

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action to be taken, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your Ordinary 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 transmission to the purchaser or transferee.

Altitude Group PLC

(incorporated in England and Wales with registered number 05193579)

Disposal of Promotional Products Division

Notice of General Meeting

A notice of a General Meeting of the Company to be held at the offices of DWF LLP, 1 Scott Place, 2 Hardman Street, Manchester M3 3AA at 10.00 a.m. on 12 July 2011, is set out at the end of this document. Shareholders are requested to complete and return the enclosed Form of Proxy to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B6 3DA, as soon as possible, but in any event so as to arrive no later than 10.00 a.m. on 8 July 2011, whether or not they propose to be present at the General Meeting.

DEFINITIONS

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

“Act”	the Companies Act 2006
“Adproducts”	Adproducts.com Limited
“AIM”	the AIM Market of London Stock Exchange
“AIM Rules”	the rules published by London Stock Exchange from time to time governing the admission to and operation of AIM
“Company” or “Altitude”	Altitude Group PLC, a public limited company registered in England and Wales under registered number 05193579
“Consideration”	the consideration payable pursuant to the Sale and Purchase Agreement, details of which are set out in this document
“Directors” or “Board”	the existing directors of the Company
“Disposal”	the proposed disposal of the Promotional Products Division
“Dowlis”	Dowlis Corporate Solutions (UK) Limited
“Form of Proxy”	the form of proxy attached to this document
“GM” or “General Meeting”	the general meeting of the Company to be held at 10.00 a.m. on 12 July 2011, or any adjournment to that meeting
“London Stock Exchange”	London Stock Exchange plc
“Merchant Securities”	Merchant Securities Limited, the Company’s Nominated Adviser and Broker
“Notice”	the notice of GM which forms part of this document
“Options”	options to subscribe for Ordinary Shares
“Ordinary Shares”	ordinary shares of 0.1 pence each in the capital of the Company
“Promotional Products Division”	Dowlis and Adproducts, and their subsidiary companies, Promotional Gifts Limited (which trades as Non Stop Promotions) and Ross Promotional Limited, and their subsidiary companies
“Purchaser” or “Stridage”	Stridage Holdings Limited, a private limited company registered in England and Wales under registered number 07664370
“Resolution”	the ordinary resolution set out in the notice convening the GM
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 23 June 2011 between the Company and the Purchaser
“Shareholders”	holders of Ordinary Shares

Altitude Group PLC

(incorporated in England and Wales with number 05193579)

Directors:

Colin Cooke (*Non-Executive Chairman*)
Martin Varley (*Chief Executive*)
Viv Blumfield (*Partnerships Director*)
David Smith (*Finance Director*)
David Dannhauser (*Non-Executive Director*)

Registered office:

Altitude Group PLC
2-4 Cobb House
Oyster Lane
Byfleet
Surrey KT14 7HQ

23 June 2011

To the holders of Ordinary Shares and for information only, to holders of Options

Dear Shareholder,

Introduction

The Company announced today that it had entered into the Sale and Purchase Agreement to dispose of its Promotional Products Division (“PPD”) to Stridage, which is a new company established to effect the purchase and whose owners include certain members of the management teams of the PPD businesses. The Consideration for the PPD is £6.27 million (subject to a net asset adjustment at completion).

Further details of the Disposal and the terms of the Sale and Purchase Agreement, including details of the Consideration, are set out below under the heading “Principal Terms of the Disposal”.

As, *inter alia*, the PPD accounted for approximately 84 per cent. of the Group’s revenues in the year ended 31 December 2010, the Disposal constitutes a fundamental change of business under Rule 15 of the AIM Rules and is therefore conditional on the approval of shareholders. Accordingly, the necessary resolution will be put to Shareholders during a general meeting of the Company which has been convened for 11 July 2011, notice of which is set out at the end of this document. In addition, as the Disposal is to a company part owned by Stuart Ross, who is a director of a subsidiary of the Group, it also constitutes a related party transaction under the AIM Rules.

The principal purpose of this document is to give you the reasons for, and details of, the Disposal, to explain why the Directors consider that it is in the best interests of the Company and its Shareholders as a whole, and to recommend that you vote in favour of the Resolution.

Principal Terms of the Disposal

Pursuant to the Sale and Purchase Agreement between the Company and Stridage, Stridage has conditionally, *inter alia*, on shareholder approval of the Disposal, agreed to acquire Dowlis and Adproducts. The shareholders of Stridage are Stuart Ross, David Lynn and George Goodfellow, who are members of the senior management of these companies, and Richard Sowerby.

The Consideration under the Sale and Purchase Agreement is £6,268,395 (subject to a net asset adjustment at completion), payable as follows:

- Cash consideration of £721,043 (subject to a net asset adjustment at completion) of which £621,043 is payable at completion and the balance is payable on the second Business Day after the date on which the value of the completion net asset value is agreed or deemed agreed;
- Repayment of amounts due to the Company from Dowlis and Adproducts which are in aggregate £1,547,352, payable at completion; and

- The issue of secured 2016 Loan Notes, of £4,000,000 (annual interest of the higher of 8 per cent. and 2 per cent. above base rate, payable monthly). The Loan Notes are subordinated to the senior debt provider of the Purchaser.

The Sale and Purchase Agreement includes customary warranties and indemnities.

Reasons for the Disposal

Altitude has two related divisions: the Promotional Products Division (“PPD”) and the Information and Technology Division (“ITD”).

The PPD is one of the UK’s leading collectives of suppliers and distributors of promotional merchandise to corporate and trade customers. The PPD reflects the Group’s origins and has historically accounted for the bulk of its revenues and profits.

The PPD has grown both organically and by acquisition. Lower revenues in the period between 2007 and 2009 were as a result of a reduction in spending by key customers particularly in the automotive and banking sectors. The management team in the PPD have since returned the division to growth and have significantly improved profitability.

The ITD began some years ago when the Company saw an opportunity to develop a fully integrated eCommerce, CRM and ERP technology solution which would provide innovative software to suppliers and distributors operating in the promotional merchandise industry and, in particular, deliver a complete front end package enabling distributors to start and run their own promotional products business.

The promotional products industry operates in a highly structured way. It is unusual for providers of services, such as technology, to distributors or suppliers in that industry to, in effect, be in competition with their customers through operating themselves as distributors or suppliers. The Board believes that by focussing on the ITD, it will maximise the opportunities for the ITD on a global basis, and that a structure free of potential conflict with customers will be more likely to deliver long term growth.

It has taken a number of years for the ITD to fully develop the software and customer interface; originally server-based, the software is now also offered as a SaaS Model (Software as a Service). It provides a single integrated software solution, which enables promotional products distributors to provide quotations and virtual samples to potential customers, process and track orders from start to finish, provides instant reporting ability and helps with account management. The integrated product data suite provides users with immediate access to the best promotional products merchandise suppliers in the industry. In addition, the software provides accounting services and ancillary support functions.

The Information and Technology Division

The product, which is well established in the UK, trades under the brand names of Trade Only and PromoServe. The Group began exploring the opportunity for expansion into the US in 2008, a market which currently contains over 21,000 distributors and 3,500 suppliers. In November 2010 the Group agreed to terms with a Boston-based organisation, iPROMOTEu, whereby iPROMOTEu would implement Trade Only’s software to its affiliates, of which there are almost 600. The Trade Only VISION software, as it is now known in the USA, was officially launched in January 2011 at the PPAI (Promotional Products Association International) Expo in Las Vegas with an encouraging response.

For the standard end-to-end solution, independent distributors pay a monthly fee of between \$99 and \$199 per month, dependent on the number of users and functionality. This gives good revenue visibility and customer “stickiness” as customers for integrated order management solutions will tend to be loyal over a long period of time, a trend that has been recognised by the Directors in the Group’s UK business. Since entering the US market, the Trade Only team has attended various trade shows around the US including PPAI and Promotions East.

In view of the size of the market opportunity and the positive feedback already received from potential customers in the US, the Board and senior management have increasingly focused their efforts on the ITD.

Furthermore, given the management and financial resources available to the Group, the much higher growth potential and returns available from this Division, and the possibility of a perceived conflict between the PPD and the ITD, the Board took the view earlier this year that a split of the businesses should be considered. Accordingly, the Company informally solicited offers for the PPD. Certain members of the management teams of these businesses indicated an interest in acquiring them at a price which, in the view of the Board, is attractive from the perspective of the Group and its shareholders.

In the year ended 31 December 2010, the PPD had sales of £15.6 million, pre-exceptionals operating profit of £0.9 million, and a post-exceptionals operating profit of £0.6 million. The average number of PPD employees in the year ended 31 December 2010 was 103. As at 31 December 2010 the value of the net assets being sold was £4.7 million.

In the same period, the ITD had sales of £2.9 million, on which it made an operating profit (before exceptionals) of £0.7 million. The average number of ITD employees in the same period was 24.

The Disposal will realise approximately £2.2 million of cash for the Group and, in due course, £4 million from the repayment of the Loan Notes. The proceeds of the Disposal will enable the Group to invest in and thus accelerate, the development of the ITD, particularly in the USA.

Related Party Transaction

Under the AIM Rules, as the Disposal is to a company part-owned by Stuart Ross, who is a director of a Group subsidiary, it constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules. The Directors, having consulted with Merchant Securities, consider the terms of the Disposal to be fair and reasonable insofar as the Shareholders are concerned.

Action to be taken

The attached notice of the GM, to be held at 10.00 a.m. on 11 July 2011 at the offices of DWF LLP, 1 Scott Place, 2 Hardman Street, Manchester M3 3AA, sets out the Resolution.

A form of proxy for use at the GM is enclosed. Whether or not you propose to attend the GM, you are requested to complete the form in accordance with the instructions printed thereon and return it to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen. West Midlands B6 3DA as soon as possible, but in any event, to arrive not later than 10.00 a.m. on 8 July 2011.

The return of the form of proxy will not prevent you from attending the GM and voting in person if you so wish.

RECOMMENDATION

The Directors unanimously recommend Shareholders to vote in favour of the Resolution as they intend to do in respect of their aggregate holdings of 11,585,559 Ordinary Shares, representing 28.0 per cent. of the issued share capital of the Company. In addition, the Company has received an irrevocable undertaking from Keith Willis, a former director of the Company, to vote in favour of the Resolution in respect of his direct and indirect holdings of 9,940,275 Ordinary Shares, representing 23.7 per cent. of the issued share capital of the Company.

Yours faithfully

Colin Cooke
Chairman

PART II – ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors accept responsibility for the information contained in this document. The Directors accept responsibility for the information contained in this document. To the best of the knowledge and belief of all 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 effect the import of such information.

2. CONSENT

Merchant Securities has given and not withdrawn its written consent to the inclusion of its name in the form and context in which it is included in this document.

Altitude PLC

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Altitude Group PLC (“the Company”) will be held at 10.00 a.m. on 12 July 2011 at the offices of DWF LLP, 1 Scott Place, 2 Hardman Street, Manchester M3 3AA to consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

THAT the disposal (“the Disposal”) by the Company of the entire issued share capitals of Adproducts.com Limited and Dowlis Corporate Solutions (UK) Limited on the terms and subject to the conditions set out in the agreement dated 23 June 2011 (“the Sale and Purchase Agreement”) between (1) the Company and (2) Stridage Limited and related documentation to be entered into pursuant to the Sale and Purchase Agreement, be and are hereby approved with such minor amendments as the Directors may approve, and the Directors or any duly authorised committee of the Directors be hereby authorised to take all steps necessary or desirable to complete the Disposal.

BY ORDER OF THE BOARD

David Smith
23 June 2011

Registered Office:

Altitude Group PLC
2-4 Cobb House
Oyster Lane
Byfleet
Surrey KT14 7HQ

Notes

- (a) 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 other joint holders. For this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.
- (b) A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint one or more proxies. A proxy need not be a member of the Company but must attend the meeting in person. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be enclosed with the proxy form.
- (c) A Form of Proxy is enclosed with this notice for members who are unable to attend the meeting. Instructions for use are shown on the form. Lodging a Form of Proxy will not prevent the shareholder from attending and voting in person (in substitution for their proxy) at the meeting or any adjournment thereof.

In order to revoke a proxy appointment, a member must sign and date a notice clearly stating his intention to revoke his proxy appointment and deposit it at the office of the Company’s registrar, Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B6 3DA by 10.00 a.m. on 8 July 2011.

- (d) To be valid, the Form of Proxy (together with any power of attorney or authority under which it is signed, or a notarially certified copy of such power of authority) must be received by post, or during normal business hours, by hand at the offices of the Company’s registrar, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen. West Midlands B6 3DA, by 10.00 a.m. on 8 July 2011. CREST members should use the CREST electronic proxy appointment and refer to note (e) below in relation to the submission of a proxy appointment via CREST. The CREST electronic proxy appointment must be received by the latest time for receipt of proxy appointments specified above.
- (e) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment services should use ID 7RA11 and may do so for the meetings to be held on the above date 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 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. 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 the Company's agent (Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B6 3DA) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to the time (as determined by the timestamp applied to the message by the CREST applications host) from which the Company's agent is able to retrieve the message 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.

- (f) Any amendments you make to the Form of Proxy must be initialled by you.
- (g) The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that entitlement to attend and vote at the GM or any adjournment thereof and the number of votes which may be cast thereat will be determined by reference to the register of the Company at 6.00 p.m. on the date two days before the date set for the meeting or any adjourned meeting (excluding non-working days). Changes to the register after 6.00 p.m. on 8 July 2011, or if the GM is adjourned, 6.00 p.m. on the date two days before the time appointed for the adjourned meeting (excluding non-working days) will be disregarded in determining the rights of any person to attend or vote at the GM.
- (h) Any capitalised terms used but not defined in this notice of General Meeting are as defined in the document of which this notice forms part.
- (i) If you are a Shareholder of the Company, you may appoint a proxy to attend and vote at the GM instead of you and may appoint more than one proxy to attend on the same occasion. You may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you. All forms must be signed and should be returned to Capita Registrars in the same envelope. The following principles shall apply in relation to the appointment of multiple proxies.
 - (i) The Company will give effect to the intentions of Shareholders and include votes wherever and to the fullest extent possible.
 - (ii) Where a proxy does not state the number of shares to which it applies (a "blank proxy") then, subject to the following principles where more than one proxy is appointed, that proxy is deemed to have been appointed in relation to the total number of shares registered in the name of the appointing Shareholder (the "Shareholder's entire holding"). In the event of a conflict between a blank proxy and a proxy which does state the number of shares to which it applies (a "specific proxy"), the specific proxy shall be counted first, regardless of the time it was sent or received (on the basis that as far as possible, the conflicting forms of proxy should be judged to be in respect of different shares) and remaining shares will be apportioned to the blank proxy (pro rata if there is more than one).
 - (iii) Where there is more than one proxy appointed and the total number of shares in respect of which proxies are appointed is no greater than the Shareholder's entire holding, it is assumed that proxies are appointed in relation to different shares, rather than that conflicting appointments have been made in relation to the same shares. That is, there is only assumed to be a conflict where the aggregate number of shares in respect of which proxies have been appointed exceeds the Shareholder's entire holding.
 - (iv) When considering conflicting proxies, later proxies will prevail over earlier proxies, and which proxy is later will be determined on the basis of which proxy is last sent (or, if the Company is unable to determine which is last sent, last received). Proxies in the same envelope will be treated as sent and received at the same time, to minimise the number of conflicting proxies.
 - (v) If conflicting proxies are sent or received at the same time in respect of (or deemed to be in respect of) an entire holding, none of them shall be treated as valid.
 - (vi) Where the aggregate number of shares in respect of which proxies are appointed exceeds a Shareholder's entire holding and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the number of votes attributed to each proxy will be reduced pro rata.

- (vii) Where the application of paragraph (vi) above gives rise to fractions of shares, such fractions will be rounded down.
- (viii) If a Shareholder appoints a proxy or proxies and then decides to attend the GM in person and vote, on a poll, using his poll card, then the vote in person will override the proxy vote(s). If the vote in person is in respect of the Shareholder's entire holding then all proxy votes will be disregarded. If, however, the Shareholder votes at the meeting in respect of less than the Shareholder's entire holding, then if the Shareholder indicates on his polling card that all proxies are to be disregarded, that shall be the case; but if the Shareholder does not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding the Shareholder's entire holding.
- (ix) In relation to paragraph (viii) above, in the event that a Shareholder does not specifically revoke proxies, it will not be possible for the Company to determine the intentions of the Shareholder in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.
- (x) In order to facilitate voting by corporate representatives at the general meeting, arrangements will be put in place at the meeting so that:
 - (a) 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
 - (b) 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 representation letter if the chairman is being appointed as described in (i) above.

