
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to consult immediately, if you are resident in Ireland, an organisation or firm authorised or exempted pursuant to the European Communities (Markets in Financial Instruments) Regulations (Nos 1 to 3) 2007 (as amended) of Ireland or the Investment Intermediaries Act 1995 of Ireland or, if you are resident in the United Kingdom, an organisation or firm authorised or exempted under the UK Financial Services and Markets Act 2000 (as amended).

If you sell or have sold or otherwise transferred all your ICG Units in Irish Continental Group plc ("ICG" or the "Company"), please send this document, and the accompanying documents at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



IRISH CONTINENTAL GROUP

IRISH CONTINENTAL GROUP PLC

PROPOSED CAPITAL REDUCTION

and

NOTICE OF EXTRAORDINARY GENERAL MEETING

This circular should be read as a whole. Your attention is drawn to the letter from John B. McGuckian, Chairman of ICG, which contains a unanimous recommendation from the Board that you vote in favour of the resolution to be proposed at the Extraordinary General Meeting ("EGM").

Notice of the EGM of ICG to be held at the Gibson Hotel, The Point Village, East Wall Road, Dublin 1 on Wednesday 30 May 2012 at 11.30am is set out at the end of this document.

An individualised Form of Proxy has been sent to each shareholder. Whether or not ICG Shareholders wish to attend the EGM, they are asked to complete the Form of Proxy in accordance with the instructions printed on the form and return it either by post or by hand as soon as possible but in any event so as to be received by ICG's Registrars, **Computershare Investor Services (Ireland) Limited, at P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, no later than 11.30am on Monday 28 May 2012.** Alternatively, you may appoint a proxy electronically by visiting www.eproxyappointment.com. You will need your shareholder reference number ("SRN"), PIN and Control Number all of which are printed on the individualised Form of Proxy to appoint a proxy electronically.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Circular are or may constitute forward-looking statements. Such forward looking statements involve risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Irish Continental Group or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are typically identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “would”, “should”, “intends”, “estimates”, “plans”, “assumes” or “anticipates” or the negative of such words or other variations on them or comparable terminology, or by discussions of strategy which involve risks and uncertainties. Such risks, uncertainties and other factors include, among others: general economic and business conditions, changes in technology, government policy, regulation, ability to attract and retain personnel and natural and man-made disasters. These forward-looking statements speak only as at the date of this Circular. Except as required by applicable law, the Listing Rules, the Market Abuse Regulations, Transparency Regulations, the Irish Stock Exchange, the London Stock Exchange or the UK Listing Authority or by any appropriate regulatory body, Irish Continental Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Irish Continental Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, all references in this Circular to “€”, “euro” or “cent” are to the lawful currency of participating member states of the European Union. The financial information presented in this Circular is in Euro millions rounded to one decimal place except where otherwise indicated. In addition, certain percentages presented in this Circular reflect calculations based upon underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

TIME

All references in this Circular to times are to Dublin, Ireland times, unless otherwise stated.

DEFINITIONS

Capitalised terms used in this Circular have the meaning ascribed to them in the section headed “Definitions” in this Circular.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of issue of this Circular	8 May 2012
Latest time and date for receipt of Forms of Proxy from Shareholders	11.30 a.m. on 28 May 2012
Extraordinary General Meeting	11.30 a.m. on 30 May 2012



IRISH CONTINENTAL GROUP

(incorporated and registered in Ireland under the Companies Acts with registered number 41043)

Directors:

John B. McGuckian (Chairman)
Eamonn Rothwell*
Garry O’Dea*
Anthony Kelly*
Peter Crowley
Bernard Somers
Catherine Duffy

Registered Office

Ferryport
Alexandra Road
Dublin 1
Ireland

Company Secretary

Thomas Corcoran

8 May 2012

* *Executive director*

Dear Shareholder,

Proposed Capital Reduction and Notice of Extraordinary General Meeting

1. Introduction

The purpose of this Circular is to provide you with details of your Board’s proposal to restructure the Company’s balance sheet by way of a capital reduction which, if approved by Shareholders and the Court, will cancel or partially cancel the Company’s share premium account in order to increase the Company’s distributable reserves.

A notice convening the EGM, at which the Capital Reduction Resolution will be proposed, is set out at the end of this Circular. The EGM will take place at 11.30 a.m. on 30 May 2012, immediately following the Company’s Annual General Meeting. If you would like to vote on the Capital Reduction Resolution but cannot attend the EGM, you can appoint a proxy to exercise all or any of your rights to attend, vote and speak at the EGM by using one of the methods set out in the notes to the Notice of the EGM.

2. Background to and Reasons for the Capital Reduction

The Board reviews the Group’s capital structure and balance sheet strength on a regular basis, having regard to the Group’s current circumstances and plans for the future. The Board believes that it is in the best interests of the Shareholders to enable the Company to have greater flexibility to execute corporate transactions including, if appropriate, a return of capital to Shareholders.

Under Irish company law, any dividends on the ICG Units must be funded from distributable reserves. In addition, any redemption or repurchase of ICG Units by the Company must be funded from either the distributable reserves of the Company or from the proceeds of a fresh issue of shares for that purpose. These requirements are independent of whether or not a company has sufficient cash to pay a dividend.

A summary of part of the Company's balance sheet as at 31 December 2011 is set out below, which shows that the Company had approximately €47 million of distributable reserves (in the form of retained earnings).

Account	As at 31 December 2011 (€M)
Called-up share capital	16.7
Share premium	52.7
Other reserves	3.5
Retained earnings	47.0
Total equity	119.9

On 8 March 2012, the directors of the Company announced that, subject to Shareholder approval at the Company's AGM, they intended to declare and pay a final dividend of €0.67 per ICG Unit in respect of the financial year ended 31 December 2011 (the Final Dividend). Assuming that the Final Dividend is approved by Shareholders, Irish Continental Group would thereafter be unable to make a distribution to Shareholders or undertake any redemption or repurchase of ICG Units in excess of €30.3 million, which will then be the total amount of the Company's retained earnings. As at 31 December 2011, the Company also had €52.7million in its share premium account but liabilities totaling €31.6 million.

In addition to the proposed Final Dividend, the Board believes that it is in the best interests of Shareholders to enable the Company to have greater flexibility to consider a return of additional capital to Shareholders (or the redemption or repurchase of ICG Units) in excess of the limits currently imposed by the Company's balance sheet.

Section 72 of the Companies Act 1963 enables a company, subject to shareholder approval and the approval of the Court, to create distributable reserves through the cancellation of amounts currently shown as non-distributable reserves in the Company's balance sheet. Consequently, the Board proposes to create additional distributable reserves in the Company's balance sheet through the Capital Reduction.

3. The Capital Reduction

As noted above, post the Final Dividend the Company expects to have distributable reserves of approximately €30.3 million, which can be increased by the reduction of part of the Company's non-distributable reserves in the Company's balance sheet. Under the Companies Act 1963, the Company's share premium account is a non-distributable reserve of the Company and the sums credited to the share premium account are not generally distributable to Shareholders.

As at 31 December 2011, the balance on the Company's share premium account stood at €52.7 million. The balance on the share premium account is attributable to the difference, or "premium", between the nominal value of the ICG Units issued by the Company and the price at which the ICG Units were issued.

Under the Capital Reduction, the Directors propose to seek the approval of Shareholders to the cancellation of up to €52.7million of the Company's non-distributable reserves.

Accordingly, a special resolution will be proposed at the EGM to seek the approval of Shareholders for the cancellation described above. The passing of the Capital Reduction Resolution will enable the Company to take the necessary steps following the EGM to seek the approval of the Court to the cancellation of up to €52.7 million of the Company's share premium account reserve (or such

lesser amount as is approved by the Court). If approved, the Capital Reduction Resolution will also give the Directors additional flexibility in relation to the implementation of the Capital Reduction as it will enable the Directors, on behalf of the Company, in the event of unforeseen circumstances, either to seek the approval of the Court for the cancellation of such lesser sum as the Directors may approve at their discretion or to determine not to seek the approval of the Court at all in pursuance of the Capital Reduction Resolution.

For illustrative purposes only, based on the balance sheet of the Company as at 31 December 2011, the effect of the Capital Reduction being effected at the maximum amount of up to €52.7 million would be as follows:

Account	As at 31 December 2011 (€M)	Pro forma after the Capital Reduction (€M)
Called-up share capital	16.7	16.7
Share premium	52.7	-
Other Reserves	3.5	3.5
Retained earnings	47.0	47.0
Reserve created on Completion	-	52.7
Total equity	119.9	119.9

Shareholders should note that the above illustration shows the pro forma effect as at 31 December 2011 of the Capital Reduction on the balance sheet of the Company only, takes no account of subsequent earnings, nor of the proposed Final Dividend, and will differ from the consolidated balance sheet of the Group. The Capital Reduction will not affect the reserve balances of any other entity within the Group other than the Company.

There will be no change in the number of ICG Units as a consequence of the Capital Reduction.

The Capital Reduction itself will not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company. The Capital Reduction will not give rise to any tax consequence for Shareholders.

4. Court Process

If approved by Shareholders, the Directors intend to seek the Court's confirmation of the Capital Reduction as soon as possible and in any event before the financial year end, although no guarantee can be given that the Court will confirm the Capital Reduction. In seeking this confirmation, the Court will need to be satisfied that the interests of creditors are not prejudiced by the Capital Reduction. In order for the Capital Reduction then to become effective, the Court order confirming the cancellation must be filed with the Registrar of Companies.

5. Shareholder Distribution Policy following the Capital Reduction

The reserve created by the Capital Reduction will be treated as a distributable reserve. Any future return of capital to Shareholders would be dependent on the Company having sufficient distributable reserves at the time, as distributions could only be paid from retained earnings and the distributable reserves created on Completion. Any such future distribution would also be dependent on future financial performance and subject to Board approval at the time.

6. Principal Risks and Uncertainties

The attention of Shareholders is drawn to the principal risks and uncertainties as set out on page 12 in the Group's annual report for the year ended 31 December 2011.

7. EGM

Set out in page 9 of this Circular is a notice convening an EGM, to be held at 11.30 a.m. on Wednesday, 30 May 2012 (immediately after the Company's AGM) at the Gibson Hotel, The Point Village, East Wall Road, Dublin 1. At the EGM the Capital Reduction Resolution will be proposed for the purpose of effecting, subject to confirmation by the Court, the Capital Reduction. The full text of the Capital Reduction Resolution, which will be proposed as a special resolution, is set out in the Notice of EGM, and Completion is conditional upon the passing of the Capital Reduction Resolution and confirmation by the Court.

The Capital Reduction Resolution will be decided on a show of hands, unless a poll is validly demanded in accordance with the Articles. On a show of hands, each Shareholder present in person and each proxy will have one vote (but no individual shall have more than one vote) and on a poll each Shareholder present in person or by proxy will have one vote for each ICG Unit held. The passing of the Capital Reduction Resolution requires the support of not less than 75% of the votes cast (whether in person or by proxy) in respect of the Capital Reduction Resolution.

8. Action to be taken

You will find enclosed a Form of Proxy for use at the EGM. Whether or not you intend to be present at the EGM 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 (Ireland) Limited at PO Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland as soon as possible and in any event so as to be received by no later than 11.30 a.m. on 28 May 2012. The completion and return of the Form of Proxy will not preclude you from attending the EGM and voting in person if you wish to do so.

9. Recommendation

The Board considers the Capital Reduction to be in the best interests of the Company and Shareholders as a whole and, accordingly, unanimously recommends that Shareholders vote in favour of the Capital Reduction Resolution to be proposed at the EGM.

The Board intends to vote in favour of the Capital Reduction Resolution in respect of their beneficial interests amounting, as at 4 May 2012, being the latest practicable date prior to the publication of this Circular, to an aggregate of 4,190,289 ICG Units, representing approximately 16.8%, of the existing issued share capital of the Company.

Yours faithfully



John B. McGuckian
Chairman

DEFINITIONS

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

“Act”	the Companies Act 1963 to 2009;
“Articles”	the articles of association of the Company;
“Board” or “Directors”	the directors of the Company, whose names are set out on page 3;
“Capital Reduction”	the proposed reduction of the Company’s share premium account;
“Capital Reduction Resolution”	the special resolution to approve the Capital Reduction to be proposed at the EGM, the full text of which is set out in the Notice of EGM at the end of this Circular;
“Circular”	this document;
the “Company”	Irish Continental Group plc;
“Completion”	completion of the Capital Reduction;
“Court”	the High Court of Ireland;
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 11.30 a.m. on 30 May 2012 or any adjournment thereof, as set out in the notice contained in this Circular;
“Final Dividend”	the proposed final dividend of €0.67 per ICG Unit which will be paid by the Company, subject to shareholder approval, for the financial year ended 31 December 2011;
“Form of Proxy”	the form of proxy accompanying this Circular for use by Shareholders at the Extraordinary General Meeting;
“Ireland”	Ireland excluding Northern Ireland and the word “Irish” shall be construed accordingly;
“ICG Unit” or “ICG Units”	units in the share capital of ICG (each such unit comprising one ordinary share of €0.65 and ten redeemable shares of 0.001 cent each);
“Irish Continental Group” or the “Group”	Irish Continental Group plc and its subsidiary undertakings;
“Irish Stock Exchange”	the Irish Stock Exchange Limited;
“Listing Rules”	the listing rules of the Irish Stock Exchange;
“London Stock Exchange”	the London Stock Exchange;
“Market Abuse Regulations”	the Market Abuse (Directive 2003/6/EC) Regulations 2005;
“Registrars”	Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland;

“Shareholder(s)”	the holder(s) of ICG Units;
“Transparency Regulations”	the Transparency (Directive 2004/109/EC) Regulations 2007;
“United Kingdom“ or “UK“	the United Kingdom of Great Britain and Northern Ireland; and
“UK Listing Authority“	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000.

IRISH CONTINENTAL GROUP PLC
NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of Irish Continental Group plc will be held at 11.30 a.m. on Wednesday 30 May 2012 at the Gibson Hotel, The Point Village, East Wall Road, Dublin 1, Ireland for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

“THAT:

1. subject to and with the consent of the High Court of Ireland in accordance with Section 74 of the Companies Act 1963, the share premium of the Company be reduced by cancelling some or all of the share premium of the Company (the final amount to be determined by the Directors in their discretion), the reserve resulting from such cancellation to be treated as profits available for distribution as defined by section 45 of the Companies (Amendment) Act 1983. The Directors of the Company be and they are authorised to determine, on behalf of the Company, to proceed to seek the approval of the High Court to a reduction of the share premium account of the Company for such amounts as the Directors of the Company may approve in their absolute discretion or to determine not to proceed to seek the approval of the High Court of Ireland at all pursuant to this Resolution.”

By Order of the Board
Thomas Corcoran
Secretary

Registered Office: Ferryport, Alexandra Road, Dublin 1.
Date: 8 May 2012

NOTES:

1. **Conditions for participating in the meeting**
Every member, irrespective of how many ICG Units they hold, has the right to attend, speak, ask questions and vote at the EGM. Completion of a form of proxy will not affect your right to attend, speak, ask questions and vote at the EGM in person. The right to participate in the EGM is subject to the registration of the shares on the Record Date (as hereafter defined).
2. **Record Date for EGM**
The Company, pursuant to Section 134A of the Companies Act 1963 and, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations 1996, specifies that only those shareholders registered in the register of members of the Company as at close of business on 28 May 2012 (“Record Date”) (or in the case of an adjournment as at close of business on the day which is two days before the time appointed for the holding of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at the time. Changes in the register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.
3. **Appointment of proxy**
If you cannot attend the EGM in person, you may appoint a proxy (or proxies) to attend, speak, ask questions and vote on your behalf. For this purpose an individualised Form of Proxy has been sent to each shareholder. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company. You may appoint the Chairman of the Company or another individual as your proxy. You may appoint a proxy by completing the Form of Proxy, making sure to sign and date the form at the bottom and return it in the pre-paid envelope provided. Forms of Proxy, to be valid, must reach the Registrars to the Company; Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland not later than 48 hours before the time appointed for the holding of the Meeting, being 11.30am on 28 May 2012. If you are appointing someone other than the Chairman as your proxy, then you must fill in the details of your representative at the meeting in the box located underneath the wording “I/We hereby appoint the Chairman of the EGM OR the following person” on the Form of Proxy.

Alternatively, you may appoint a proxy electronically, by visiting the website of the Company's Registrars at www.eproxyappointment.com. You will need your shareholder reference number ("SRN"), PIN and Control Number all of which are printed on the individualised Form of Proxy.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the EGM and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed 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 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. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare Investor Services (Ireland) Limited (ID3RA50) by 11.30am on 28 May 2012. 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 Computershare Investor Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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 CREST Regulations.

If you appoint the Chairman or another person as a proxy to vote on your behalf, please make sure to indicate how you wish your votes to be cast by ticking the relevant boxes on the Form of Proxy.

Completing and returning a form of proxy will not preclude you from attending and voting at the meeting should you so wish.

4. How to exercise your voting rights

As a shareholder, you have several ways to exercise your right to vote:

- 4.1 By attending the EGM in person;
- 4.2 By appointing the Chairman or another person as a proxy to vote on your behalf;
- 4.3 By appointing a proxy via the CREST System if you hold your shares in CREST.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members.

5. Tabling draft resolutions

Pursuant to Section 133B(1)(b) of the Company Act 1963, if you or a group of members hold at least 3% of the issued share capital of the Company, you or the group of members acting together have the right to table a draft resolution for inclusion in the agenda of the EGM subject to any contrary provision in company law.

In order to exercise this right, the text of the draft resolution and evidence of your shareholding must be received by post by the Company Secretary at Irish Continental Group plc, Ferryport, Alexandra Road, Dublin 1, Ireland or by email to info@icg.ie within sufficient time so that it may be dispatched by the Company within the minimum notice period required for the resolution by the Companies Act 1963. A resolution cannot be included in the EGM agenda unless it is received at either of these addresses by this deadline. Furthermore, members are reminded that there are provisions in company law which impose other conditions on the right of members to propose resolutions at the general meeting of a company.

6. Members' right to ask questions

Members have a right pursuant to Section 133C of the Companies Act 1963 to ask questions related to items on the EGM agenda and to have such questions answered by the Company subject to any reasonable measures the Company may take to ensure the identification of members. An answer is not required where: (i) to give an answer would interfere unduly with the preparation for the meeting or the confidentiality and business interests of the company, (ii) the answer has already been given on the Company's internet site in a question and answer forum, or (iii) it appears to the Chairman of the meeting that it is undesirable in the interests of good order of the meeting that the question be answered.

7. How to request/ inspect documentation relating to the meeting

The annual financial statements are contained in the Company's Annual Report which was published on 25 April 2012 and is available on the Company's website, www.icg.ie

Should you wish to be sent copies of documents relating to the meeting, you may request this by telephoning the Company's Registrars on +353 1 4475483 or by writing to the Company Secretary at the address set out above.