

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

24 December 2008

Dear Shareholder

2009 Annual General Meeting

I am pleased to invite you to attend and participate in the 2009 Annual General Meeting of the Company to be held at The Lowry, Pier 8, Salford Quays, Manchester M50 3AZ at 2.30pm on Tuesday 24 February 2009.

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 10 to 14 (inclusive). An explanation of all the resolutions to be put to the Annual General Meeting is set out on pages 2 to 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 Registrars, Proxies Department, PO Box 25, Beckenham, Kent, BR3 4BR as soon as possible, but in any event to arrive no later than 2.30pm on 22 February 2009. 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 your 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 22 February 2009.

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 blue ink that reads "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 2008, 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 2008 of 6.8p per ordinary share and Resolution 2 seeks shareholders' approval to the declaration of such dividend. If approved, the dividend will be payable on 7 May 2009 to shareholders on the register at the close of business on 3 April 2009.

Directors' Remuneration Report: Resolution 3

In accordance with section 439 of the Companies Act 2006, Resolution 3 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.

Re-election of Directors: Resolutions 4, 5, 6 and 7

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 (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.

Carl Michel and Steve Whitfield are retiring by rotation at the 2009 Annual General Meeting and, being eligible, are offering themselves for re-election. Chris Stephens and Neil Bright, who were appointed on 1 July 2008 and 27 November 2008 respectively, also retire in accordance with the Articles of Association and are offering themselves for reappointment.

Mr Michel (45) was appointed as Group Chief Executive in September 2005. Mr Michel has extensive experience in the travel industry having previously worked for British Airways and Opodo. He holds an MBA from Harvard Business School and earlier in his career worked for McKinsey & Co.

Mr Whitfield (50) 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.

Mr Stephens (60) was appointed as a Non-executive Director in July 2008, and is Chairman of the Board's Remuneration Committee and a member of the Board's Audit and Nomination Committees. Mr Stephens has held high level positions with a number of companies including DHL, Vivendi and Rentokil Initial plc and brings with him extensive strategic planning experience from a wide range of industries. Mr Stephens is senior independent non-executive director and chairman of the remuneration committee of WSP Group plc, a global engineering consultancy, listed on the London Stock Exchange.

Mr Bright (45) was appointed as a Non-executive Director in November 2008 and is a member of the Board's Remuneration and Nomination Committees. He will be Chairman of the Board's Audit Committee from 1 January 2009. Mr Bright is currently group finance director at HMV Group plc and is a chartered accountant. He has extensive experience in a consumer-facing and international business.

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 8 and 9

Resolution 8 proposes to reappoint Deloitte LLP as auditors to the Company and Resolution 9 authorises the Audit Committee to fix the auditors' remuneration.

Political Donations: Resolution 10

Resolution 10 is designed to deal with the rules on political donations contained in the Companies Act 2006 (the '2006 Act'). Under the rules, political donations to any political parties, independent election candidates or political organisations or the incurring of political expenditure are prohibited unless authorised by shareholders in advance. What constitutes a political donation, a political party, a political organisation or political expenditure is not easy to decide, as the legislation is capable of wide interpretation. Sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling public duties, and support for bodies representing the business community in policy review or reform, may fall within this. Therefore, notwithstanding that we have not made a political donation in the past, and we have no intention either now or in the future of making any political donation to any political party, political organisation or independent election candidate or incurring any political expenditure, the Board has decided to put forward this resolution. This will allow the Company to support the community and put forward its views to wider business and Government interests without running the risk of being in breach of the law. As permitted under the 2006 Act, the Resolution also covers any political donations made, or political expenditure incurred, by any subsidiaries of the Company. A cap of £100,000 has been placed on each of the categories authorised under this resolution.

Authority to allot shares: Resolution 11

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 11 seeks to renew for a further period, expiring at the conclusion of the 2010 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 16,285,700 ordinary shares of 5p each, with a nominal value of £814,285 representing not more than one-third of the issued ordinary share capital of the Company as at 27 November 2008. 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 12

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 2009 Annual General Meeting and, accordingly, Resolution 12 seeks to renew this authority on similar terms for a further period, expiring at the conclusion of the 2010 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 £122,140 (being not more than 5% of the issued ordinary share capital of the Company as at 27 November 2008). The Directors confirm that no more than 7.5% of the issued share capital will be utilised over any three-year period.

Purchase of Own Shares: Resolution 13

Resolution 13 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 2010 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 (4,885,700 ordinary shares of 5p each, representing not more than 10% of the Company's issued ordinary share capital as at 27 November 2008) 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 shares outstanding at 27 November 2008 was 1,504,413 representing 3.08% 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 3.42% of the issued share capital at that date.

Amendment to Articles of Association: Resolution 14

The Companies Act 2006 (the '2006 Act')

Certain provisions of the 2006 Act came into force on 6 April 2008 and 1 October 2008 respectively. This resolution provides for the following changes to be made to the Company's Articles of Association so as to update them for a number of these provisions of the 2006 Act.

With effect from 1 October 2008, section 175(1) of the 2006 Act provides that a director of a company must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company. Sections 175(4)(b) and 175(5)(b) of the 2006 Act further provide that this duty is not infringed if the matter giving rise to the conflict has been authorised by the directors, but that the directors of public companies

may only authorise such matters if allowed to do so by the company's constitution.

New articles 94(A) and 94(B) have been added to the Company's Articles of Association to reflect these provisions of the 2006 Act.

Article 94(A) provides that (save as provided in article 94(A), or by the terms of any authorisation given by the Directors under article 94(B)) a Director shall not vote as a Director in respect of any contract, transaction or arrangement (or proposed contract, transaction or arrangement or any other proposal) in which he has any interest which conflicts or may conflict with the interests of the Company.

Article 94(B) provides that, subject to certain provisos, the Directors may authorise a Director to be involved in a situation in which the Director has or may have a direct or indirect interest which conflicts or may conflict with the interests of the Company.

A new article 94(C) has also been added to provide that (for the purposes of the new article 94(A)) 'conflicts of interest' include conflicts of duty. Consequential amendments have also been made to articles 94(D) to 94(I) (inclusive), article 94(L) and article 94(M).

Section 281(2) of the 2006 Act provides that a resolution of the members of a public company must be passed at a meeting of members. This means the written resolution procedure previously available to public companies is now no longer available to the Company. Article 4(B) of the Company's Articles of Association has been deleted accordingly.

Section 771 of the 2006 Act requires the Directors, where they refuse to register a share transfer, to send notice of such refusal to the transferee "as soon as practicable". Article 36 of the Company's Articles of Association has been amended to reflect this obligation.

In addition to the changes summarised above, a number of minor and related consequential changes have been made to the Articles of Association. These include: (i) the amendment of article 129 to remove the reference to section 238(2) of the Companies Act 1985, which has been repealed without replacement; (ii) consequential changes made to give effect to the ICSA guidance referred to above; and (iii) changes made to certain references to provisions of the Companies Act 1985 which are now superseded by corresponding provisions of the 2006 Act.

Further provisions of the 2006 Act are due to come into force in the future, although these do not necessitate any changes to the Company's Articles of Association at this stage. The Company's Articles of Association may, however, need further updating in light of these provisions in due course.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2009 Annual General Meeting (the 'Meeting') of Holidaybreak plc (the 'Company') will be held at The Lowry, Pier 8, Salford Quays, Manchester M50 3AZ on Tuesday 24 February 2009 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 2008.
2. To declare a final dividend of 6.8p per ordinary share in respect of the year ended 30 September 2008.
3. To approve the Directors' Remuneration Report for the year ended 30 September 2008.
4. To re-elect Carl Michel as a Director.
5. To re-elect Steve Whitfield as a Director.
6. To reappoint Chris Stephens as a Director.
7. To reappoint Neil Bright as a Director.
8. To reappoint Deloitte 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.
9. 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 10 and 11, as ordinary resolutions and, as to Resolutions 12, 13 and 14, as special resolutions:

10. That, in accordance with Sections 366 and 367 of the Companies Act 2006 (the '2006 Act'), the Company and all companies that are subsidiaries of the Company at the time at which this Resolution is passed or at any time during the period for which this Resolution has effect are authorised to:
 - (i) make political donations to political parties or independent election candidates, as defined in Sections 363 and 364 of the 2006 Act, not exceeding £100,000 in total;
 - (ii) make political donations to political organisations other than political parties, as defined in Sections 363 and 364 of the 2006 Act, not exceeding £100,000 in total; and
 - (iii) incur political expenditure, as defined in Section 365 of the 2006 Act, not exceeding £100,000 in total,

during the period beginning with the date of the passing of this Resolution and ending at the conclusion of the Annual General Meeting to be held in 2009 or 15 months after the date of passing this resolution, whichever is earlier, provided that the authorised sum referred to in paragraphs (i), (ii) and (iii) above may be comprised of one or more amounts in different currencies which, for the purposes of calculating the said sum, shall be converted into pounds sterling at the exchange rate published in the London edition of the Financial Times on the day on which the relevant donation is made or expenditure incurred (or the first business day thereafter) or, if earlier, on the day on which the Company enters into any contract or undertaking in relation to the same.

Special Business (continued)

11. 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 £814,285, being not more than one third of the Company's issued ordinary share capital at 27 November 2008, provided that:
 - (i) such authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2010 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.
12. That, subject to the passing of Resolution 11, 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 11 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 £122,140, being not more than 5% of the issued share capital of the Company at 27 November 2008; 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 2010 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.

13. 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 4,885,700 (representing not more than 10% of the Company's issued ordinary share capital at 27 November 2008);
 - (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 2010 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.
14. That the amendments to the Articles of Association of the Company in the form produced to the meeting and, for the purposes of identification, initialled by the Chairman as described in the Notice of Annual General Meeting dated 24 December 2008 be approved.

By Order of the Board

Alexandra Williamson
Company Secretary
24 December 2008

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

Notes regarding the appointment of a proxy and voting can be found on page 6 of this document.

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, Proxies Department, PO Box 25, Beckenham, Kent, BR3 4BR not less than 48 hours before the time of the Meeting or of any adjournment of the Meeting. In accordance with Section 325 of the Companies Act 2006 (the '2006 Act'), the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the 2006 Act. Persons nominated to receive information rights under Section 146 of the 2006 Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149(2) of the 2006 Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
- 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.

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 22 February 2009 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 22 February 2009 will be disregarded in determining the rights of any person to attend and vote at the Meeting.
- 6 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 direction of all of the other corporate representatives for the shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (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 (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the Chairman is being appointed as described in (i) above.
- 7 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, 1 Wood Street, London EC2V 7WS 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) copies of the Executive Directors' service contracts;
 - 2) copies of all Non-executive Directors' letters of appointment; and
 - 3) copy of the proposed amended Articles of Association referred to in Resolution 14.