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If you have sold or otherwise transferred all of your shares in DX (Group) plc (“**DX**” or the “**Company**”) please send this document, together with the accompanying Form of Proxy, 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. If you have sold or transferred part only of your holding in shares in DX you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.



DX (GROUP) PLC

(Incorporated in England and Wales with Registered No. 08696699)

Proposed Capital Reduction

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of the Company set out in Part I of this document which recommends that you vote in favour of the Resolution to be proposed at the General Meeting referred to below. The Capital Reduction is conditional, *inter alia*, upon the approval of Shareholders at the General Meeting.

Notice of a General Meeting of DX to be held at 10:00 a.m. on 24 March 2016 at DX House, Ridgeway, Iver, Buckinghamshire, England SL0 9JQ is set out at the end of this document. The Form of Proxy for use in relation to the General Meeting is enclosed. Whether or not you propose to attend the General Meeting you are requested to complete the Form of Proxy in accordance with the instructions printed thereon and return it to the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible but in any event, to be valid, it must be completed and returned so as to arrive not later than 10:00 a.m. on 22 March 2016.

A summary of the action to be taken by Shareholders is set out on page 7 and in the Notice of General Meeting set out at the end of this document. The return of one or more completed Forms of Proxy will not prevent you from attending the General Meeting and voting in person if you wish to do so (and are so entitled).

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EXPECTED TIMETABLE

Last time and date of receipt of Form of Proxy	10:00 a.m. on 22 March 2016
General Meeting	10:00 a.m. on 24 March 2016
Court Hearing to confirm the Capital Reduction	10:30 a.m. on 20 April 2016
Registration of Court Order and Effective Date of Capital Reduction	20 April 2016

Notes

These dates (except for the receipt of Forms of Proxy and of the General Meeting) are estimates only, being subject to agreement of hearing dates with the Court. The timetable assumes that the General Meeting will not be adjourned as a result of there being no quorum, or for any other reason. If there is an adjournment, all subsequent dates are likely to be later than shown. Any changes will be notified to Shareholders by an announcement to a Regulatory Information Service.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

The following definitions apply throughout this document unless the context requires otherwise (in addition to the terms defined in the text):

Acquisition	the acquisition by the Company of DX Holdings Limited and DX Secure Mail Limited from DX Finance Limited on 20 February 2014
Act	the Companies Act 2006 (as amended)
Admission	the admission to trading on AIM of the Company's Ordinary Shares, effective 27 February 2014
Admission Document	the Company's AIM admission document dated 21 February 2014
AIM	the market of that name operated by the London Stock Exchange
Board	the board of Directors of the Company
Capita	Capita Asset Services, registrars to the Company
Capital Reduction	the proposed cancellation of the Company's share premium account by £181,400,000 and creation of a distributable reserve arriving from such cancellation
Company or DX	DX (Group) plc, a company incorporated in England and Wales under the Act with company number 8696699
Court	the High Court of Justice of England and Wales
Directors	the directors of the Company, whose names are set out on page 5 of this document
FCA	Financial Conduct Authority
Form of Proxy	the enclosed form of proxy for use by Shareholders in connection with the General Meeting
FSMA	the Financial Services and Markets Act 2000 (as amended)
General Meeting	the general meeting of the Company for which the notice is set out at the end of this document, or any reconvened meeting following adjournment thereof
Group	the Company and/or all or any of its Subsidiaries
Ordinary Shares	ordinary shares of £0.01 each in the capital of the Company
Resolution	the special resolution to be put to the General Meeting as set out in the notice of General Meeting at the end of this document
Shareholder	a holder of Ordinary Shares of the Company
Subsidiaries	the Company's subsidiaries
United Kingdom or UK	United Kingdom of Great Britain and Northern Ireland
£ and p	pounds Sterling and pence Sterling respectively

All references in this document to laws and regulations are to English laws and regulations, unless otherwise stated, or as the context otherwise requires.

PART I

CHAIRMAN'S LETTER



DX (GROUP) PLC

(Incorporated in England and Wales with Registered No. 08696699)

DX House, Ridgeway, Iver, Buckinghamshire, England SL0 9JQ

Directors:

Bob Holt	Non-Executive Chairman
Petar Cvetkovic	Chief Executive Officer
Ian Pain	Chief Financial Officer
Paul Murray	Non-Executive Director

29 February 2016

Dear Shareholder

Proposed Capital Reduction

1. Introduction

As announced today, the Company is proposing to cancel the amount standing to the Company's share premium account (the "**Capital Reduction**") in order to create distributable reserves to support the payment of future dividends by the Company.

The purpose of this document is to provide you with information about the background to, and the reasons for, the Capital Reduction, to explain why the Board considers the Capital Reduction to be in the best interests of the Company and its Shareholders as a whole and why the Board unanimously recommends that you vote in favour of the Resolution to be proposed at the General Meeting, notice of which is set out at the end of this document. Shareholders should note that unless the Resolution is passed at the General Meeting (and the Court approves the Capital Reduction) the Capital Reduction will not take place.

2. Background to and reasons for the Capital Reduction

The shares of the Company were admitted to the London Stock Exchange's AIM market on 27 February 2014. Prior to Admission, the Acquisition created a significant goodwill balance of £188.4 million as reported in the Company's consolidated accounts for the years ended 30 June 2014 and 30 June 2015.

As announced today in connection with the publication of the Company's consolidated interim results for the six months ended 31 December 2015, and against the backdrop of challenging industry conditions and the decline in profit, the Company has conducted an impairment review of this goodwill. On completion of this review, the carrying value of goodwill has been revised to £100 million and, accordingly, a goodwill impairment of approximately £88.4 million has been recognised in the interim accounts.

Following the above revision to the carrying value, the Company's distributable reserves will be in deficit to the amount of approximately £100.3 million.

When the Company issued new shares for the purposes of the Admission, it did so at a significant premium to the nominal value of the Ordinary Shares. This share premium comprises a non-

distributable reserve for the purposes of the Act which as at 31 December 2015 had a balance of £181.4 million.

The Company is not permitted to pay any dividends unless it has distributable reserves. The share premium account only has limited applications and, accordingly, the Company is proposing to cancel in full the sum standing to the amount of the share premium account in order to create distributable reserves, which will enable the Company to make dividend payments to Shareholders consistent with the Company's dividend policy as set out in the Admission Document. On completion of the Capital Reduction, the Company's share premium account will be reduced to nil and the amount of distributable reserves will be approximately £81.1 million.

3. The Capital Reduction

Pursuant to section 641(1)(b) of the Act, a company may, with the sanction of a special resolution and the confirmation of the Court, reduce or cancel its existing share capital (including by way of the reduction or cancellation of its share premium account).

In seeking the Court's approval of the Capital Reduction, the Court will need to be satisfied that the interests of the creditors (including contingent creditors) of the Company, whose debts remain outstanding on the date on which the Court Order is registered, are protected and that in relation to such creditors the Company can show that there is no real likelihood that the Capital Reduction would result in the Company being unable to discharge their debt or claims when they fall due. Sometimes the Court will seek or accept forms of express creditor protection such as seeking the consent of the Company's creditors to the Capital Reduction or the provision by the Company to the Court of an undertaking to deposit a sum of money into a blocked account created for the purpose of discharging the non-consenting creditors of the Company, or not to distribute reserves arising upon the Capital Reduction until such creditors have been discharged. The Company is not proposing to offer any of these forms of protection as it is satisfied that it can show that there is no real likelihood that the Capital Reduction would result in the Company being unable to discharge a creditor's debt or claim when it falls due.

The Company intends that an application will be made for the Court to approve the Capital Reduction as soon as reasonably practicable after the General Meeting provided that the Resolution has been passed. It is anticipated that the initial directions hearing in relation to the Capital Reduction will take place on 11 April 2016, with the final Court Hearing taking place on 20 April 2016, at which Shareholders and creditors are entitled to appear, and the Capital Reduction becoming effective on or around 20 April 2016, following the necessary registration of the Court Order at Companies House.

Shareholders should note that whilst the reserves arising from the Capital Reduction are distributable, 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 Company will be able to apply in due course the distributable reserves arising from the Capital Reduction, in accordance with Part 23 of the Act and subject to the terms of any undertakings required by the Court as explained above, towards the payment of a dividend in line with the Company's dividend policy.

In view of the Court's considerations in giving its approval and in consultation with professional advisors, the Board has undertaken a thorough and extensive review of the Company's liabilities (including contingent liabilities). The Board considers that the Company will be able to satisfy the Court that, as at the date on which the Court Order relating to the Capital Reduction becomes effective, the Company's creditors will be sufficiently protected.

4. General Meeting

The Capital Reduction is conditional upon, amongst other things, Shareholder approval being obtained at the General Meeting. At the end of this document is a notice convening the General Meeting to be held at DX House, Ridgeway, Iver, Buckinghamshire, England SL0 9JQ at 10:00 a.m. on 24 March 2016, at which the Resolution will be proposed. The Resolution is a special resolution, meaning that for it to be passed 75 per cent. or more of the votes cast must be in favour of the Resolution.

5. Action to be taken

You will find enclosed with this document a Form of Proxy for use at the General Meeting. Please complete, sign and return the Form of Proxy as soon as possible in accordance with the instructions printed thereon. Whether or not you intend to be present at the General Meeting, you are particularly requested to complete the enclosed Form of Proxy and return it to the Company's registrars, Capita, so as to arrive as soon as possible and in any event no later than 48 hours before the time appointed for the General Meeting. Completion and return of the Form of Proxy will not preclude you from attending the Meeting and voting in person should you subsequently find that you are able to be present.

6. Recommendation

The Directors consider the Capital Reduction is likely to promote the success of the Company for the benefits of the Shareholders as a whole. Accordingly, the Board unanimously recommend that you vote in favour of the Resolution, as the Directors intend to do in respect of their own shares, being 3,626,594 Ordinary Shares or approximately 1.81 per cent. of the Company's issued share capital.

Yours faithfully

Bob Holt
Chairman

PART II

NOTICE OF GENERAL MEETING



(Incorporated in England and Wales with Registered No. 08696699)

Notice of General Meeting

NOTICE IS HEREBY GIVEN that a General Meeting of DX (Group) plc (the **General Meeting**) will be held at 10:00 a.m. on 24 March 2016 at DX House, Ridgeway, Iver, Buckinghamshire, England SL0 9JQ for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

SPECIAL RESOLUTION

“THAT, subject to the confirmation of the Court, the share premium account of the Company be cancelled.”

Dated 29 February 2016

By order of the Board

Raquel McGrath
Company Secretary

Registered Office:

DX House, Ridgeway, Iver, Buckinghamshire, England SL0 9JQ

Notes:

1. Only members entitled to receive notice, or persons appointed as a proxy/corporate representative, are entitled to attend the General Meeting and only those entitled to attend the General Meeting will be admitted to the meeting without the prior approval of the Company.
2. Every member entitled to attend and vote at the General Meeting has the right to appoint some other person(s) of their choice, who need not be a Shareholder, as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
3. A Form of Proxy is provided with this Notice. Completion and return of such a proxy, or electronic submission of the proxy, will not prevent a member from attending the General Meeting and voting in person. Amended instructions must also be received by the Company's registrars by the deadline for receipt of Forms of Proxy.
4. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided on the enclosed Form of Proxy. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of Ordinary Shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a Shareholder, the full voting entitlement for that designated account).
5. To appoint more than one proxy you may photocopy the enclosed Form of Proxy. Please indicate in the box next to the proxy holder's name the number of Ordinary Shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. If you submit more than one valid proxy appointment in respect of the same share or shares, the appointment received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which was received last, none of the proxy appointments in respect of that share or shares shall be valid.
6. To be effective, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be deposited with the Company's registrars, by post to: Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or by hand to: Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time appointed for the General Meeting or any adjourned General Meeting.
7. If you want to appoint more than one proxy please contact the Company's registrar on the Capita Telephone Helpline on 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the

applicable international rate. Lines are open between 09:00 – 17.30, Monday to Friday excluding public holidays in England and Wales).

8. Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755) (as amended) and for the purposes of section 360B of the Act, the Company has specified that only those members registered on the register of members of the Company at 6:00 p.m. on 22 March 2016 or if the meeting is adjourned, at 6:00 p.m. on the day which is two days prior to the time of the adjourned meeting shall be entitled to attend and vote at the General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to the register of members after 6:00 p.m. on 22 March 2016 shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 24 March 2016 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.
10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). 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 (ID number RA10) by the latest time(s) for receipt of proxy appointments, together with any power of attorney or other authority under which it is sent. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Asset 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.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited 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 (www.euroclear.com/CREST).
12. 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 (as amended). For further information relating to the CREST proxy system, please refer to the CREST Manual.
13. A corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member (provided, in the case of multiple corporate representatives of the same corporate Shareholder, they are appointed in respect of different shares owned by the corporate Shareholder or, if they are appointed in respect of those same shares, they vote those shares in the same way). Corporate Shareholders can also appoint one or more proxies in accordance with Notes 2, 3, and 6-7 and, if relevant, Notes 8 and 9 above. Please note, however, that if multiple corporate representatives purport to vote the same block of shares in different ways, they will be treated as not having voted.
14. Any Shareholder attending the General Meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting put by a Shareholder attending the General Meeting. However, members should note that no answer need be given in the following circumstances:
 - (i) if to do so would interfere unduly with the preparation of the General Meeting or would involve a disclosure of confidential information;
 - (ii) if the answer has already been given on a website in the form of an answer to a question; or
 - (iii) if it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
15. As at 26 February 2016, being the latest practicable date before the publication of this Notice of General Meeting, the Company's issued capital consisted of 200,525,500 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 26 February 2016 are 200,525,500 Ordinary Shares.
16. This Notice, together with information about the total numbers of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 26 February 2016, being the latest practicable date before the publication of this Notice of General Meeting, and, if applicable, any members' matters of business received after the publication of this Notice of General Meeting can be found on the Company's website at <https://www.dxdelivery.com/>.
17. Shareholders are advised that, unless otherwise stated, any telephone number, website and email address set out in this Notice of Meeting, the Form of Proxy, or Chairman's letter should not be used to communicate with the Company (including the service of documents or information relating to the proceedings at the General Meeting).

