

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised for the purposes of the Financial Services and Markets Act 2000.

If you have sold or transferred all your ordinary shares in Holidaybreak plc please pass this document, together with the annual report and financial statements and Form of Proxy enclosed therewith, without delay to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



(Registered in England No. 2305562)

Registered Office:
Hartford Manor
Greenbank Lane
Northwich
Cheshire
CW8 1HW

29 December 2006

Dear Shareholder

2007 Annual General Meeting

I am pleased to invite you to attend and participate in the 2007 Annual General Meeting of the Company to be held at The Lowry, Pier 8, Salford Quays, Manchester M50 3AZ at 2.30pm on Thursday 15th February 2007.

As you will see from the formal Notice of Meeting set out on pages 4 and 5 of this document, in addition to the ordinary business to be dealt with at the Meeting, there are items of special business contained in Resolutions 9 to 13 (inclusive). An explanation of all the resolutions to be put to the Annual General Meeting is set out on pages 2 and 3 of this document.

Your Directors believe that the resolutions referred to in this letter, which are to be proposed at the Annual General Meeting, are in the best interests of the Company and of the shareholders as a whole and recommend shareholders to vote in favour of them.

Whether or not you intend to come to the meeting, please complete the enclosed Form of Proxy in accordance with the instructions printed on it and post it to the Company's Registrar, Capita IRG Plc, Proxy Department, PO Box 25, Beckenham, Kent BR3 4TU as soon as possible, but in any event to arrive no later than 2:30pm on 13th February 2007. Completion and posting of the Form of Proxy will not preclude you from attending and voting in person at the Annual General Meeting should you wish to do so. Your vote is very important to us. Even if you are unable to attend the meeting in person, you can still vote by appointing a proxy and I urge you to complete and return the Form of Proxy by post, or alternatively register proxy electronically by:

- using the CREST electronic proxy appointment service, principally for institutional investors; or
- visiting the Company's Registrars' website at www.capitaregistrars.com. If you are a private shareholder wishing to appoint a proxy, do please take advantage of this facility to do so electronically. All you need is the Investor Code which is printed on the Form of Proxy.

To be valid, electronic proxy voting instructions must reach the Company's Registrars, Capita Registrars, no later than 2:30pm on 13th February 2007.

The Directors and I look forward to seeing as many of you as possible at the Annual General Meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read "Robert Ayling".

Robert Ayling
Chairman

EXPLANATORY NOTES

Annual report and financial statements: Resolution 1

The Directors will present to the meeting the audited financial statements for the year ended 30 September 2006, the Directors' Report and the Auditors' Report on the accounts, copies of which are enclosed with this document. The meeting will then receive and consider those documents.

Declaration of a final dividend: Resolution 2

Final dividends are approved by the shareholders, subject to the amount of any such dividend being recommended by the Directors. The Directors are recommending a final dividend for the year ended 30 September 2006 of 21.2p per ordinary share and Resolution 2 seeks shareholders' approval to the declaration of such dividend. If approved, the dividend will be payable on 24 April 2007 to shareholders on the register at the close of business on 30 March 2007.

Re-election of Directors: Resolutions 3, 4, 5, and 6

The Articles of Association of the Company require that, at each Annual General Meeting, any Director who was not elected or re-elected at either of the two preceding Annual General Meetings must retire from office. In addition, such number of other Directors must retire so that the total number of Directors to retire represents one third of the Directors holding office at the date of this Notice (excluding any Director who has been appointed to the Board since the last Annual General Meeting). In accordance with the Articles of Association, any Director who has been appointed by the Board since the last Annual General Meeting is required to step down at the next Annual General Meeting following their appointment and seek reappointment by the shareholders.

Bob Baddeley, Nick Cust and Sally Martin are retiring by rotation at the 2007 Annual General Meeting and, being eligible, are offering themselves for re-election. Steve Whitfield, who was appointed on 12 July 2006, also retires in accordance with the Articles of Association and is offering himself for reappointment.

Mr Baddeley (53) was appointed Group Finance Director in February 1995. He is a chartered accountant.

Mr Cust (49) is Joint Managing Director of the Hotel Breaks Division, having been appointed to the Board in September 1997. He joined Superbreak as a director in 1985.

Ms Martin (47) was appointed a Non-executive Director in 2004. She is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. She was a board member of Qantas Holidays plc from 1999 to 2004. She is currently a board member of Australia Business in Europe and a Committee Member of the Cook Society.

Mr Whitfield (48) is Managing Director of the Camping Division having been appointed to the Board in July 2006. Mr Whitfield has extensive experience in the sector having held a variety of roles since joining the Camping Division in 1984.

Fuller biographies for each of the Directors can be found on the Company's website at www.holidaybreak.co.uk.

The Board believes that each of the Directors offering themselves for re-election or reappointment continues to perform effectively and with commitment to their roles and the Board recommends their re-election.

Reappointment and remuneration of auditors: Resolutions 7 and 8

Resolution 7 proposes to reappoint Deloitte & Touche LLP as auditors to the Company and Resolution 8 authorises the Audit Committee to fix the auditors' remuneration.

Directors' Remuneration Report: Resolution 9

In accordance with the Directors' Remuneration Report Regulations 2002, Resolution 9 seeks shareholders' approval to the Directors' Remuneration Report which is presented on behalf of the Board by the Remuneration Committee. Shareholders should be aware that the vote is advisory and that no aspect of an individual Director's remuneration will be conditional on the vote being carried. However, the Board will take the vote into account in considering the future development and operation of the Company's remuneration policy and practice.

Authority to allot shares: Resolution 10

Section 80 of the Companies Act 1985 ("the Act") provides that the Directors may not allot relevant securities (as defined in that section) unless authorised to do so by the Company in general meeting or by its Articles of Association. Accordingly, Resolution 10 seeks to renew for a further period, expiring at the conclusion of the 2008 Annual General Meeting or, if earlier, 15 months after the passing of this resolution, the authority to allot relevant securities previously granted to the Directors under Section 80 of the Act.

This authority will relate to a total of 16,212,300 ordinary shares of 5p each, with a nominal value of £810,615 representing not more than one-third of the issued ordinary share capital of the Company as at 30 November 2006. The Directors have no present intention of allotting, or agreeing to allot, any shares pursuant to this authority otherwise than in connection with employees' share schemes to the extent permitted by such schemes.

Disapplication of pre-emption rights: Resolution 11

Section 89 of the Act gives holders of equity securities (within the meaning of the Act), with limited but important exceptions, certain rights of pre-emption on the issue for cash of new equity securities. The Directors believe that it is in the best interests of the Company that, as in previous years, the Board should have limited authority to allot some part of the Company's authorised but unissued equity share capital for cash without first having to offer such shares to existing shareholders. The Directors' current authority expires at the conclusion of the 2007 Annual General Meeting and, accordingly, Resolution 11 seeks to renew this authority on similar terms for a further period, expiring at the conclusion of the 2008 Annual General Meeting or, if earlier, 15 months after the passing of this resolution. The authority, if granted, will relate to allotments in respect of rights issues and similar offerings (where difficulties arise in offering shares to certain overseas shareholders and in relation to fractional entitlements) and generally to allotments (other than in respect of rights issues) of equity securities having an aggregate nominal value not exceeding £121,590 (being not more than 5% of the issued ordinary share capital of the Company as at 30 November 2006).

Purchase of Own Shares: Resolution 12

Resolution 12 seeks to renew the authority of the Company to make market purchases of its own shares. The authority should not be taken to imply that shares will be purchased at any particular price or indeed, at all, and the Board has no present intention of exercising this power but would wish to retain the flexibility to do so in the future. Purchases will only be made where they are, in the opinion of the Board, in the interests of the Company and where they should result in an improvement in earnings per share.

The authority given by this resolution will expire at the conclusion of the 2008 Annual General Meeting or, if earlier, 15 months after the passing of this resolution. The Board intends to seek renewal of this power at subsequent Annual General Meetings.

The resolution specifies the maximum number of shares which may be purchased (4,863,700 ordinary shares of 5p each, representing not more than 10% of the Company's issued ordinary share capital as at 30 November 2006) and the maximum and minimum prices at which they may be purchased, reflecting the requirements of the Companies Act and the Listing Rules of the United Kingdom Listing Authority. Purchases would only be made on the London Stock Exchange. Any shares purchased would be cancelled and the number of shares in issue would be reduced.

The number of options to subscribe for new equity shares that were outstanding at 30 November 2006 was 1,590,516 representing 3.27% of the issued share capital at that date. Should the authority granted by this resolution be exercised in full, that number of options would then represent approximately 3.63% of the issued share capital at that date.

Amendment to Articles of Association: Resolution 13

As indicated by our Chairman at the 2006 AGM, the changes to the Articles of Association which were adopted at that meeting included a reference to auditors but it is not the Board's intention, nor has it ever been the Board's intention, to grant indemnities to auditors nor to purchase indemnity insurance cover for their benefit. Having received representations from shareholders immediately prior to the 2006 AGM and for the avoidance of doubt, the Board proposes a further change to the articles to remove references to the auditors and/or explicitly exclude the auditors from indemnity provisions and the insurance cover provisions in Article 143.

Notice of Annual General Meeting

Notice is hereby given that the 2006 Annual General Meeting ("the Meeting") of Holidaybreak plc ("the Company") will be held at The Lowry, Pier 8, Salford Quays, Manchester M50 3AZ on Thursday 15 February 2007 at 2.30pm for the following purposes:

Ordinary Business

1. To receive and consider the audited financial statements and the Reports of the Directors and Auditors for the year ended 30 September 2006.
2. To declare a final dividend of 21.2p per ordinary share in respect of the year ended 30 September 2006.
3. To re-elect Robert Baddeley as a director.
4. To re-elect Nicholas Cust as a director.
5. To re-elect Sally Martin as a director.
6. To reappoint Steven Whitfield as a director.
7. To reappoint Deloitte & Touche LLP as auditors to the Company to hold office until the conclusion of the next general meeting at which the accounts are presented to the Company.
8. To authorise the Audit Committee of the Board of Directors to fix the remuneration of the auditors.

Special Business

As special business, to consider and, if thought fit, pass the following resolutions which will be proposed, as to Resolutions 9 and 10, as ordinary resolutions and, as to Resolutions 11, 12 and 13, as special resolutions:

9. That the Directors' Remuneration Report for the year ended 30 September 2006 be approved.
10. That the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 (in substitution for any existing authority to allot relevant securities) to exercise all the powers of the Company to allot relevant securities (within the same respective meanings of Section 80 of the said Act) up to an aggregate nominal amount of £810,615, being not more than one third of the Company's issued ordinary share capital at 30 November 2006, provided that:
 - (i) such authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2008 or 15 months after the passing of this resolution, whichever is the earlier, except to the extent that the same is renewed or extended on or before that date; and
 - (ii) the Company may before such expiry make any offer or agreement which would or might require relevant securities to be allotted under this authority after such expiry, and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.
11. That, subject to the passing of Resolution 10, the Directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (as defined in Section 94 of the said Act) for cash, pursuant to the general authority conferred upon them in accordance with Section 80 of the said Act by Resolution 10 above, as if Section 89(1) of the said Act did not apply to any such allotment, provided that this power shall be limited to allotments of equity securities:
 - (i) in connection with a rights issue, open offer or other offer in favour of the holders of ordinary shares, where the equity

securities respectively attributable to the interests of such persons are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory body or any stock exchange in any territory; and

- (ii) otherwise than pursuant to sub-paragraph (i) above, up to an aggregate nominal amount of £121,590, being not more than 5% of the issued share capital of the Company at 30 November 2006;

and shall not in any event exceed the amount of the authorised but unissued share capital of the Company from time to time provided that:

- (a) the power hereby conferred by this resolution shall, unless renewed, varied or revoked by the Company in general meeting prior to such time, expire at the conclusion of the Annual General Meeting to be held in 2008 or 15 months after the date of the passing of this resolution, whichever is the earlier; and
- (b) the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the said power had not expired.

12. That the Company be and is hereby generally and unconditionally authorised, pursuant to Section 166 of the Companies Act 1985, to make one or more market purchases (as defined in Section 163 of the said Act) of ordinary shares of 5p each in the capital of the Company on such terms and in such manner as the Directors may from time to time determine, provided that:

- (i) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 4,863,700 (representing not more than 10% of the Company's issued ordinary share capital at 30 November 2006);
- (ii) the minimum price which may be paid for such ordinary shares is 5p per share (exclusive of expenses);
- (iii) the maximum price (exclusive of expenses) which may be paid for an ordinary share is not more than 5% above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased;
- (iv) unless previously revoked or varied, the authority hereby conferred shall expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2008 and 15 months after the passing of this resolution; and
- (v) the Company may, before such expiry, enter into a contract or contracts to purchase ordinary shares which would or might be executed and completed wholly or partly after such expiry, and the Company may make a purchase or purchases of ordinary shares in pursuance of any such contract or contracts as if the authority hereby conferred had not expired.

13. That the Company's Articles of Association be and the same are hereby amended by deleting therefrom Articles 143(a), 143(b) and 143(c) and by substituting therefor the following new Articles 143(a), 143(b) and 143(c):

143(a) Subject to the provisions of, and so far as may be permitted by, the Companies Acts but without prejudice to any indemnity to which the person concerned may be otherwise entitled, the Company may indemnify every Director, alternate director, Secretary or other officer of the Company (excluding the auditors) against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or the exercise of his powers or otherwise in relation to or in connection with his duties, powers or office, including any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust in relation to anything done or omitted to be done or alleged to have been done or omitted to be done by him as a Director, alternate director, Secretary or other officer of the Company (excluding as an auditor).

143(b) The Directors may purchase and maintain at the cost of the Company insurance cover for or for the benefit of every Director, alternate director, Secretary or other officer of the Company (excluding the auditors) or of any associated company (as defined in the Companies Act 1985) against any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust by him in relation to the Company (or such associated company), including anything done or omitted to be done or alleged to have been done or omitted to be done by him as a Director, alternate director, Secretary or other officer of the Company (excluding as an auditor) or any associated company.

143(c) Subject to the provisions of, and so far as may be permitted by, the Companies Acts, the Company shall be entitled to fund the expenditure of every Director, alternate director or other officer of the Company (excluding the auditors) incurred or to be incurred:

(i) in defending any criminal or civil proceedings; or

(ii) in connection with any application under sections 144(3), 144(4) or 727 of the Companies Act.

By Order of the Board

A D Williamson
Secretary
29 December 2006

Registered Office:
Hartford Manor
Greenbank Lane
Northwich
Cheshire
CW8 1HW

Notes:

- 1 Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be a member of the Company) to attend and, on a poll, to vote instead of him or her. A Form of Proxy for use by members is enclosed. In order to be valid, the Form of Proxy and any power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, or an electronic proxy voting instruction, must reach the Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time of the Meeting or of any adjournment of the Meeting.
- 2 Alternatively, a member may register his or her proxy electronically on the Company's Registrars' website www.capitaregistrars.com. In order to use this service, shareholders will be required to enter their Investor Code which is printed on the Form of Proxy. Completion and return of the Form of Proxy or registering a proxy electronically will not preclude a member from attending and voting at the Meeting in person, if he or she wishes to do so.
- 3 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual. CREST personal members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST manual. All messages relating to the appointment of a proxy or an amendment to an instruction given to a previously appointed proxy must, in order to be valid, be transmitted to Capita IRG plc (ID RA10) by no later than 48 hours before the time of the meeting or adjournment thereof. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which Capita IRG plc is able to retrieve messages by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 4 Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company or the Company's Registrars, including the lodgement of an electronic proxy voting instruction, if found to contain any virus will not be accepted.
- 5 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001 the Company specifies that members who hold shares in uncertificated form must be entered on the Company's Register of Members at 2.30pm on 13 February 2007 in order to be entitled to attend and vote at the Annual General Meeting. Such members may only cast votes in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 2.30pm on 13 February 2007 will be disregarded in determining the rights of any person to attend and vote at the Meeting.
- 6 The following documents are available for inspection during normal business hours on each business day (Saturdays, Sundays and public holidays excepted) from the date of this Notice until the date of the Annual General Meeting at the Company's registered office and at the offices of Eversheds LLP, Senator House, 85 Queen Victoria Street, London EC4V 4JL and will also be available for inspection at The Lowry, Pier 8, Salford Quays, Manchester M50 3AZ from 2pm on the day of the Annual General Meeting until its conclusion:
 - 1) the Register of Directors' interests in the share capital of the Company;
 - 2) copies of the Executive Directors' service contracts;
 - 3) copies of all Non-executive Directors' letters of appointment; and
 - 4) copy of the proposed amended Articles of Association referred to in Resolution 13.