

C H Bailey plc

("C.H Bailey" or the "Company")

Proposed Capital Reorganisation

And

Notice of Extraordinary General Meeting

The Independent Directors of C. H. Bailey, Plc ("C.H. Bailey" or the "Company") have today announced a proposal for the reorganisation of the share capital of the Company.

The Company currently has in issue 8,335,413 Existing Ordinary Shares of 10 pence each which, as at the date of this announcement, are held by approximately 1,580 shareholders. Such a wide shareholder base places an administrative and cost burden on the Company which is disproportionate for a company with a market capitalisation such as that of C. H. Bailey.

The Independent Directors consider that it is in the best interests of the Company's long term development as a public quoted company to have a more manageable number of shareholders. The Restructuring Proposals will reduce the number of Shareholders, hence achieving costs savings for the Company, whilst at the same time returning value, free from transaction costs, to holders of small numbers of Existing Ordinary Shares.

The Restructuring Proposals are subject to Shareholders' approval at an Extraordinary General Meeting of the Company which is to be held on at 11 a.m. on 20 January 2012.

A Circular which will set out full details of the Restructuring Proposals is expected to be sent to Shareholders on or around 19 December 2011. A copy of the Circular will also be available from the Company's registered office or on the Company website: www.chbaileypic.co.uk.

Background and Reasons for the Restructuring Proposals

The Company has in issue 8,335,413 Existing Ordinary Shares of 10 pence each. Since April 2006, the Existing Ordinary Shares have been admitted to trading on AIM having been listed on the Official List of the London Stock Exchange for many years prior to that date.

The Independent Directors consider that the Restructuring, the effect of which will be to reduce the number of shareholders, is desirable for the following reasons:

- 1: It is costly and administratively difficult for the Company to have to manage the current Shareholder list of approximately 1,580. The Company is obliged to appoint Registrars and incurs significant printing and posting costs whenever documents are sent to Shareholders.
- 2: Out of approximately 1,580 Shareholders, there are approximately 1,510 Shareholders who hold, in aggregate, just 8.85% of the Existing Ordinary Shares.
- 3: Out of approximately 1,580 shareholders, at the last annual general meeting only 6 Shareholders attended in person (4 of whom were the directors of the Company) and only 115 sent in forms of proxy.
- 4: To date in 2011 there have been 102 trades in the Company's shares; in 2010 there were only 32 trades in the Company's shares and in 2009 only 60 trades.
- 5: The Restructuring will provide holders of small numbers of Existing Ordinary Shares with the opportunity to receive a cash sum for their Existing Ordinary Shares without their having to incur the disproportionate dealing and administration costs relating to a sale.

The Proposal

The Independent Directors propose to address the issues above through the Restructuring Proposals, which are as follows:

- 1: Existing Ordinary Shares will be consolidated into Consolidated Shares on the basis that every 5,000 Existing Ordinary Shares shall become 1 Consolidated Share; and
- 2: all of the resulting Consolidated Shares will then be Subdivided into New Ordinary Shares.

It is proposed that the minimum threshold for entitlement to receive Consolidated Shares should be 5,000 Existing Ordinary Shares. As a consequence, if a Shareholder holds less than 5,000 Existing Ordinary Shares at the Record Date, he or she will not receive any Consolidated Shares but will be entitled to a fractional entitlement to a Consolidated Share which will be aggregated with other such fractional entitlements and sold on his or her behalf. The Company has made arrangements to ensure that the fractional entitlements to Consolidated Shares are sold and that the sale costs are kept as low as possible and these arrangements are set out below.

The Restructuring Proposals require the passing of various resolutions at the Extraordinary General Meeting. A notice convening that meeting will be set out in the Circular. The meeting is to be convened for 11 a.m. on 20 January 2012 and, if the necessary resolutions are passed, the Restructuring Proposals will become effective immediately following close of business on that date.

Application is being made to AIM for the New Ordinary Shares to be admitted to trading on 23 January 2012.

Fractional entitlements to Consolidated Shares

The Independent Directors propose that fractional entitlements to Consolidated Shares are dealt with in the following way:

- (a) If a Shareholder holds less than 5,000 Existing Ordinary Shares at the time the proposed Consolidation takes effect, he or she will not receive any Consolidated Shares but will be entitled to a fractional entitlement to a Consolidated Share, which will be aggregated with other such fractional entitlements and sold on his or her behalf.
- (b) With a view to ensuring the sale of all such fractional entitlements, the Company itself shall, subject to the passing of the special resolution authorising such purchase at the Extraordinary General Meeting, purchase all of the Consolidated Shares arising from such fractional entitlements using distributable reserves and shall hold the Consolidated Shares in treasury.
- (c) Resolution number 2 to be proposed at the Extraordinary General Meeting seeks authority to allow the Company to buy the Consolidated Shares arising from the fractional entitlements referred to in above. A copy of the draft contract for the purchase of these Consolidated Shares has been prepared and will be available for inspection at the Company's registered office from 3 January 2012. It will also be available for inspection at the Extraordinary General Meeting.
- (d) The price per Consolidated Share payable by the Company in relation to the purchase of the fractional entitlements will be £1.32 per Consolidated Share. This amount has been derived by reference to the market price per Existing Ordinary Share as at close of business on 15 December 2011, being the latest practicable date for determining the market price prior to the date of the posting of the Circular.
- (e) The proceeds from the sale of the fractional entitlements of Consolidated Shares shall be distributed pro rata amongst the relevant Shareholders save that where a Shareholder is entitled to an amount which is less than £3, then the amount will not be distributed to such a Shareholder but will be retained by the Company for its benefit.

- (f) If a Shareholder holds more than 5,000 Existing Ordinary Shares at the time the proposed Consolidation takes effect, then unless his or her shareholding is exactly divisible by 5,000 he or she will be left with a whole number of Consolidated Shares together with a fractional entitlement to a Consolidated Share. It is proposed that any such Shareholder may retain such a fractional entitlement to the extent that it results, following the Subdivision, in a whole number of New Ordinary Shares.

Share Subdivision

The Directors believe that the Consolidation would lead to an excessively high price for each Consolidated Share and that this would adversely impact liquidity and the ability of investors to trade in Consolidated Shares on AIM. They therefore propose that each Consolidated Share will be subdivided into 5,000 New Ordinary Shares of 10 pence each. The Record Date for the Subdivision will be the same as for the Consolidation.

Related Party

Mr C H Bailey is a director and currently holds approximately 64% of the issued Existing Ordinary Shares. Mrs S A Bailey is a director and currently holds approximately 2.57% of the issued Existing Ordinary Shares. For the purposes of these Restructuring Proposals, Mr C H Bailey and Mrs S A Bailey are deemed to be related parties and consequently interested in them. It has therefore been decided that Mr C H Bailey and Mrs S A Bailey should not make any recommendation in relation to the Restructuring Proposals.

The Independent Directors, who have been advised by Arden Partners plc, consider that the Restructuring Proposals are fair and reasonable and are in the best interests of the Company and its Shareholders as a whole.

Extraordinary General Meeting

The Restructuring Proposals must be approved by an Extraordinary General Meeting of the Company. The resolutions proposed at the meeting require the affirmative vote, by hand or on a poll, of not less than 75% of the persons attending, in person or by proxy, and entitled to vote at the meeting.

Expected timetable of principal events

Latest time and date for receipt of the Forms of Proxy	11a.m. 18 January 2012
Extraordinary General Meeting	11a.m. 20 January 2012
Record Date	20 January 2012
Share Consolidation	Immediately following close of business on 20 January 2012
Latest time and date for dealings in Existing Ordinary Shares	*4.30 p.m. 20 January 2012
Commencement for dealings in New Ordinary Shares	23 January 2012
CREST accounts credited with New Ordinary Shares	23 January 2012
Payment (where applicable) for fractional entitlements	26 January 2012
Dispatch of definitive certificates for New Ordinary Shares (in certificated form)	26 January 2012

* All transfers must be settled by this date to qualify for the Consolidation.

DEFINITIONS

"AIM"	a market operated by the London Stock Exchange
"Circular"	the document setting out full details of the Restructuring Proposals which is expected to be sent to Shareholders on or around 19 December 2011.
"Company" or "C. H. Bailey"	C. H. Bailey, Plc (registered under company number 190106)
"Consolidated Shares"	the ordinary shares of £500.00 each in the Company to be created following the consolidation and conversion of the Existing Ordinary Shares
"Extraordinary General Meeting"	the extraordinary general meeting of the Company to be held at Phyllis Court Club, Marlow Road, Henley on Thames, Oxfordshire, RG9 2HT on 20 January 2012 at 11 a.m., notice of which will be set out in the Circular
"Existing Ordinary Shares"	the ordinary shares of 10 pence each in the capital of the Company
"Independent Directors"	the directors of the Company whose names will be set out on page 7 of the Circular other than Mr C H Bailey and Mrs S A Bailey
"London Stock Exchange"	London Stock Exchange plc
"New Ordinary Shares"	the ordinary shares of 10 pence each in the Company to be created following the subdivision of the Consolidated Shares
"Record Date"	close of business on 20 January 2012
"Restructuring"	the Consolidation and the Subdivision
"Restructuring Proposals"	the proposals set out in the Circular for the consolidation of the Existing Ordinary Shares into Consolidated Shares and the subdivision of Consolidated Shares into New Ordinary Shares
"Shareholder(s)"	the holders of the Existing Ordinary Shares on the register of members of the Company on the Record Date
"Subdivision"	the sub-division of each Consolidated Share into 5,000 New Ordinary Shares

Further information:

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