

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent professional adviser.

If you have sold or otherwise transferred all your Existing Ordinary Shares, please send this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold part only of your holding of Existing Ordinary Shares please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

Application will be made to the UK Listing Authority and to the London Stock Exchange for the Consolidated Ordinary Shares arising from the Consolidation to be admitted to the Official List and to trading on the London Stock Exchange. **No application is being made for the Redeemable B Shares to be admitted to the Official List or to trading on the London Stock Exchange.**

It is expected that dealings in the Existing Ordinary Shares will continue until close of business on 1 August 2006 and that Admission of the Consolidated Ordinary Shares will become effective and dealings for normal settlement will commence at 8.00am on 2 August 2006.

DIGNITY plc

(Registered in England No. 04569346)

Return of Cash of £1.00 per Existing Ordinary Share to Shareholders and Notice of Extraordinary General Meeting

A letter from the Chairman of Dignity is set out in Part 1 of this document. The letter contains the Board's recommendation that you vote in favour of the resolution approving the Proposals to be proposed at the Extraordinary General Meeting referred to below.

Notice of an Extraordinary General Meeting of the Company, to be held at 11a.m. on 28 July 2006 at the offices of DLA Piper Rudnick Gray Cary UK LLP, 2nd Floor, Victoria Square House, Victoria Square, Birmingham B2 4DL, is set out on pages 14 and 15 of this document. A Form of Proxy for use at this Extraordinary General Meeting is enclosed with this document. The Proposals are conditional, *inter alia*, upon the approval of Shareholders at the Extraordinary General Meeting. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon to the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZX as soon as possible and in any event so as to arrive not later than 11a.m. on 26 July 2006.

Whether or not you intend to attend the Extraordinary General Meeting in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible but in any event so as to arrive not later than the time and date set out above.

A summary of the action to be taken by Shareholders is set out on page 7 of this document and in the accompanying Notice of Extraordinary General Meeting. The return of the completed Form of Proxy will not prevent you from attending the Extraordinary General Meeting and voting in person if you wish (and are so entitled).

If you have any queries in relation to the Form of Proxy you may call the Shareholder helpline on 0870 - 609 - 2158 (Overseas +44 - 1903 - 276342) between 8.30am and 5.30pm on a business day. The Shareholder helpline will not provide advice on the merits of the Return of Cash or the Consolidation or give any financial advice.

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EXPECTED TIMETABLE OF EVENTS

Latest time and date for receipt of Forms of Proxy in connection with the Extraordinary General Meeting	11a.m. on 26 July 2006
Extraordinary General Meeting	11a.m. on 28 July 2006
Latest time for dealings in Existing Ordinary Shares and for the Existing Ordinary Shares to be “disabled” in CREST	Close of business on 1 August 2006
Redeemable B Share Record Time	Close of business on 1 August 2006
Consolidation Record Time	Close of business on 1 August 2006
CREST accounts credited and enabled with Consolidated Ordinary Shares	2 August 2006
Listing on the Official List and trading on the London Stock Exchange of Consolidated Ordinary Shares	8.00a.m. on 2 August 2006
Redemption of Redeemable B Shares	9.00a.m. on 3 August 2006
Despatch of certificates for Consolidated Ordinary Shares and cheques for fractional entitlements arising from the Consolidation	11 August 2006
Despatch of cheques and CREST accounts credited in respect of the Return of Cash	11 August 2006

Notes:

- 1 All times stated in this document are London times.
- 2 If any of the above times or dates materially change, the revised times and/or dates will be notified to Shareholders by an announcement on the Regulatory News Service of the London Stock Exchange.
- 3 The definitions used in this document are set out on pages 12 and 13 of this document.

PART I

LETTER FROM THE CHAIRMAN OF

DIGNITY plc

Registered Office:
Plantsbrook House
94 The Parade
Sutton Coldfield
West Midlands
B72 1PH

29 June 2006

To Shareholders and, for information only, to holders of options and awards under the Share Schemes

Dear Shareholder,

Return of Cash of £1.00 per Existing Ordinary Share to Shareholders

1. Introduction

On 21 March 2006, your Board announced, subject to shareholder approval, that it was proposing to return to Shareholders approximately £80 million in cash, equivalent to £1.00 per Existing Ordinary Share. The Return of Cash will be made by means of a bonus issue of Redeemable B Shares to Shareholders and is to be funded by the proceeds of the issue of further notes under the Company's existing whole business securitisation which took place on 21 February 2006. This method of returning cash allows all Shareholders to be treated equally on a pro rata basis. The Return of Cash is conditional, *inter alia*, upon Shareholder approval.

The Return of Cash will reduce the capital base of the Company and in order to maintain comparability of the Company's share price, and earnings and dividends per share before and after the Return of Cash the Board is also proposing a consolidation of Existing Ordinary Shares. The intention is that, subject to normal market movements, the share price of the Consolidated Ordinary Shares immediately after the Consolidation should be approximately equal to the share price of the Existing Ordinary Shares beforehand. Under the Consolidation you will receive 7 Consolidated Ordinary Shares for every 9 Existing Ordinary Shares held at the Consolidation Record Time. The Consolidation is subject to Shareholder approval.

The Return of Cash is conditional upon the approval of Shareholders and you will find set out on pages 14 and 15 of this document notice of an Extraordinary General Meeting of the Company to be held at 11a.m. at the offices of DLA Piper Rudnick Gray Cary UK LLP, 2nd Floor, Victoria Square House, Victoria Square, Birmingham B2 4DL on 28 July 2006. The resolution to be proposed at the EGM will be proposed as a special resolution. The Return of Cash is also conditional upon the Consent becoming unconditional in accordance with the terms of the Tap Issue which was completed on 21 February 2006.

The purpose of this document is to provide Shareholders with the details of the Proposals, to seek Shareholder approval for the Proposals and to explain why the Board considers the Proposals to be in the best interests of Shareholders as a whole.

Your Board considers the issue of the Redeemable B Shares and the associated Consolidation to be in the best interests of the Company and its Shareholders as a whole. Your Directors unanimously recommend that Shareholders vote in favour of the resolution to be proposed at the Extraordinary General Meeting, as they intend to do in respect of their own beneficial holdings, which amount in aggregate to 2,211,122 Existing Ordinary Shares, representing approximately 2.76 per cent of the existing issued ordinary share capital of the Company.

2. Reasons for Return of Cash

The Directors of Dignity wish to maximise shareholder value and see the Return of Cash as a means of achieving this. They are doing this by increasing the relative proportion of debt finance to equity capital in the business, which reduces the Group's overall cost of capital.

In reaching the decision to do the Tap Issue, which was completed on 21 February 2006, your Board reached the conclusion that returning value to Shareholders is in the best interests of the Group. In reaching this conclusion the Directors have considered that acquisitions, in the ordinary course of business, can be funded from remaining cash resources; that there are no other external debts that could be repaid; that there is no material capital expenditure that cannot be met through normal cash flow; and, that it would not be appropriate for the funds to be simply left in the business as there is no identified use for them. The additional capital raised from the Tap Issue that is not being returned to Shareholders together with some existing cash resources will be used to make a payment of £10m into the Company's final salary pension schemes thereby largely eliminating their deficits under IAS19 "Employee Benefits". Given the Return of Cash, the Board do not propose to pay a final dividend for 2005, which would otherwise have been payable in June 2006, but anticipate resuming dividend payments with the 2006 interim dividend payable in October 2006.

Your Board is proposing to effect the Return of Cash to Shareholders by means of a bonus issue of redeemable shares called Redeemable B Shares. The Board believes that this method provides a number of benefits:

- all shareholders are treated equally, pro rata to the size of their existing shareholdings in Dignity plc;
- the relative proportion of equity held by Shareholders will not change as a result of the issue of the Redeemable B Shares; and
- the Redeemable B Shares will be redeemed without incurring commission or dealing charges.

The Return of Cash is conditional upon the approval of the following by Shareholders:

- the creation and issue of the Redeemable B Shares; and
- the Consolidation of Existing Ordinary Shares.

Further information in relation to each of the Proposals and the resolution to be proposed at the Extraordinary General Meeting is set out in this document.

The Return of Cash is also conditional upon the Consent becoming unconditional. The Consent will become unconditional subject to certain opinions and certificates being sent by or on behalf of the Company to the Security Trustee of the Group's whole business securitisation.

3. Summary of the Proposals

What will you receive as a result of the Proposals?

You will receive Redeemable B Shares and Consolidated Ordinary Shares to replace your Existing Ordinary Shares. Under the terms of the Return of Cash, Shareholders will receive 7 Consolidated Ordinary Shares and 9 Redeemable B Shares for every 9 Existing Ordinary Shares. The Company cannot issue fractions of shares. Therefore, if the number of Existing Ordinary Shares you own cannot be divided by 9 and multiplied by 7 to produce a whole number, you will receive a cheque in respect of fractional entitlements in addition to your pro rata entitlement of Consolidated Ordinary Shares. For example, if you currently own 100 Ordinary Shares (100 Ordinary Shares divided by 9 and multiplied by 7 equals 77.78), you will receive 77 Consolidated Ordinary Shares and a cheque in respect of your fractional entitlement to 0.78 of a Consolidated Ordinary Share, in addition to your 100 Redeemable B Shares. The process by which you will receive each of these is described further below.

Fractional entitlements will be aggregated and sold in the market on behalf of the relevant Shareholders and the proceeds of the sale will be distributed pro rata to those Shareholders. It is expected that cheques in respect of the proceeds of sale of such fractional entitlements will be despatched and CREST accounts credited with the proceeds as appropriate, on 11 August 2006.

When will you receive the Redeemable B Shares?

Redeemable B Shares are expected to be issued on 2 August 2006 to all Shareholders on the register at close of business on 1 August 2006 (the "Redeemable B Share Record Time" for the issue) on the basis of one Redeemable B Share for every one Ordinary Share held. Only Shareholders on the Company's register of members at the Redeemable B Share Record Time will be able to participate in the Return of Cash.

The Redeemable B Shares will not be admitted to the Official List. They are not transferable, have not been marketed and nor have they been made available in whole or in part to the public.

Share certificates for the Redeemable B Shares will not be issued.

What will the Redeemable B Shares be worth?

Each Redeemable B Share has a nominal value of £1. As your Board has decided to return cash to Shareholders equivalent to £1 per Existing Ordinary Share, you will receive 1 Redeemable B Share with a total redemption value of £1 per Existing Ordinary Share you own. For example, if you own 100 Existing Ordinary Shares, you will receive 100 Redeemable B Shares, worth £100 when redeemed.

When will you receive cash in respect of the Redeemable B Shares?

Following the issue of the Redeemable B Shares to Shareholders, the Company will redeem those Redeemable B Shares at par value at 9a.m. on 3 August 2006. It is expected that Redeemable B Shareholders will be sent a cheque for the redemption proceeds (or have their CREST accounts credited) on 11 August 2006.

Why and how are your Existing Ordinary Shares being consolidated?

Following approval of Shareholders at the EGM, and subject to the Consent becoming unconditional, you will receive 7 Consolidated Ordinary Shares for every 9 Existing Ordinary Shares held at the Consolidation Record Time (the close of business on 1 August 2006). This will be achieved by first sub-dividing each Existing Ordinary Share into 7 new shares of 1 pence each and immediately consolidating every 9 of those new shares into one Consolidated Ordinary Share of 9 pence each.

The Consolidation is intended to allow you and the Company to compare historical earnings and returns per share with future earnings and returns per share, to ensure the share price for Ordinary Shares is not directly impacted by the Return of Cash, to maintain the comparability of future dividend per share amounts with previously reported dividend per share amounts and to maintain the intrinsic value of share options that have been previously granted. The Consolidated Ordinary Shares will have the same rights attaching to them as the Existing Ordinary Shares. The Consolidation ratio has been determined by reference to a price of 484 pence per Existing Ordinary Share, being the average middle market closing price per Existing Ordinary Share, as derived from the Daily Official List for the five working days ended 23 June 2006, the latest practicable date prior to the publication of this document.

The effect of the Consolidation will be to reduce the number of Ordinary Shares in issue by approximately 22 per cent. to reflect the fact that this proportion of the Company's market capitalisation (represented by the proposed issue of Redeemable B Shares) is being returned to Shareholders. As a Shareholder, your proportionate interest in the Company's issued ordinary share capital will remain unchanged, subject to adjustments arising from fractional entitlements. The rights of Redeemable B Shareholders will be unaffected by the Consolidation.

Holders of Existing Ordinary Shares whose holdings are registered in CREST will automatically have their new Consolidated Ordinary Shares credited to their CREST account. Definitive share certificates in respect of Consolidated Ordinary Shares will be despatched by first class post or air mail, as appropriate, on 11 August 2006 to Shareholders who hold their Existing Ordinary Shares in certificated form. From Admission, certificates in respect of the Existing Ordinary Shares will no longer be valid and they should be destroyed on receipt of certificates for Consolidated Ordinary Shares.

What happens to any fractions of your Existing Ordinary Shares?

If your holding of Existing Ordinary Shares cannot be divided by 9 and multiplied by 7 to produce a whole number, you will be left with a fractional entitlement to a Consolidated Ordinary Share following the Consolidation. We will arrange to have these fractional entitlements aggregated and sold in the market on your behalf and you will receive a cheque (or your CREST account credited) for your proportion of the net proceeds of sale. Cheques in respect of the proceeds of sale of such fractional entitlements, together with certificates for the Consolidated Ordinary Shares are expected to be despatched to Shareholders on 11 August 2006.

Do you need to vote on these Proposals?

The Proposals need to be approved by Shareholders before they can take place. An Extraordinary General Meeting of the Company is being convened on 28 July 2006 to seek these approvals.

You will find enclosed with this document a Form of Proxy for use at the EGM. Whether or not you intend to be present at the EGM, you are asked to complete the Form of Proxy in accordance with the instructions printed on it and to return it to the Company's registrar, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZX as soon as possible and, in any event, so as to arrive not later than 11.00 a.m. on 26 July 2006. The completion and return of a Form of Proxy will not preclude you from attending the EGM and voting in person if you wish to do so.

4. Share Schemes

The holding of options or awards under the Share Schemes does not entitle the holder to participate in the Return of Cash but the effect of the Consolidation will be to preserve the value of the options or awards, subject to normal market fluctuations.

5. United Kingdom Taxation

The comments set out below are based on existing United Kingdom law and what is understood to be current HM Revenue & Customs practice. They are intended as a general guide only and apply only to shareholders of the Company resident for tax purposes in the United Kingdom (except insofar as express reference is made to the treatment of non-United Kingdom residents), who hold shares in the Company as an investment and who are the absolute beneficial owners thereof. Certain categories of shareholder may be subject to special rules and this summary does not apply to such shareholders. **Shareholders who are in any doubt as to their tax position should consult their tax adviser. Shareholders who are subject to tax in a jurisdiction other than the United Kingdom should also consult their tax adviser.**

Bonus Issue of Redeemable B Shares

The bonus issue of Redeemable B Shares will constitute a reorganisation of share capital and will not itself give rise to any liability to taxation of chargeable gains for any Shareholder. The Redeemable B Shares will be treated as the same asset as, and having been acquired at the same time as, the Shareholder's holding of Existing Ordinary Shares. The new combined holding of Redeemable B Shares and the Existing Ordinary Shares will have the same aggregate tax base cost as the Shareholder's Existing Ordinary Shares immediately before the bonus issue.

Consolidation

Subject to the comments below, the Consolidation should not give rise to any liability to the taxation of chargeable gains for any Shareholder. The Consolidated Ordinary Shares should be treated as the same asset as, and having been acquired at the same time as and for the same consideration as, the Shareholder's Existing Ordinary Shares.

Cash received in respect of fractional entitlements to Consolidated Ordinary Shares

Any cash received by a Shareholder as a result of the Company selling a fractional entitlement in the market on behalf of the Shareholder should be treated as the proceeds of a capital disposal, which may give rise to a charge to tax on chargeable gains.

However, on the basis of current HM Revenue and Customs practice, any cash received will be “small” and as such a Shareholder will be treated as having made no disposal of any part of his or her Existing Ordinary Shares. Instead, on a subsequent disposal, the cash received on the sale of the fractional entitlement shall be deducted from the base cost of the Consolidated Ordinary Shares.

Redemption of Redeemable B Shares

The proceeds from the redemption of Redeemable B Shares will generally be treated in the hands of a Shareholder as the proceeds of a disposal for the purposes of UK taxation of chargeable gains. In certain circumstances, HM Revenue & Customs may apply section 703 of the Taxes Act where they have reason to believe generally that a person obtains a tax advantage in consequence of a “transaction in securities”. Were HM Revenue & Customs to apply section 703 to the receipt of the Redeemable B Shares or to the proceeds of the redemption of Redeemable B Shares, the general effect would be to tax such shares or proceeds as if they were dividend income. In the opinion of the Company and its taxation advisers, section 703 should not apply to Shareholders in respect of the steps involved in the Proposals.

Taxation of dividends

Should the redemption of Redeemable B Shares be treated as a dividend by HM Revenue & Customs, as noted above, the following will apply.

The Company will not be required to withhold tax at source when paying a dividend on the Consolidated Ordinary Shares.

An individual Shareholder who is resident in the United Kingdom (for tax purposes) and who receives a dividend from the Company will be entitled to a tax credit which such Shareholder may set off against his or her total income tax liability on the dividend. The tax credit will be equal to 10 per cent of the aggregate of the dividend and the tax credit (the “gross dividend”), which is also equal to one-ninth of the cash dividend received. A United Kingdom resident individual Shareholder who is liable to income tax at the starting or basic rate will be subject to tax on the dividend at the rate of 10 per cent of the gross dividend, so that the tax credit will satisfy in full such Shareholder’s liability to income tax on the dividend. A United Kingdom resident individual Shareholder who is not liable to income tax in respect of the gross dividend will not be entitled to repayment of the tax credit. In the case of a United Kingdom resident individual Shareholder who is liable to income tax at the higher rate, the tax credit will be set against but not fully match his or her tax liability on the gross dividend and he will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent of the cash dividend received) to the extent that the gross dividend when treated as the top slice of his or her income falls above the threshold for higher rate income tax.

United Kingdom resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to dividends paid by the Company.

Tax credits on dividends paid by the Company in respect of shares held in personal equity plans (“PEPs”) or individual savings accounts (“ISAs”) will be repayable on dividends paid on or before 5 April 2006.

United Kingdom resident corporate Shareholders will generally not be subject to corporation tax on dividends paid by the Company. Such Shareholders will not be able to claim repayment of tax credits attaching to dividends.

Non-United Kingdom resident Shareholders will not generally be able to claim repayment from Revenue and Customs of any part of the tax credit attaching to dividends paid by the Company. A Shareholder resident outside the United Kingdom may also be subject to foreign taxation on dividend income under local law. A Shareholder who is not resident in the United Kingdom (for tax purposes) should consult his or her own tax adviser concerning his tax liabilities on dividends received from the Company.

Stamp Duty and SDRT

No stamp duty or SDRT will be payable on the issue and redemption of Redeemable B Shares or on the Consolidation of Ordinary Shares. This advice does not apply in relation to depositary arrangements or

clearance services, in respect of which there are special rules on which independent professional advice should be sought.

6. Extraordinary General Meeting

A notice convening an EGM is set out on pages 14 and 15 of this document. The EGM will be held at 11a.m. on 28 July 2006. At this meeting, the resolution necessary to implement the Return of Cash and the Consolidation will be proposed. The resolution is set out in full in the notice of EGM. Implementation of the Proposals is conditional on the passing of this resolution.

7. Recommendation

Your Board considers the issue of the Redeemable B Shares and the associated Consolidation to be in the best interests of the Company and its Shareholders as a whole. Your Directors unanimously recommend that Shareholders vote in favour of the resolution to be proposed at the Extraordinary General Meeting, as they intend to do in respect of their own beneficial holdings, which amount in aggregate to 2,211,122 Existing Ordinary Shares, representing approximately 2.76 per cent of the existing issued ordinary share capital of the Company.

Yours sincerely,

Richard Connell
Chairman
Dignity plc

PART II
ADDITIONAL INFORMATION

1. Directors and registered office

The Directors of Dignity and their functions are as follows:

Richard Connell	Chairman
Peter Hindley	Chief Executive
Mike McCollum	Finance Director
Andrew Davies	Operations Director
Jim Wilkinson	Human Resources and Quality Director
James Newman	Non-Executive Director
William Forrester	Non-Executive Director

The Company's registered office is at Plantsbrook House, 94 The Parade, Sutton Coldfield, West Midlands B72 1PH.

2. Share capital

As at 23 June 2006 (being the latest date practicable prior to publication of this document) the authorised and issued share capital of the Company were:

	Authorised		Issued	
	£	Number	£	Number
Existing Ordinary Shares	7,000,000	100,000,000	5,600,113	80,001,620

The maximum number of Redeemable B Shares that are expected to be issued on 3 August 2006 is 80,001,620. The number of Redeemable B Shares may increase if the Company issues additional Existing Ordinary Shares prior to the Redeemable B Share Record Time.

The following table sets out the authorised and issued share capital of the Company, assuming the full implementation of the Proposals. The table assumes that none of the currently exercisable share options are exercised and that all the Redeemable B Shares proposed to be issued on 2 August 2006 as part of the Return of Cash are redeemed in full.

	Authorised		Issued	
	£	Number	£	Number
Consolidated Ordinary Shares	7,000,000	77,777,777	5,600,113	62,223,482
Redeemable B Shares	80,010,000	80,010,000	NIL	NIL

As at 23 June 2006 (being the latest practicable date prior to the publication of this document) there were options and long term incentive plans outstanding giving the right to subscribe for a total of 1,619,987 Existing Ordinary Shares representing 2.02 per cent of the issued ordinary share capital as at that date. Following the implementation of the Proposals, these options will give the right to subscribe for 1,619,987 Consolidated Ordinary Shares representing 2.60 per cent of the then issued Ordinary Share Capital of the Company.

The Company is capitalising approximately £80,001,620 of its share premium account of £111.6 million (as at 31 December 2005), which was created when the Ordinary Shares were admitted to the Official List in April 2004.

3. Rights under the Articles

The following is a summary of the rights attaching to the Redeemable B Shares and Ordinary Shares of the Company. These rights are set out in the new Articles of Association of the Company proposed to be adopted under paragraph 1(b) of the resolution set out in the Notice of Extraordinary General Meeting.

Income

The holders of Redeemable B Shares shall not be entitled to the payment of any dividend or other distribution.

The holders of Ordinary Shares shall be entitled to be paid any profits of the Company available for distribution.

Capital

On a return of capital on a winding-up or otherwise (except on redemption in accordance with the Articles or the terms of issue of any share or purchase by the Company of any shares or on a capitalisation issue), there shall first be paid to the holders of Redeemable B Shares the nominal capital paid up or credited as paid up on the Redeemable B Shares held by them. The holders of the Redeemable B Shares shall not be entitled to any further right of participation in the profits or assets of the Company.

After paying such sums as may be due to holders of Redeemable B Shares, any further such amount shall be paid to the holders of Ordinary Shares rateably according to the amounts paid up or credited as paid up in respect of each Ordinary Share.

Voting

The holders of Redeemable B Shares shall not be entitled to receive notice of any general meeting of the Company or to attend, vote or speak at any such general meeting, except any general meeting at which a resolution to wind up the Company is to be considered. The holders of Ordinary Shares shall be entitled to receive notice of general meetings and to attend, speak and vote at such meetings.

Redemption

Subject to the Acts the Company will redeem for cash at par all the Redeemable B Shares in issue on 3 August 2006 (or as soon thereafter as is practicable). The Ordinary Shares are not redeemable.

Share Certificates

Share certificates will not be issued to the holders of Redeemable B Shares.

4. Authorisations

The Directors of the Company are seeking authority by way of a special resolution to be proposed at the Extraordinary General Meeting in accordance with section 80 of the Companies Act, to exercise all powers of the Company to allot Redeemable B Shares up to an aggregate nominal amount of £80,010,000, such authority to expire immediately prior to 1 January 2007. The Directors are also seeking authority to capitalise the sum of £80,010,000 standing to the credit of the Company's share premium account and to apply such sums in paying up in full up to a maximum of 80,010,000 Redeemable B Shares.

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Acts”	means the Companies Acts 1985 and 1989;
“Admission”	admission to the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange of the Consolidated Ordinary Shares;
“Articles”	articles of association of the Company;
“Board” or “Directors”	the Directors of the Company;
“certificated” or “in certificated form”	recorded on the relevant register as being held in certificated form, and title to which may be transferred by means of a stock transfer form;
“Companies Act” or “Act”	the Companies Act 1985 (as amended);
“Consent”	the written consent of the Security Trustee of the Group’s whole business securitisation to the Proposals;
“Consolidated Ordinary Shares”	the Ordinary Shares of 9 pence each in Dignity arising as a result of the Consolidation;
“Consolidation”	the proposed sub-division and consolidation of share capital, as more fully described in this document;
“Consolidation Record Time”	expected to be close of business on 1 August 2006 (or such other time and date as the Directors may determine), when each Existing Ordinary Share will be sub-divided and immediately consolidated into one Consolidated Ordinary Share;
“CREST”	the relevant system (as defined in the Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the Regulations);
“Daily Official List”	the Stock Exchange Daily Official List published by the London Stock Exchange;
“Dignity” or “Company”	Dignity plc incorporated in England and Wales with registered number 04569346;
“Dignity Group” or “Group”	Dignity and its subsidiary undertakings and associated undertakings;
“Existing Ordinary Shares”	Ordinary Shares of 7 pence each in the Company prior to the Consolidation;
“Extraordinary General Meeting” or “EGM”	the Extraordinary General Meeting of the Company to be held at 11a.m. on 28 July 2006 notice of which is set out on pages 14 and 15 of this document, or any adjournment thereof;
“Form of Proxy”	the Form of Proxy accompanying this document for use by Shareholders in connection with the EGM;
“Listing Rules”	the listing rules made by the UK Listing Authority;
“London Stock Exchange”	London Stock Exchange plc;
“Official List”	the list maintained by the UK Listing Authority pursuant to Part VI of the Financial Services and Markets Act 2000;
“Ordinary Shares”	Existing Ordinary Shares or Consolidated Ordinary Shares (as the context may require);
“Proposals”	the Return of Cash and the Consolidation;

“Redeemable B Share Record Time”	expected to be close of business on 1 August 2006 (or such other time and date as the Directors may determine), being the date on which persons must be on the Company’s register of members in order to be entitled to participate in the Return of Cash;
“Redeemable B Shareholders”	holders of Redeemable B Shares;
“Redeemable B Shares”	redeemable B shares of £1 each in the Company;
“Redemption Date”	9a.m. on 3 August 2006 being the time and date at which the Company will, subject to the matters set out in this document, redeem the Redeemable Shares;
“Regulations”	the Uncertificated Securities Regulations 2001 (Statutory Instrument 2001/3755);
“Return of Cash”	the proposed return of approximately £80 million to Shareholders by means of a bonus issue of the Redeemable B Shares;
“SDRT”	stamp duty reserve tax;
“Shareholders”	holders of Existing Ordinary Shares, Consolidated Ordinary Shares or Redeemable B Shares (as the context may require);
“Share Schemes”	the Dignity plc Sharesave Scheme and the Dignity plc Long Term Incentive Scheme;
“Tap Issue”	the issue of £45.55 million Class A Secured 6.310% Notes due 2023 and £32.50 million Class B Secured 8.151% Notes due 2031 completed on 21 February 2006;
“UK Listing Authority”	the Financial Services Authority as the competent authority for listing in the United Kingdom;
“uncertificated” or “in uncertificated form”	shares not in certificated form; and
“United Kingdom” or “UK”	United Kingdom of Great Britain and Northern Ireland.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Dignity plc (the "Company") will be held at 11.00a.m. on 28 July 2006, at the offices of DLA Piper Rudnick Gray Cary UK LLP, 2nd Floor, Victoria Square House, Victoria Square, Birmingham B2 4DL to consider and, if thought fit, pass the following resolution:

Special Resolution

1. THAT:
 - (a) the authorised share capital of the Company be and is hereby increased from £7,000,000 to £87,010,000 by the creation of 80,010,000 Redeemable B Shares of £1 each in the capital of the Company (the "**Redeemable Shares**") having the rights and being subject to the restrictions set out in the new articles of association of the Company to be adopted pursuant to paragraph (b) below.
 - (b) the articles of association in the form produced to the meeting and initialled by the Chairman for the purposes of identification be adopted as the new articles of association of the Company;
 - (c) without prejudice to any existing authority, the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot Redeemable B Shares with an aggregate nominal value of up to £80,010,000 such authority to expire immediately prior to 1 January 2007;
 - (d) pursuant to Article 6 of the articles of association of the Company adopted pursuant to paragraph (b) above, the Directors of the Company be and are hereby authorised to:
 - (i) capitalise up to £80,010,000 (being part of the amount standing to the credit of the share premium account of the Company) and to apply such amount in paying up in full at par up to a maximum of 80,010,000 Redeemable B Shares created pursuant to this resolution; and
 - (ii) without prejudice to paragraph (c) above, allot the same credited as fully paid up to the holders of Ordinary Shares in the capital of the Company ("**Ordinary Shares**") in the proportion of 1 Redeemable Share for each such Ordinary Share held by them at close of business on 1 August 2006 (or such other time and date as the Directors of the Company may determine);
 - (e) every Ordinary Share in issue at close of business on 1 August 2006 (or such later time and date as the Directors of the Company may determine) (the "**Consolidation Record Time**") be sub-divided into 7 shares of 1 pence each in the capital of the Company and forthwith upon such sub-division every 9 shares of 1 pence each resulting from such sub-division be consolidated into one ordinary share of 9 pence in the capital of the Company ("**Consolidated Ordinary Share**") with effect from the Consolidation Record Time provided that no member shall be entitled to a fraction of a share and fractions of Consolidated Ordinary Shares arising out of such consolidation shall be aggregated and consolidated into as many Consolidated Ordinary Shares as possible and one deferred share (carrying no entitlement to participate in the profits or assets of the Company or right to attend or vote at any general meeting of the Company) of such nominal value as shall be requisite to ensure that the aggregate nominal value of the then issued share capital of the Company remains constant and the Directors of the Company shall be and are hereby authorised to appoint some person:
 - (i) to sell in the market the number of Consolidated Ordinary Shares arising from the consolidation of such fractions on terms that the net proceeds of sale shall be for the benefit of the shareholders entitled thereto; and

- (ii) to transfer the deferred share to such person as the Directors may determine who is willing to accept the same, and the Directors of the Company shall be authorised to register such person as the holder of the deferred share,

and provided further that any issue as to what constitutes a “holding” for the purposes of this paragraph (e) shall be determined conclusively by the Directors of the Company;

- (f) subject to and conditional upon the Redeemable B Shares having been issued and registered in the names of the persons entitled thereto, all Ordinary Shares which are unissued at the Consolidation Record Time be consolidated into one undesignated share of a nominal value equal to the aggregate nominal value of the Ordinary Shares so consolidated and forthwith on such consolidation the said undesignated share be sub-divided into Consolidated Ordinary Shares provided that any fraction of a Consolidated Ordinary Share arising from such sub-division shall be cancelled;
- (g) any authorised but unissued Redeemable B Shares existing following the Consolidation Record Time be cancelled and the authorised but unissued capital of the Company be reduced accordingly;
- (h) the Directors of the Company be authorised to take such action as they consider necessary or expedient to deal with fractional entitlements, legal, other regulatory or practical problems arising in relation to any overseas jurisdiction, or the requirements of any regulatory body and otherwise to further and give effect to the foregoing provisions of this resolution;

By order of the Board

Richard Portman
Company Secretary

29 June 2006

Plantsbrook House
94 The Parade
Sutton Coldfield
West Midlands
B72 1PH

Registered in England No. 04569346

Notes:

1. A holder of Ordinary Shares entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed. To be effective, this Form of Proxy together with the power of attorney or authority, if any, under which it is signed (or a duly certified copy of any such power or authority) must be lodged with the Company's registrar, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZX not later than 48 hours before the time of the meeting. Return of a completed Form of Proxy will not preclude a member from attending and voting personally at the meeting.
3. Only those Shareholders registered on the register of members at close of business on the date, which is two days immediately before the date of the meeting (or any adjourned meeting) shall be entitled to attend or vote thereat in respect of the number of Ordinary Shares registered in their name at that time and changes to the register thereafter shall be disregarded in determining rights to attend that vote.
4. Only holders of Ordinary Shares (or their proxies) may vote at the Extraordinary General Meeting.
5. A copy of the new articles of association of Dignity referred to in resolution 1(b) above will be available for inspection at the offices of DLA Piper Rudnick Gray Cary UK LLP, 3 Noble Street, London EC2V 7EE during normal working hours from the date of this notice of meeting until the conclusion of the EGM or any adjournment of it and at the venue of the EGM 15 minutes before its commencement and for its duration.

General information

Time

The Extraordinary General Meeting will start at 11.00a.m.

The Venue

The offices of DLA Piper Rudnick Gray Cary UK LLP, 2nd Floor, Victoria Square House, Victoria Square, Birmingham B2 4DL.

Security

For your safety, security checks will be in operation. Once through security, all Shareholders must register at the appropriate desk.

Cameras/tape recorders/large bags etc

Please note that no cameras, video recorders, tape recorders, mobile phones, pagers or large bags will be allowed into the meeting.

Toilet facilities

These will be available at the venue.

Shareholder enquiries

Shareholder enquiries will be dealt with by staff from our Registrars (Lloyds TSB Registrars).

Questions at the meeting

You may ask questions during the meeting relating to the resolution contained in the formal notice of the meeting. If your question concerns your shareholding please speak to the staff at the shareholder enquiry desk.

Disabled persons

Arrangements have been made to offer assistance to disabled Shareholders.

Questions about the meeting

If you have any questions about the meetings or if you need any assistance (other than of a financial or tax nature) please telephone 0870 - 609 - 2158 (overseas +44 - 1903 - 276342) if dialling from outside the United Kingdom between 9.00a.m. and 5.00p.m. Monday to Friday. Calls will be charged at the national rate or international rate as appropriate.