shares in proportion (as nearly as may be) to the respective number of ordinary shares held or deemed to be held by them on the record date of such allotment, subject only to

such exclusions or other arrangements as the Directors deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange; and

- (ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £63,850.15,

and (unless previously revoked, varied or renewed by the Company) shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2010, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired.

9. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 166 of the Act to make one or more market purchases (within the meaning of section 163(3) of the Act) of fully paid ordinary shares of £0.01 each in the capital of the Company ("Shares") provided that:

- (a) the maximum number of Shares which may be purchased is 12,770,029;
- (b) the minimum price (exclusive of expenses) which may be paid for a Share is £0.01;
- (c) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to 105 per cent. of the average of the middle market quotations for a Share as derived from the AIM section of the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the Share is contracted to be purchased,

and (unless previously revoked, varied or renewed by the Company) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2010 or on 3 December 2010 (whichever is the earlier), save that the Company may before such expiry enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry and the Company may make a purchase of Shares pursuant to any such contract as if the authority hereby conferred had not expired.

10. THAT the share premium account of the Company be and is hereby cancelled.

11. THAT subject to the cancellation of the share premium account set out in Resolution 10 taking effect:

- (a) the authorised share capital of the Company be and is hereby increased from £2,000,000 divided into 200,000,000 ordinary shares of £0.01 each to £5,300,816.00 divided into 530,081,600 ordinary shares of £0.01 each, by the creation of 330,081,600 new ordinary shares of £0.01 each in the capital of the Company;
- (b) the sum of £3,300,816.00 standing to the credit of the merger reserve of the Company (the "**Capitalised Sum**") be and the same is hereby capitalised;
- (c) the Capitalised Sum be appropriated to the holders of ordinary shares entered in the register of members of the Company at 5.00 p.m. on the business day immediately prior to the date of a hearing of the High Court of Justice convened to confirm the reduction of capital of the Company set out in Resolution 12 below (the "**Record Date**") in proportion (as nearly as possible) to the nominal amount of ordinary shares then held by them respectively, on the basis that such Capitalised Sum not be paid in cash but be applied in paying up in full at par 330,081,600 new ordinary shares of £0.01 each in the capital of the Company which will, on issue, rank *pari passu* in all respects with such of the existing ordinary shares of £0.01 each in the capital of the Company as are fully paid or credited as fully paid and, in connection herewith:
 - (i) the Directors of the Company be and they are hereby specifically authorised in accordance with section 80 of the Act to allot up to a maximum of 330,081,600 ordinary shares of £0.01 each in the capital of the Company

credited as fully paid in the aggregate nominal amount of £3,300,816.00 to and among the said holders of ordinary shares of £0.01 each in the capital of the Company in the said proportions, which authority shall expire on the date falling six months after the date of this Resolution; and

- (ii) the Directors of the Company be and they are hereby empowered pursuant to section 95 of the Act to allot up to a maximum of 330,081,600 ordinary shares of £0.01 each in the capital of the Company pursuant to the authority conferred by paragraph (i) above as if section 89(1) of the Act did not apply to such allotment, which power shall expire on the date falling six months after the date of this Resolution;
 - (d) the Directors of the Company be and they are hereby authorised to settle any difficulty arising with regard to the appropriation of the Capitalised Sum to the members pursuant to paragraph (c) above, including without limitation the authority to deal with fractions of shares arising as a result of the appropriation and application of the Capitalised Sum as they shall consider expedient; and
 - (e) the Directors of the Company be and they are hereby generally authorised to do all such acts and things as they may consider necessary to give effect to the matters set out in this Resolution.
12. THAT, subject to the passing of Resolution 11 above and the allotment of the ordinary shares referred to therein pursuant thereto the share capital of the Company be and is hereby reduced by cancelling and extinguishing the ordinary shares of £0.01 each which were created and authorised to be issued and credited as fully paid up pursuant to Resolution 11 above.

By order of the Board

M S Ross

Company Secretary

8 May 2009

Registered Office:

26 Throgmorton Street

London EC2N 2AN

Registered Number:

04042743

Notes:

- 1 Only those members who are entered in the register of members of the Company as at 5.00 pm on 1 June 2009 or, in the event that the meeting is adjourned, 48 hours before the time of any adjourned meeting shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their names at that time. Changes to entries in the register of members of the Company after 5.00 pm on 1 June 2009 or, in the event that the meeting is adjourned, after 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. This is the time specified by the Company for the purposes of Regulation 41 of the Uncertificated Securities Regulations 2001.
- 2 In the case of joint holders of shares in the Company, where more than one of the joint holders purports to tender a vote, whether by voting on a show of hands or a poll at the meeting, or by appointing a proxy, only the vote tendered or the appointment submitted by the senior joint holder will be accepted and treated as valid. For these purposes, seniority is determined by the order in which the names of the joint holders appear in the register of members of the Company in respect of the joint holding.
- 3 Any member may appoint one or more other person(s) as a proxy or proxies to exercise all or any of his rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. A form of proxy ("Form of Proxy") which may be used to make such an appointment accompanies this notice. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. To appoint more than one proxy, a separate Form of Proxy must be completed for each proxy and you may photocopy the Form of Proxy for this purpose. Please indicate the proxy's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by the member may result in the proxy appointment being invalid.
- 4 In order for a Form of Proxy, to be valid, it must be lodged with the Company's registrars Capita Registrars, (PROXIES), PO BOX 25, Beckenham, Kent, BR3 4BR, by post, or by hand (during normal business hours) at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 10.00 am on 1 June 2009 (or, in the event that the meeting is adjourned, not less than 48 hours before the time of the adjourned meeting) and, in default, will not be treated as valid.
- 5 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so in respect of the meeting (or any adjournment(s) thereof) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
- 6 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (formerly CRESTCo's) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID RA 10) by no later than 10.00 am on 1 June 2009 (or, in the event that the meeting is adjourned, by not less than 48 hours before the adjourned meeting). No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 7 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 8 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 9 The appointment of a proxy, whether by completion and return of a Form of Proxy, or the proper authentication of a CREST Proxy Instruction, will not preclude a member from attending and voting in person at the meeting if he or she so wishes.
- 10 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that:

- (a) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for the shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
- (b) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (<http://www.icsa.org.uk/>) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is appointed as described in paragraph (a) above.

- 11 If you have sold or otherwise transferred all of your ordinary shares please send this document, together with the accompanying form of proxy, as soon as possible, to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.
- 12 Copies of the terms and conditions of appointment of the non-executive directors of the Company will be available for inspection at the registered office of the Company during business hours only on weekdays from the date of this notice until the date of the meeting and at the place of the meeting from 9.45 am until the conclusion of the meeting.

FORM OF PROXY
for use by holders of ordinary shares in
Lighthouse Group plc
("Company")

at the Annual General Meeting of the Company ("**Meeting**") to be held
at 26 Throgmorton Street, London EC2N 2AN, on 3 June 2009 at 10.00 am

Please read the notice of Meeting and the accompanying notes carefully before completing this Form of Proxy.

As a shareholder of the Company you have the right to attend, speak at and vote at the Meeting. If you cannot, or do not want, to attend the Meeting, but still want to vote, you can appoint someone to attend, speak and vote on your behalf at the Meeting. That person is known as a 'proxy'. You can use this Form of Proxy to appoint the Chairman of the Meeting*, or someone else, as your proxy. Your proxy does not need to be a shareholder of the Company.

I/We

(full name in block capitals)

of

(address)

being a member /members of Lighthouse Group plc hereby appoint the Chairman of the Meeting or*

Name of proxy	Number of shares in relation to which the proxy is authorised to act

as my/our proxy to exercise all or any of my/our rights to attend, speak and vote for me/us in respect of my/our voting entitlement on my/our behalf at the meeting (and at any adjournment thereof).

Please tick here if this proxy appointment is one of multiple appointments being made

* If you wish to appoint a proxy of your own choice, you should delete the words 'the Chairman of the Meeting or' and substitute the name you require. All alterations made to this Form of Proxy must be initialed by the signatory/signatories. You are entitled to appoint one or more proxies. If you appoint more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by you.

I/We direct my/our proxy to vote in respect of the resolutions set out in the notice of meeting as follows:

RESOLUTIONS	For	Against	Withheld	Discretion
1. To receive and adopt the report of the Directors and the Accounts of the Company for the year ended 31 st December 2008, together with the Auditors' report thereon.				
2. To reappoint Mr M Streatfield as a Director of the Company.				
3. To reappoint Mr A Rosengren as a Director of the Company.				
4. To reappoint Mr P Smith as a Director of the Company.				
5. To reappoint Mr A Scott-Barrett as a Director of the Company.				
6. To re-appoint KPMG Audit Plc as Auditors and to authorise the Directors to fix their remuneration.				
7. To authorise the Directors to allot relevant securities in accordance with section 80 of the Companies Act 1985.				
8. To empower the Directors to allot equity securities for cash as if section 89(1) of the Companies Act 1985 did not apply.				
9. To authorise the Company to make market purchases of shares for the purposes of section 166 of the Companies Act 1985.				
10. To authorise the cancellation of the share premium account of the Company.				
11. To authorise a capitalisation of the merger reserve of the Company by way of a bonus issue of shares and other matters in connection therewith.				
12. To authorise a reduction of the share capital of the Company.				

I/We direct my/our proxy to vote (or abstain from voting) as he thinks fit on any other matter which may properly come before the Meeting.

Dated

Member's signature

Notes:

- 1 Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001, the Company has specified that only those members entered on the register of members of the Company at 5.00 p.m. on 1 June 2009 or, in the event that the meeting is adjourned, 48 hours before the time of any adjourned meeting shall be entitled to attend and vote at the Meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the register of members after 5.00 p.m. on 1 June 2009 or, in the event that the meeting is adjourned, after 48 hours before the time of any adjourned meeting shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- 2 The completion and return of this Form of Proxy will not prevent you from attending in person and voting at the Meeting should you subsequently decide to do so.
- 3 If you wish your proxy to cast all of your votes for or against a resolution, or you wish to give your proxy discretion as to how to cast all your votes, you should insert an "X" in the appropriate box. If you wish your proxy to cast only certain votes for and certain votes against, or to use his discretion to cast only certain votes, insert the relevant number of shares in the appropriate box. If you give your proxy discretion as to how to vote or in the absence of instructions as to how to vote, your proxy may vote or abstain from voting as he or she thinks fit on the specified resolutions and, unless instructed otherwise, may also vote or abstain from voting as he or she thinks fit on any other business (including on a motion to amend a resolution, to propose a new resolution or to adjourn the Meeting) which may properly come before the Meeting. The withheld option on this Form of Proxy is provided to enable you to instruct your proxy not to vote on any particular resolution. However, a vote withheld is not a vote in law and will not be counted in the calculation of the votes for or against a resolution.
- 4 To appoint more than one proxy in relation to the Meeting, you may photocopy this Form of Proxy. Please indicate on each Form of Proxy the proxy's name and the number of shares in relation to which it is authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Multiple Forms of Proxy must all be signed and should be returned together in the same envelope. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by the member may result in the proxy appointment being invalid.
- 5 This Form of Proxy must be signed by the shareholder or his/her duly appointed attorney. Where the shareholder is a corporation, this Form of Proxy must be executed under seal or signed on its behalf by a duly authorised representative. In the case of joint shareholders, any one joint shareholder may execute or sign this Form of Proxy. However, where more than one joint shareholder purports to appoint a proxy, the appointment made by the senior joint shareholder will be accepted to the exclusion of all others, seniority being determined by the order in which the names of the joint shareholders stand in the register of members in respect of the joint shareholding.
- 6 To be valid, this Form of Proxy (together with any power of attorney or other authority under which it is executed or signed or a copy of such authority certified notari ally or in some other way approved by the directors of the Company) must be deposited at the offices of Capita Registrars, (PROXIES), The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, no later than 10.00 am on 1 June 2009 or, in the event that the Meeting is adjourned, not less than 48 hours before the time of the adjourned Meeting.
- 7 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID RA 10) by no later than 10.00 am on 1 June 2009 or, in the event that the Meeting is adjourned, not less than 48 hours before the time of the adjourned Meeting. Please refer to the notes of the notice of the Meeting for further information on proxy appointments through CREST.
- 8 You may not use any electronic address provided in this proxy form to communicate with the Company for any purpose other than those expressly stated.