

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 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 resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all your 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, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding, you should retain these documents.

JPMorgan Cazenove and Rothschild, which are regulated in the United Kingdom by the Financial Services Authority, are acting exclusively for De La Rue plc and no one else in connection with the Disposal and will not be responsible to anyone other than De La Rue plc for providing the protections afforded to their customers or for giving advice in connection with the arrangements described in this document.

De La Rue plc



DeLaRue

(Registered in England and Wales No. 3834125)

**Proposed Disposal of Cash Systems
and
Notice of Extraordinary General Meeting**

Your attention is drawn to the letter from the Chairman of De La Rue plc which is set out on pages 1 to 5 of this document and recommends you to vote in favour of the resolution to be proposed at the Extraordinary General Meeting referred to below. You should read the whole of this document.

Notice of an Extraordinary General Meeting of De La Rue plc, to be held at 10.30 a.m. on 14 July 2008 at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA, is set out at the end of this document. The Form of Proxy for use at the meeting accompanies this document and, to be valid, should be completed and returned to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, so as to arrive by no later than 10.30 a.m. on 12 July 2008. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting, should they so wish.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	10.30 a.m. on 12 July 2008
Extraordinary General Meeting	10.30 a.m. on 14 July 2008
Expected date for completion of the Disposal	by end September 2008

This document includes statements that are, or may be deemed to be “forward-looking statements”. The words “believe”, “anticipate”, “expect”, “intend”, “aim”, “plan”, “predict”, “continue”, “assume”, “positioned”, “may”, “will”, “should”, “shall”, “risk” and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. An investor should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company’s control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions investors that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity, and the development of the industry in which it operates, may differ materially from those made in or suggested by the forward-looking statements contained in this document. The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue. Factors that may cause the Company’s actual results to differ materially from those expressed or implied by the forward-looking statements in this document include but are not limited to the risks described under “Risk factors”.

These forward-looking statements reflect the Directors’ judgment at the date of this document and are not intended to give any assurances as to future results. Subject to the requirements of the Disclosure Rules and Transparency Rules and the Listing Rules, the Company undertakes no obligation to update these forward-looking statements, and it will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this document.

PART I
LETTER FROM THE CHAIRMAN OF DE LA RUE



DeLaRue

(Registered in England and Wales, Registration No. 3834125)

Directors:	Nicholas Kelvin Brookes (Non Executive Chairman) Leo Martin Quinn (Chief Executive) David Warren Arthur East (Non Executive) Keith Harry Hodgkinson FCMA (Non Executive) Sir Jeremy Quentin Greenstock GCMG (Non Executive) Stephen Anthony King (Group Finance Director) Philip Michael Gerard Nolan (Non Executive) Gill Ann Rider (Non Executive)	Registered office:	De La Rue House, Jays Close, Viables, Basingstoke Hampshire RG22 4BS
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24 June 2008

Dear Shareholder,

**Proposed Disposal of Cash Systems
and
Notice of Extraordinary General Meeting**

Introduction

De La Rue announced on 16 June 2008 that it had entered into a conditional agreement for the sale of its Cash Systems business (excluding those activities relating to banknote sorters, the CPS Division) to a company incorporated for The Carlyle Group for a cash consideration of £360 million on a cash and debt free basis, subject to adjustment for a normalised level of working capital. It was also announced that, following completion of the Disposal, it is intended to return approximately £460 million of capital to Shareholders, equivalent to 305 pence per Share.

Given its size, the Disposal is conditional upon the approval of Shareholders and an Extraordinary General Meeting is being convened for 10.30 a.m. on 14 July 2008 for the purpose of seeking such approval. Notice of the Extraordinary General Meeting is set out at the end of this document.

The purpose of this document is to provide you with information on the Disposal, to explain the background to and reasons for it and why the Board believes the Disposal is in the best interests of De La Rue and its Shareholders as a whole, to provide you with information on De La Rue's strategy following the Disposal, and to recommend that you vote in favour of the resolution to approve the Disposal.

It is expected that a second circular containing details of the capital return and convening a second meeting of Shareholders to approve the return will be posted to Shareholders as soon as practicable after the expected completion of the Disposal.

Shareholders should read the whole of this document and not rely solely on the summarised information set out in this letter.

Background to and reasons for the Disposal

As announced with the preliminary results on 22 May 2008, the conclusions of the strategic review initiated by De La Rue in November 2007 were as follows:

- the strategy implemented by the Group since 2004 has created two market-leading divisions, each with strong management teams, reinvigorated product offerings and excellent prospects;

- De La Rue's historic strength has been its relationships with Central Banks, Governments and international corporations through the Security Paper and Print Division (SPPD) and these remain core to its success;
- Cash Systems has been developed significantly in the last four years and is now a strong business in its own right, serving the retail/commercial banking sector;
- the two divisions are distinct entities operationally and there is little opportunity for synergies. They also serve different customer bases, the exception being the CPS Division which develops and supplies banknote sorters and cash optimisation software, largely to Central Banks; and
- subject to achieving appropriate value, the Board should explore the sale of Cash Systems, excluding CPS, as one possible route to crystallise Shareholder value.

Expressions of interest for Cash Systems were therefore sought from a range of potential buyers. The Board believes that the price agreed with The Carlyle Group recognises the quality of Cash Systems, the strength of its market positions particularly with the retail banks, its strong product range and its prospects.

Information on Cash Systems

Cash Systems is a leading provider of cash handling technology solutions focused on authenticating, counting and sorting banknotes. Cash Systems comprises three operating divisions:

- **Branch Teller Automation**—this division provides teller automation solutions to financial institutions and other cash handling businesses across the globe. Its range of products includes teller automation machines for both dispensing and accepting cash, authenticating, sorting for fitness and counting and recycling, all supported by a service business.
- **Desktop Products**—this division produces a range of low-cost, easy-to-use coin and banknote counters for use in financial institutions and other cash intensive environments.
- **Original Equipment Manufacturer**—this division supplies dispensing mechanisms to manufacturers of automatic teller machines and for other cash dispenser applications, for example gaming ticket redemption machines and parking pay stations.

For the financial year ended 29 March 2008, Cash Systems reported revenue of £286.6 million and operating profit (after the allocation of central overheads of £7.9 million) of £35.5 million. The gross assets of Cash Systems as at 29 March 2008 were £127.1 million.

This financial information is extracted from Part III of this document and Shareholders should read the whole of this document and not rely on this summarised financial information.

The Disposal does not include the CPS Division which develops, manufactures and sells large banknote sorters for use by Central Banks and other large processors of cash. In the year ended 29 March 2008, the CPS Division reported revenue of £58.4 million and operating profit before allocated overheads of £1.0 million.

Principal terms of the Disposal

Under the terms of the Sale and Purchase Agreement, De La Rue has agreed to sell Cash Systems to a company incorporated for The Carlyle Group for a cash consideration of £360 million on a cash and debt free basis, subject to adjustment for a normalised level of working capital. The Disposal is conditional, amongst other things, on the approval of Shareholders and on the receipt of certain regulatory approvals and is expected to complete before the end of September 2008. De La Rue has agreed to pay the purchaser a break fee of up to £3.6 million if Shareholders do not approve the Disposal in circumstances where Cash Systems is sold to a third party within 12 months.

The Retained Group

Future strategy

Following completion of the Disposal, the Retained Group intends to build on its position as a world leading manufacturer and supplier of banknotes and banknote paper and to become the premier supplier to Central Banks, Governments and international corporations globally of security features and authentication systems and products used in payment and identity transactions. By focusing on security printing and authentication, the

Board believes that the Retained Group will deliver higher margins and continue to be highly cash generative. The strategy will be to deliver value by leveraging existing customer relationships, continuing to drive productivity improvement and developing intellectual property to exploit adjacent market opportunities.

The Board believes that through this strategy, De La Rue will be able to provide Shareholders with superior returns. The Board also anticipates that the growth in the demand for security products will provide opportunities for De La Rue to develop its brand protection and identity products activities.

In the financial year ended 29 March 2008, the Group reported revenue of £753.6 million and operating profit (after the allocation of central overheads of £23.6 million) of £114.7 million of which the businesses to be sold contributed £286.6 million to turnover and operating profit of £43.4 million before allocated overhead and as set out in Part III of this document, £35.5 million after allocated overhead. The segmental analysis of turnover and operating profit for the year ended 29 March 2008 is as follows:

	Existing Group	
	Turnover	Operating Profit
	£m	£m
Security Paper & Print		
Currency	316.7	79.5
Security Print	74.8	9.8
Identity Systems	26.5	4.6
Eliminations	(9.4)	—
Sub-total	408.6	93.9
Allocated overhead	—	(14.3)
Total Security Paper & Print	<u>408.6</u>	<u>79.6</u>
Cash Systems Division		
Cash Systems	286.6	43.4
Cash Processing Solutions	58.4	1.0
Sub total	345.0	44.4
Allocated overhead	—	(9.3)
Total Cash Systems Division	<u>345.0</u>	<u>35.1</u>
TOTAL GROUP	<u><u>753.6</u></u>	<u><u>114.7</u></u>

Notes:

- (1) The unaudited segmental information contained in the table above has been extracted without material adjustment from the consolidation schedules which support the audited consolidated financial statements for De La Rue for the year ended 29 March 2008.
- (2) The consolidated statutory accounts for De La Rue for the financial year ended 29 March 2008 have been delivered to the Registrar of Companies. The auditors' report in respect of the statutory accounts is unqualified and does not contain a statement under section 498(2) or (3) of the Companies Act 2006. KPMG Audit Plc were auditors of De La Rue in respect of the year ended 29 March 2008.

De La Rue also intends to retain its 20 per cent. equity interest in Camelot, the lottery operator in the United Kingdom, which contributed an additional £7.1m to the Group's profits (after tax) for the financial year ended 29 March 2008.

As a consequence of the Disposal, the Board anticipates that significant savings can be made to the Group's central costs. In the financial year ended 29 March 2008, total central costs amounted to £23.6 million, of which £5.8 million were incurred as a direct consequence of the strategic review. The Board believes that the underlying central costs of £17.8 million in the financial year ending 29 March 2008 can be reduced by around half over the next 18 months. It is expected that non-recurring costs of £10 million will be incurred in separating the businesses and achieving these savings.

The strong cash flow characteristics of the Retained Group together with its existing strong cash position gives the Board confidence to propose a significant return of capital following completion of the Disposal and to implement a policy of significantly raising the level of dividend cover in the future.

The proposed capital return

Following completion of the Disposal, the Board intends to seek Shareholders' approval for a capital return of approximately £460 million, equivalent to 305 pence per Share. The capital return will be funded out of the net proceeds of the Disposal and from cash and debt facilities. This total includes the £160 million return of capital previously announced with the preliminary results on 22 May 2008, which will now be returned as part of the return of capital and not via a special dividend.

In determining the level of the intended capital return, the Board has taken into account the net proceeds of the Disposal of £330 million (after transaction costs, financing costs and the tax expected to be payable on the Disposal) and the restructuring costs referred to above. In addition, the Group has agreed to accelerate previously committed special contributions to the pension fund with an advance of £15 million. To part finance the capital return, the Group will draw down approximately £100 million under new three-year £175 million term and revolving facilities.

The Board intends that the proposed capital return will be achieved through a B share scheme combined with a share consolidation. The B share scheme will enable Shareholders to elect to receive the capital return in the form of either a one-off dividend payment and/or capital receipt. A circular giving details of proposals will be posted to Shareholders as soon as practicable after completion of the Disposal.

Future dividend policy and future capital returns

As announced on 22 May 2008, the Board has concluded that it is appropriate to adopt a new dividend policy, which will take effect in respect of the year ending 28 March 2009, for a dividend cover of approximately 1.75 times, based on the underlying* earnings for the year. The Board intends to maintain a progressive dividend policy and is prepared to see different levels of dividend cover as the result of any short term fluctuations in earnings.

In addition to this progressive dividend policy, the Board will continue to monitor the shape of the balance sheet of the Retained Group and, where appropriate, consider further returns of surplus cash to Shareholders.

* Underlying earnings per Share are defined as earnings adjusted to exclude any impairment charges incurred in relation to intangible assets and any exceptional items in the period.

Use of proceeds and financial effects of the Disposal

The effect of the Disposal is expected to be initially dilutive to earnings**. This effect will be offset by the proposed capital return assuming it is subsequently approved by Shareholders.

Pending completion of the capital return, the net proceeds from the Disposal will be placed on deposit with a range of financial institutions.

** This statement does not constitute a profit forecast and should not be interpreted to mean that De La Rue's earnings per Share for the current or future financial years will necessarily match or be greater than historical published earnings per Share.

Preliminary results for the year ended 29 March 2008

De La Rue announced its preliminary results for the year ended 29 March 2008 on 22 May 2008.

Revenue increased by £66.1 million or 9.6 per cent. to £753.6 million (2006/2007: £687.5 million) and operating profit of £114.7 million represented an increase of £24.3 million or 26.9 per cent. compared with last year (2006/2007: £90.4 million). Underlying profit before tax increased by £21.7 million or 21.2 per cent. to £124.1 million (2006/2007: £102.4 million). Headline earnings per Share increased by 32.3 per cent. to 58.1p (2006/2007: 43.9p) reflecting the improved trading performance and the benefits of the share consolidation carried out in conjunction with the special dividend payment last year. Basic earnings per Share were 57.8p compared with 43.9p in 2006/2007 representing an increase of 31.7 per cent.

Current trading

The preliminary results announced on 22 May 2008 also included the following statement on current trading:

“We enter 2008/2009 with the order books in both divisions at a four year high. In Currency, this is expected to result in the business continuing to operate throughout the current year at the high levels of capacity experienced in 2007/2008. Thus, despite the more uncertain financial environment, we remain confident in the outlook for the year ahead”.

Risk factors

Shareholders should consider fully the risk factors set out in Part II of this document.

Extraordinary General Meeting

A notice convening the Extraordinary General Meeting to be held at 10.30 a.m. on 14 July 2008 at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA is set out at the end of this document. A Form of Proxy to be used in connection with the Extraordinary General Meeting is enclosed. The purpose of the Extraordinary General Meeting is to seek Shareholders' approval for the Disposal.

Action to be taken

Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete the Form of Proxy (in accordance with the instructions printed thereon) and return it to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, so as to arrive by 10.30 a.m. on 12 July 2008. Completion and return of a Form of Proxy will not preclude you from attending the EGM and voting in person if you so wish.

Further information

Your attention is drawn to the further information contained in Parts II to VI of this document.

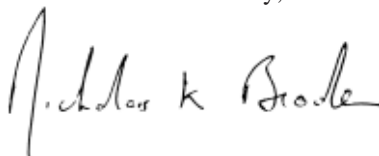
You are advised to read the whole of this document and not to rely solely on the information contained in this letter.

Recommendation

The Board, which has received financial advice from JPMorgan Cazenove and Rothschild, considers the Disposal to be in the best interests of De La Rue and its Shareholders as a whole. In providing their advice, JPMorgan Cazenove and Rothschild have placed reliance on the Board's commercial assessment of the Disposal.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the resolution to be proposed at the Extraordinary General Meeting, as the Directors intend to do in respect of their own beneficial holdings amounting (as at 23 June 2008, being the latest practicable date prior to the posting of this document) to an aggregate of 115,898 Shares, representing approximately 0.077 per cent. of the Company's current issued share capital.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Nicholas Brookes', written in a cursive style.

Nicholas Brookes
Chairman

PART II

RISK FACTORS

The following risk factors, which the Directors believe include all known material risks, should be carefully considered by Shareholders when deciding what action to take in relation to the Disposal.

1. RISK FACTORS RELATING TO THE DISPOSAL NOT PROCEEDING

Inability to satisfy conditions in Sale and Purchase Agreement

Completion of the Disposal is subject to satisfaction of conditions contained in the Sale and Purchase Agreement relating, amongst other things, to (i) the approval of Shareholders; and (ii) the obtaining of certain regulatory approvals. If Completion does not occur, the Group will experience a delay in realising, and may ultimately not be able to realise, its strategic objectives. If condition (i) above is not satisfied, the Group may in certain circumstances incur a break fee of up to £3.6 million.

Inability to realise value if the Disposal does not complete

The Board believes that the Disposal is in the best interests of De La Rue and its Shareholders as a whole and that it currently provides the best opportunity to realise the Group's investment in Cash Systems. If the Disposal does not complete, the Company's ability to realise its investment in the short term may be prejudiced.

In particular, Cash Systems continues to face increased competition in some of its markets. Its products are discretionary expenditure for its customers who are primarily commercial banks and its key market for growth has been the United States. It is possible that the current difficulties in the world financial markets may result in orders slowing down, especially in the teller automation market.

Potential destabilising effect on Cash Systems if the Disposal does not proceed

If the Disposal does not proceed, this may have a negative effect on Cash Systems and its management and employees, who have committed considerable time, effort and resource in relation to the sale process. This could have a negative effect on the value of the Group's investment in Cash Systems. If the Disposal does not proceed potential customers may be more reluctant to deal with Cash Systems if they consider that its future within the Group is in doubt.

2. RISKS RELATING TO THE DISPOSAL

The Sale and Purchase Agreement

The Sale and Purchase Agreement contains certain warranties and indemnities in favour of the Purchaser. If the Retained Group is required in the future to make payments under any of these warranties or indemnities these payments could have an adverse effect on the Retained Group's cash flow and financial condition. Further details of the Sale and Purchase Agreement are set out in Part V of this document.

3. RISKS RELATING TO THE RETAINED GROUP

Strategy

De La Rue operates in niche markets principally based on the production and management of cash. The main strategic threat is perceived to be technological revolution which renders cash obsolete, such as e-cash. De La Rue seeks to manage this risk by focusing on innovation in technologies, features and products to stay ahead of changing markets and the competition, and in particular the counterfeiter. Failure to develop new technology to meet customers' needs, delays in bringing products to market or failure to protect material intellectual property rights may have an adverse impact upon the Retained Group's prospects.

Operational issues

The Security Paper and Print division operates within a defined market and the business is exposed to the short term ordering cycles of central banks. Significant year-on-year changes in volume or customer mix could affect profitability. The loss of key customers, either in banknotes or banknote paper, could have a major effect on the Retained Group's results and prospects.

Reputation

Damage to reputation may arise from an incident or event which is in monetary terms not material. Matters which could affect De La Rue's reputation would include significant breaches of security or a contravention of law, such as competition law or anti-bribery law, environmental or health and safety laws or a failure to maintain appropriate standards of corporate responsibility. De La Rue operates throughout the world and in areas where the local standards may not equate to the standards applicable in the United Kingdom or those that De La Rue requires all its subsidiaries and employees to follow as regards business behaviour. Any material damage to De La Rue's reputation could have a major effect on the Retained Group's prospects.

Security

The nature of De La Rue's activities requires stringent security processes and procedures to minimise the consequences of possible breaches, some of which, such as changes in arrangements by carriers, may be outside De La Rue's control. Any material breach of security could have a major effect on the Retained Group's prospects.

Overton mill

De La Rue is highly dependent on its paper mill at Overton which is close to the River Test in Hampshire, England. The Security Paper and Print business would suffer significant losses to its printing business if the mill were out of action for a sustained period of time, either by reason of fire or some other accident or because of environmental contamination of the River Test, which is a Site of Special Scientific Interest.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk, cash flow interest rate risk and commodity price risk. Any material exposure could adversely impact the Retained Group's earnings.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Euro, Swedish Krona and Sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Any material exposure to foreign exchange risk could have a major effect on the Retained Group's profits.

4. GENERAL ISSUES

Economic conditions

Significant changes in economic conditions, for example, the prices of commodities such as cotton or inks or changes in interest rates, rates of inflation, economic growth rates and other factors substantially and adversely affect the business, financial and operating performance of the Group notwithstanding the Group's normal policy of buying commodities at prevailing market prices under medium term supply contracts.

Legislation and regulation

De La Rue is subject to the laws and regulations of countries where it does business. Failure to comply with such laws and regulations could impose additional costs on, have an adverse impact on the performance of, and/or damage the reputation of the businesses carried on by the Group.

5. RISKS RELATING TO THE SHARES

Possible volatility of the price of the Shares

The market price of the Shares may be affected by a variety of factors including, but not limited to, changes in sentiment regarding the Shares, variations in the Retained Group's operating results compared with the expectations of market analysts and investors, its business developments or those of its competitors, the

operating performance of its competitors, speculation about the Retained Group's business or regulatory changes affecting the Retained Group's operations. Shareholders should be aware that the value of the Shares can go down as well as up and may not always reflect the underlying asset value or prospects of the Retained Group.

Dividends

The ability of the Company to pay dividends on the Shares is a function of its profitability and the extent to which, as a matter of law, it has available to it sufficient distributable reserves out of which any proposed dividend may be paid. The Company can give no assurances that it will be able to pay a dividend going forward.

PART III
FINANCIAL INFORMATION ON CASH SYSTEMS

The following financial information relating to Cash Systems has been extracted without material adjustment from the consolidation schedules which support the audited consolidated financial statements for De La Rue for the years ended 26 March 2006, 31 March 2007 and 29 March 2008. Investors should read the whole of this document and not just rely on the information contained in this Part III.

The financial information contained in this Part III does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The consolidated statutory accounts for De La Rue in respect of the financial years ended 26 March 2006, 31 March 2007 and 29 March 2008 have been delivered to the Registrar of Companies. The auditors' reports in respect of the statutory accounts for each of the three years were unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985 or as the case may be section 498(2) or (3) of the Companies Act 2006. KPMG Audit Plc were the auditors of De La Rue in respect of the years ended 31 March 2007 and 29 March 2008 and PricewaterhouseCoopers LLP were the auditors of De La Rue in respect of the year ended 26 March 2006.

Income statements

The income statements for Cash Systems, prepared under International Financial Reporting Standards as adopted by the European Union (IFRS) for the years to 26 March 2006, 31 March 2007 and 29 March 2008, were as follows:

	Year ended 29 March 2008 £m	Year ended 31 March 2007 £m	Year ended 26 March 2006 £m
Sales	286.6	285.7	252.7
Operating expenses	(251.1)	(253.7)	(227.3)
Operating profit before exceptional items	35.5	32.0	25.4
Exceptional items	—	—	(3.6)
Profit on ordinary activities before tax and interest	<u>35.5</u>	<u>32.0</u>	<u>21.8</u>

Note: De La Rue Group did not allocate its interest bearing debt between the different business segments within the Group. As a result, it is not possible to provide a meaningful allocation of interest costs for Cash Systems. In addition, it is not possible to provide a meaningful allocation of tax costs for Cash Systems as these are calculated after charging interest.

Statement of net assets

The net assets of Cash Systems, prepared under IFRS, as at 29 March 2008 were as follows:

	As at 29 March 2008 £m
Assets	
Non-current assets	
Property, plant and equipment	10.2
Intangible assets	17.1
Investments in associates and joint venture	—
Available for sale financial assets	—
Deferred tax assets and other receivables	20.8
Derivative financial instruments	—
	<u>48.1</u>
Current assets	
Inventories	33.8
Trade and other receivables	43.0
Current tax assets	0.2
Derivative financial instruments	2.0
Cash and cash equivalents	—
	<u>79.0</u>
Total assets	<u><u>127.1</u></u>
Current liabilities	
Borrowings	—
Trade and other payables	(86.1)
Current tax liabilities	(8.6)
Derivative financial instruments	(1.2)
Provisions for other liabilities and charges	(6.7)
	<u>(102.6)</u>
Non-current liabilities	
Borrowings	—
Retirement benefit obligations	(3.1)
Deferred tax liabilities	(0.5)
Derivative financial instruments	—
Other non-current liabilities	(0.3)
	<u>(3.9)</u>
Total liabilities	<u><u>(106.5)</u></u>
Net assets	<u><u>20.6</u></u>

PART IV

Part A

Unaudited Pro Forma Financial Information

The unaudited pro forma statement of net assets set out below has been prepared to illustrate how the Disposal might have affected the net assets of the De La Rue Group had it been effected as at 29 March 2008.

The unaudited pro forma statement of net assets is for illustrative purposes only and, because of its nature, addresses a hypothetical situation, and does not therefore represent De La Rue Group's actual financial position or results. The unaudited pro forma statement of net assets is compiled on the basis set out below from the consolidated balance sheet of De La Rue Group as at 29 March 2008.

Unaudited pro forma statement of net assets

	Adjustments			Unaudited pro forma £m
	De La Rue Group 29 March 2008 £m Note 1	Unaudited Cash Systems at 29 March 2008 £m Note 2	Cash Systems transaction adjustments £m Note 3	
Assets				
Non-current assets				
Property, plant and equipment	143.2	10.2		133.0
Intangible assets	33.2	17.1		16.1
Investments in associates and joint ventures	22.5	—		22.5
Available for sale financial assets . .	0.2	—		0.2
Deferred tax assets	25.9	20.2		5.7
Other receivables	0.8	0.6		0.2
Derivative financial instruments	0.4	—		0.4
	<u>226.2</u>	<u>48.1</u>	<u>—</u>	<u>178.1</u>
Current assets				
Inventories	94.9	33.8		61.1
Trade and other receivables	114.0	43.0		71.0
Current tax assets	0.4	0.2		0.2
Derivative financial instruments	19.1	2.0		17.1
Cash and cash equivalents	120.3	—	360.0	480.3
	<u>348.7</u>	<u>79.0</u>	<u>360.0</u>	<u>629.7</u>
Total assets	<u>574.9</u>	<u>127.1</u>	<u>360.0</u>	<u>807.8</u>
Liabilities				
Current liabilities				
Borrowings	(8.6)	—		(8.6)
Trade and other payables	(245.3)	(86.1)		(159.2)
Current tax liabilities	(31.7)	(8.6)		(23.1)
Derivative financial instruments	(15.8)	(1.2)		(14.6)
Provisions for other liabilities and charges	(23.1)	(6.7)		(16.4)
	<u>(324.5)</u>	<u>(102.6)</u>	<u>—</u>	<u>(221.9)</u>
Non-current liabilities				
Borrowings	(5.0)	—		(5.0)
Retirement benefit obligations	(25.3)	(3.1)		(22.2)
Deferred tax liabilities	(0.6)	(0.5)		(0.1)
Derivative financial instruments	(2.1)	—		(2.1)
Other non-current liabilities	(1.9)	(0.3)		(1.6)
	<u>(34.9)</u>	<u>(3.9)</u>	<u>—</u>	<u>(31.0)</u>
Total liabilities	<u>(359.4)</u>	<u>(106.5)</u>	<u>—</u>	<u>(252.9)</u>
Net assets	<u>215.5</u>	<u>20.6</u>	<u>360.0</u>	<u>554.9</u>

Notes

- 1 The net assets of the De La Rue Group as at 29 March 2008 have been extracted without material adjustment from the audited financial statements of the De La Rue Group for the year ended 29 March 2008.
- 2 The net assets of Cash Systems as at 29 March 2008 have been extracted without material adjustment from the financial information on Cash Systems set out in Part III of this Circular.
- 3 Transaction adjustments comprise the receipt of the gross proceeds of £360 million in cash upon completion of the Disposal.
- 4 No adjustment has been made in respect of any return of cash to Shareholders or for the costs of the transaction including tax or the accelerated committed special pension contribution referred to in Part 1 of this document.
- 5 No account has been taken of the trading results or transactions of the De La Rue Group or Cash Systems for the period since 29 March 2008.

Part B

Accountants' Report on Pro Forma Financial Information



KPMG Audit Plc
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Tel + 44 (0) 20 7311 1000
Fax + 44 (0) 20 7311 3311
DX 38050 Blackfriars

The Directors
De La Rue plc
De La Rue House
Jays Close
Viables
Basingstoke
Hampshire
RG22 4BS

24 June 2008

Dear Sirs

De La Rue plc

We report on the Pro Forma Financial Information (the 'Pro forma financial information') set out in Part IV (A) of the Company's Class 1 circular dated 24 June 2008 (the 'Document'), which has been prepared on the basis described in the notes to the Pro forma financial information, for illustrative purposes only, to provide information about how the Disposal (as defined in the Document) might have affected the financial information presented on the basis of the accounting policies adopted by De La Rue plc in preparing the financial statements for the year ended 29 March 2008. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Services Authority and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the Directors of De La Rue plc to prepare the Pro forma financial information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Services Authority.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Shareholders as a result of the inclusion of this report in the Document, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of De La Rue plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of De La Rue plc.

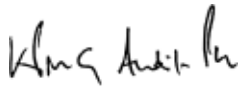
Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of De La Rue plc.

Yours faithfully

A handwritten signature in black ink, appearing to read "KPMG Audit Plc", written in a cursive style.

KPMG Audit Plc

PART V
PRINCIPAL TERMS OF THE DISPOSAL

1. Document and parties

The Sale and Purchase Agreement was entered into on 15 June 2008 between De La Rue, certain De La Rue subsidiaries (the “Sellers”) and a company incorporated for The Carlyle Group and is the agreement pursuant to which Cash Systems will be sold to the purchaser. The obligations of the Sellers (other than De La Rue) under the Sale Agreement are guaranteed by De La Rue.

2. Consideration

The consideration payable for the sale of Cash Systems, payable in cash on Completion, is £360 million subject to adjustment to the extent that at completion of the Disposal Cash Systems has any cash or debt and also if the working capital of Cash Systems at completion is higher than £11.3 million or lower than £10.3 million. If the purchaser sells Cash Systems within 12 months of the Disposal, a further £20 million may become payable to the Sellers.

3. Conditions

3.1 The sale of Cash Systems is conditional on the following:

- (a) the passing at an extraordinary general meeting of a resolution by Shareholders to approve the Disposal;
- (b) the European Union approving the transactions contemplated by the Sale and Purchase Agreement and the termination or expiry of the applicable waiting period in the US under the Hart Scott Rodino legislation; and
- (c) no matter having occurred which would constitute a material breach of the warranties contained in the Sale and Purchase Agreement were such warranties to be repeated on a daily basis, material for this purpose meaning a matter that would give rise to claim of £25 million or more.

3.2 The parties have undertaken to use all reasonable endeavours to procure the fulfilment of the conditions. If all of the conditions are not satisfied or waived by 29 September 2008, the Sale and Purchase Agreement will lapse and automatically terminate. If the Sale and Purchase Agreement terminates as a result of the failure to satisfy the condition in paragraph (a) above in circumstances where Cash Systems is sold to a third party within 12 months De La Rue will pay the purchaser a break fee of up to £3.6 million.

4. Warranties

The Sellers have given certain warranties which are customary for a transaction of this nature. These include warranties relating to their ability to sell the shares in the companies which comprise Cash Systems, accounting and financial matters, regulatory and legal matters, intellectual property and information technology matters, the assets of Cash Systems, the contracts of Cash Systems, the properties which Cash Systems either owns or occupies, environmental matters, employees, pensions and taxation.

The warranties are subject to certain financial and time limitations. The Sellers have no liability for warranty claims unless: (a) an individual claim amounts to £250,000 or more; and (b) all claims in aggregate amount to £2 million or more. Once the aggregate limit is exceeded, the Sellers are liable for the whole amount and not just the excess.

The overall cap on the aggregate liability of the Sellers in relation to warranty claims and any other claims under the Sale and Purchase Agreement and the tax deed (as referred to below) is 50 per cent. of the aggregate consideration payable.

The liability of the Sellers under the warranties (other than the tax warranties) expires 12 months after the date of the Sale and Purchase Agreement and, under the tax warranties, on the seventh anniversary of Completion.

5. Indemnities

The Sellers have agreed to enter into a tax deed with the purchaser in which they will give certain tax covenants and indemnities in respect of pre completion tax liabilities of the companies which comprise Cash Systems. Claims made pursuant to the indemnities contained in the tax deed are subject to the overall cap on the aggregate liability of the Sellers referred to in paragraph 4 of this Part V. De La Rue has also given certain indemnities in respect of certain litigation and pension deficits. These indemnities are customary for a transaction of this nature.

6. Pre-completion obligations

De La Rue has undertaken to ensure that, during the period prior to completion, the Cash Systems business is carried on in the ordinary course.

7. Separation issues

De La Rue and the purchaser have agreed to enter into an agreement pursuant to which they will provide to each other certain services (including financial, treasury and procurement services) and to continue the supply of certain parts and products to each other for a limited period of time following the Disposal. Licence agreements relating to certain intellectual property rights utilised by both De La Rue and the companies which comprise Cash Systems will also be put in place. De La Rue has also agreed to pay certain non-recurring costs of separating Cash Systems from the Retained Group.

8. Development arrangements

De La Rue and the purchaser have agreed that following the Disposal, Cash Systems will continue to develop software and intellectual property which it is intended will be used by both Cash Systems and the Retained Group. Cash Systems will own all such software and intellectual property as is developed and the same will be licensed to the Retained Group.

PART VI
ADDITIONAL INFORMATION

1. Responsibility

The Directors 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. Company address

The registered office and the principal place of business in the United Kingdom of the Company is at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire RG22 4BS (telephone number 01256 605000 or, if dialling from outside the UK, +44 1256 605000). The Company was incorporated in England and Wales under the Companies Act 1985 as a public limited company. The company is domiciled in England and Wales.

3. Directors' and others' interests

3.1 As at 23 June 2008 (being the latest practicable date prior to the posting of this document), the aggregate interests of each of the Directors in the share capital of the Company which have been notified by each Director to the Company or the interests of persons connected with them (within the meaning of section 292 of the Companies Act 2006) which would, if the connected person were a Director, be required to be disclosed and the existence of which is known to, or could with reasonable diligence be ascertained by, that Director, were as follows:

<u>Director</u>	<u>Number of Shares</u>	<u>Percentage of issued share capital</u>
Nicholas Brookes	12,138	0.008
Leo Quinn	40,878	0.027
Warren East	3,266	0.002
Sir Jeremy Greenstock	—	—
Keith Hodgkinson	3,887	0.003
Stephen King	46,620	0.031
Philip Nolan	8,400	0.006
Gill Rider	709	0.000
Total	<u>115,898</u>	<u>0.077</u>

3.2 The following options over Shares have been granted to the Directors and are outstanding as at 23 June 2008 (being the latest practicable date prior to the posting of this document):

		<u>Date of Grant</u>	<u>Number of Shares</u>	<u>Exercise price (pence)</u>	<u>Performance targets met</u>	<u>Date from which exercisable</u>	<u>Expiry date</u>
Leo Quinn	Executive Share Option Plan	*July 2004	352,422	340.5	July 2007	July 2007	July 2014
	Deferred Bonus and Matching Share Plan						
	Deferred Allocation	July 2005	51,796	Nil		July 2008	July 2008
		June 2006	40,429	Nil		June 2009	June 2009
		June 2007	32,964	Nil		June 2010	June 2010
	Maximum Matching Allocation	July 2005	103,592	Nil		July 2008	July 2008
		June 2006	80,858	Nil		June 2009	June 2009
		June 2007	65,928	Nil		June 2010	June 2010
	Sharesave options	Dec 2004	5,448	303.31		March 2010	August 2010
Stephen King							
	Deferred Bonus and Matching Share Plan						
	Deferred Allocation	July 2005	19,811	Nil		July 2008	July 2008
		June 2006	17,770	Nil		June 2009	June 2009
		June 2007	14,075	Nil		June 2010	June 2010
	Maximum Matching Allocation	July 2005	39,622	Nil		July 2008	July 2008
		June 2006	35,540	Nil		June 2009	June 2009
		June 2007	28,150	Nil		June 2010	June 2010
	Sharesave options	Dec 2007	1,287	745.74		March 2011	August 2011

Options marked* have vested. Other options will be tested against the agreed performance conditions at the end of the three year period from the date of grant. Allocations of deferred shares and allocations of shares in lieu of dividends made under the Deferred Bonus & Matching Share Plan will vest three years after allocation in accordance with the Plan rules. Allocations of matching shares will be performance tested at the end of the three year period after grant in accordance with the rules. Non-executive Directors are not eligible for executive share options.

- 3.3 Save as disclosed in paragraphs 3.1 and 3.2 above, the Directors do not have any interest in the share capital of the Company.
- 3.4 So far as the Company is aware, as at 23 June 2008 (being the latest practicable date prior to the publication of this document), the following persons (other than Directors) had interests in accordance with Rule 5.1.2 of the UK Listing Authority's Disclosure and Transparency Rules:

<u>Name</u>	<u>Total Number of Shares</u>	<u>Total Number of Voting Rights</u>	<u>Percentage of Voting Rights</u>
Schroders	8,561,524	7,413,111	4.94
Legal & General Group plc	6,350,239	6,350,239	4.23
Barclays Global Investors	5,925,374	5,925,374	3.95
Barclays Plc	5,465,751	5,465,751	3.65
Ameriprise Financial inc	5,381,482	5,381,482	3.59

4. Directors' service agreements

4.1 The Company has entered into the following service contracts with its executive Directors:

- (a) On 3 March 2004, the Company entered into a service agreement with Leo Quinn which may be terminated by either De La Rue or Leo Quinn giving 12 months' notice and under which following a review effective from 1 April 2007 he receives an annual salary and benefits in kind of £533,000. Leo Quinn is eligible to receive an annual incentive award which is equivalent to 100 per cent. of basic salary and which is based upon achievement of targets for the year which are approved by the Remuneration Committee. Leo Quinn received the maximum payout of £500,000 for 2007/08. On the termination of Leo Quinn's employment, other than in the case of gross misconduct, breach of service agreement, voluntary resignation or incapacity, the Company is liable for such sum as would have been payable to him as gross salary (excluding bonus), less any notice served and calculated on the basis of the annual rate of salary applicable on the date notice is given. During employment, Leo Quinn is prohibited from being engaged either directly or indirectly in any business or occupation other than the business of the Company and its subsidiaries and associates.
- (b) On 7 October 2002, the Company entered into a service agreement with Stephen King which may be terminated by De La Rue giving 12 months' notice and under which following a review effective on 1 April 2007 he receives an annual salary and benefits in kind of £327,000. Stephen King is entitled to receive an annual incentive award which is equivalent to 70 per cent. of basic salary based on achievement of targets approved by the Remuneration Committee. Stephen King received the maximum payout of £213,500 for 2007/08. On the termination of Stephen King's employment, other than in the case of gross misconduct, breach of service agreement, voluntary resignation or incapacity, the Company is liable for such sum as would have been payable to him as gross salary (excluding bonus), less any notice served and calculated on the basis of the annual rate of salary applicable on the date notice is given. During employment, Stephen King is prohibited from being engaged either directly or indirectly in any business or occupation other than the business of the Company and its subsidiaries and associates.

4.2 All executive Directors are eligible for a range of taxable benefits which include the provision of a company car and payment of its operating expenses or a cash alternative, membership of private medical and permanent health insurance schemes, life assurance and reimbursement of the annual subscription to an appropriate professional body.

4.3 The pension arrangements for Leo Quinn and Stephen King are as follows:

- (a) Leo Quinn is eligible for a target pension from all sources of 71.66 per cent of basic salary at the age of 63. Part of this benefit arises from previous employment. He is required to make a contribution to the senior section of the De La Rue pension scheme of 8.0 per cent. of basic salary and is covered for a lump sum on death in service based on four times basic salary, with a widow's pension of 60 per cent. of target pension payable on death in service. Until the review of the A-Day legislation was completed, pension on earnings in excess of the earnings cap was unfunded. From 6 April 2006 it was agreed that his pension should be provided through the scheme. To ensure that the Annual Allowance permitted under the 2004 legislation is not breached, the Company will make payments each year to the Scheme up to the Annual Allowance to secure the unfunded pension. For 2007/2008 the Company made a payment to the scheme of £100,400 (2006/07 - £43,800), increasing the pension funded under the defined benefit scheme as at 5 April 2008 to £47,500 per annum. The Scheme actuary has estimated the

cost of the remaining unfunded pension to be £376,000. The increase in defined benefit scheme pension does not represent an increase in either the target pension or Company liability but is a consequence of taking steps to cancel previously unfunded liabilities.

- (b) Stephen King is eligible for a target pension from all sources of 71.66 per cent of basic salary at the age of 65. Part of this benefit arises from previous employment. His target pension is provided through a combination of a closed FURBS and membership of the senior section of the De La Rue Pension Scheme. He is required to make a contribution of 8.0 per cent. of basic salary to his pension arrangement and is covered for a lump sum on death in service based on four times basic salary, with a widow's pension of 60 per cent. of target pension in the event of death in service. His pension under the defined benefit Scheme as at 31 March 2008 was £35,800 per annum.

4.4 The Company entered into letters of appointment with its non-executive Directors on the dates set out below. Originally terms of appointment were for three years, renewable for a further three years subject to satisfactory performance, but the Board agreed with effect from 1 April 2008 that they would be reduced to two year appointments. The Board may invite non-executive Directors to serve a third term after a detailed review. Annual fees payable to the non-executive Directors are set out in the table below.

<u>Non-executive Director</u>	<u>Date of letter of appointment</u>	<u>Annual fees 2007/2008</u>
Warren East	30 March 2008	£37,500
Sir Jeremy Greenstock	30 March 2008	£37,500
Keith Hodgkinson	30 March 2008	£44,500
Philip Nolan	30 March 2008	£37,500
Gill Rider	30 March 2008	£42,300

Nicholas Brookes was initially appointed as a non-executive Director on 19 March 1997 and as Chairman on 22 July 2004. As non-executive Chairman Nicholas Brookes received a fee of £162,500 for 2007/2008.

5. Material contracts

5.1 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (a) in the two years immediately preceding the date of this document and are, or may be, material to the Retained Group or (b) contain provisions under which any member of the Retained Group has any obligation or entitlement which is material to the Retained Group as at the date of this document:

- (a) the Sale and Purchase Agreement, the principal terms of which are summarised in Part V of this document; and
- (b) a facility agreement dated 21 May 2008 made between the Company (as guarantor), subsidiaries of the Company (as borrower) pursuant to which the lending banks have made available a facility of £175 million for a three year term.

5.2 No company within the De La Rue Group has entered into any contracts (not being contracts entered into in the ordinary course of business) (a) in the two years immediately preceding the date of this document and which is, or may be, material to Cash Systems or (b) contain provisions under which any member of the Cash Systems division has any obligation or entitlement which is material to the Cash Systems division as at the date of this document.

6. Working Capital of the Retained Group

The Company is of the opinion that, taking into account available bank and other facilities and the proceeds of the Disposal, the Retained Group has sufficient working capital for its present requirements, that is, for at least the next twelve months from the date of this document.

7. Litigation

- 7.1 On 27 July 2007 the Company announced that the Serious Fraud Office ("SFO") was investigating the Company. The Company believes this is in response to allegations of corruption made by a former employee against whom the Company has obtained and enforced a judgement for the recovery of monies stolen from it. The Company believes the allegations made by this individual, who has since pleaded guilty to theft from the Company and been sentenced to three years' imprisonment in February 2008, are false. The Company understands that these investigations are continuing and remains ready to co-operate with the SFO. Save as described in this paragraph 7.1, neither the Company nor any other member of the Retained Group is or has been engaged in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had during the 12 months prior to the date of this document a significant effect on the financial position of the Retained Group.
- 7.2 No company comprised within Cash Systems is or has been engaged in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had during the 12 months prior to the date of this document a significant effect on the financial position of Cash Systems.

8. Significant change

- 8.1 Save for the proposed Disposal there has been no significant change in the financial or trading position of the De La Rue Group since 29 March 2008, being the date of the last audited financial statements of the Company.
- 8.2 There has been no significant change in the financial or trading position of Cash Systems since 29 March 2008, being the date to which the financial information shown in Part III of this document has been prepared.

9. Consent

- 9.1 JPMorgan Cazenove has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which it appears.
- 9.2 Rothschild has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which it appears.
- 9.3 KPMG Audit Plc, Chartered Accountants regulated by the Institute of Chartered Accountants in England and Wales, has given and has not withdrawn its written consent to the inclusion in this document of its letter set out in Part IV, in the form and context in which it appears.

10. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA and at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the conclusion of the Extraordinary General Meeting:

- 10.1 the Memorandum and Articles of Association of the Company;
- 10.2 the published audited consolidated accounts of the Group for the two financial years ended March 2008;
- 10.3 the letter from KPMG Audit Plc set out in Part IV of this document;
- 10.4 this document; and
- 10.5 the Sale and Purchase Agreement and associated tax deed.

24 June 2008

PART VII
DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy, unless the context otherwise requires:

“Cash Systems”	the business of providing cash handling technology solutions carried on by the De La Rue Group and certain other members of the De La Rue Group but excluding the CPS Division;
“CPS Division” or “CPS”	the Group’s division which develops, manufactures and sells large banknote sorters for use by Central Banks and other large processors of cash;
“De La Rue” or the “Company”	De La Rue plc;
“De La Rue Group” or “Group”	the Company and its existing subsidiary undertakings;
“Directors” or “Board”	the directors of the Company as at the date of this document whose names are set out on page 1 of this document;
“Disposal”	the disposal of Cash Systems as described in this document;
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 10.30 a.m. on 14 July 2008 (or any adjournment of it), notice of which is set out at the end of this document;
“Form of Proxy”	the form of proxy relating to the EGM being sent to Shareholders with this document;
“JPMorgan Cazenove”	JPMorgan Cazenove Limited;
“Retained Group”	the Group less, following Completion, those companies and assets which comprise Cash Systems;
“Rothschild”	N M Rothschild and Sons Limited;
“Sale and Purchase Agreement”	the agreement between, inter alia, the Company and Darwin Bidco Limited (a company established by The Carlyle Group for the purposes of the acquisition) dated 15 June 2008 relating to the sale and purchase of Cash Systems, the principal terms of which are summarised in Part V of this document;
“Shareholder(s)”	holder(s) of Shares; and
“Shares”	ordinary shares in the capital of the Company.

De La Rue plc
Registered in England & Wales No. 3834125

Notice of Extraordinary General Meeting

NOTICE is hereby given that an Extraordinary General Meeting of De La Rue plc (the “Company”) will be held at 10.30 a.m. on 14 July 2008 at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

THAT the proposed disposal by the Company of Cash Systems on the terms and conditions contained in the sale and purchase agreement dated 15 June 2008 between, inter alios, the Company and Darwin Bidco Limited and summarised in the circular to the Company’s shareholders dated 24 June 2008 be and is hereby approved together with such non-material amendments thereto as the directors of the Company (or any duly constituted committee thereof) may consider appropriate.

Registered Office:

By order of the board

De La Rue House
Jays Close
Viables
Basingstoke
Hampshire
RG22 4BS

Louise Fluker
Secretary

24 June 2008

Notes:

1. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and to vote at the meeting. 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. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed with this notice and instructions for completion are shown on the form. Forms of Proxy need to be deposited with the Company’s Registrars, Computershare Investor Services PLC, not later than 48 hours before the start of the Extraordinary General Meeting. Completion of a Form of Proxy does not preclude members attending and voting in person at the Extraordinary General Meeting, should they so wish.
3. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the ordinary shares of the Company at 6 p.m. on 12 July 2008, or, in the event of any adjournment, at 6 p.m. on the date which is two days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “Nominated Person”) may have a right under an agreement between him/her and the member by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such right or does not wish to exercise it, he/she may have a right under such an agreement, to give instructions to the member as to the exercise of voting rights. The statement of the rights of the members in relation to the appointment of proxies does not apply to Nominated Persons.
5. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) 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 that 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 (ii) 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 being appointed as described in (i) above.
6. As at 23 June 2008 (being the last business day prior to the publication of this notice), the Company’s issued share capital consists of 149,853,821 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 23 June 2008 are 149,853,821.

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