

This document is important and requires your immediate attention.

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

If you have sold or otherwise transferred all of your shares in Daily Mail and General Trust plc (the **Company**), please send this document and 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.

Daily Mail and General Trust plc

Notice of Annual General Meeting, Addendum to the 1997 Executive Share Option Scheme, the DMGT Executive Bonus Scheme 2002 and Other Business

The Notice of the Annual General Meeting of the Company to be held at 11.00 am on Wednesday, 12 February, 2003 is set out on pages 6 and 7.

To be valid for use at the Annual General Meeting, the accompanying form of proxy must be completed, signed and returned, in

accordance with the instructions printed on it, to the Company's Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL so as to be received as soon as possible but in any event by not later than 11.00 am on Monday, 10 February, 2003.

Circular

Daily Mail And General Trust plc

Registered in England No: 184594

Directors

The Viscount Rothermere

C J F Sinclair

J P Williams

J G Hemingway

Sir Patrick Sergeant

S M Gray

N H Hakkarainen

I G Park

F P Lowy

D M M Dutton

Professor K Schwab

P M Dacre

P M Fallon

C W Dunstone

F P Balsemão

Registered Office

Northcliffe House

2 Derry Street

Kensington

London W8 5TT

Tel: 020 7938 6000

To the holders of Ordinary Shares of Daily Mail and General Trust plc (the **Company**) and, for information only, to the holders of 'A' Ordinary Non-Voting Shares and to members of the Company's Executive Share Option Schemes

30th December, 2002

Chairman's letter

Dear Shareholder,

Introduction

You will find enclosed with this letter a notice convening the Annual General Meeting of the Company to be held at 11.00 am on 12th February, 2003 in the Garner Room at the Commonwealth Institute, 230 Kensington High Street, London W8. Amongst other things, a resolution will be proposed at the Annual General Meeting to approve an addendum to the Company's 1997 Executive Share Option Scheme in order to make a limited number of options more tax advantageous to recipients. In addition, a resolution will be proposed to renew an executive bonus scheme introduced in 1992 which is due to expire on 8th June, 2003.

This letter explains the background to and the reasons for the proposed addendum and the resolutions to be proposed at the Annual General Meeting.

Addendum to the 1997 Executive Share Option Scheme

Resolution 13 is an ordinary resolution seeking the approval of shareholders for an addendum to the Company's 1997 Executive Share Option Scheme (the **Scheme**).

The Scheme was approved by Ordinary shareholders in February 1997, to provide share incentive arrangements for the Company's executive directors and senior executives. The Scheme includes an appendix, approved by the Inland Revenue, which enables potentially tax favoured option grants to be made up to the £30,000 limit introduced by the Finance Act 1996. Consideration has been given by the Remuneration and Nominations Committee (the **Remuneration Committee**) to offering the potential for similar advantages to the Group's employees working and residing in jurisdictions outside the UK. Accordingly, the Remuneration Committee recommends that the Group's US-based senior executives be granted

options eligible for treatment under US tax legislation as Incentive Stock Options. Under US law, such an addendum requires shareholder approval. A summary of the main features of the Scheme, together with details of the proposed addendum, is set out in Appendix 1 to this letter.

The DMGT Executive Bonus Scheme 2002

Resolution 14 is an ordinary resolution seeking the approval of Ordinary shareholders for the renewal of an executive bonus scheme introduced in 1992. The Remuneration Committee believes that this long term bonus scheme has operated successfully and is firmly in favour of the arrangement continuing. Participation has to date been extended to four senior executives, including three Executive Directors. The DMGT Executive Bonus Scheme 2002 entitles participants to a bonus calculated by reference to the growth in the Company's real earnings per share over the previous three years. Participants must take at least 50% of the after-tax amount of any bonus in 'A' Ordinary Non-Voting shares (**Shares**), which must be retained for three years. Any percentage of a bonus not taken in Shares will be paid in cash. A summary of the main features of the DMGT Executive Bonus Scheme 2002 is set out in Appendix 2 to this letter.

Other Items of Special Business

Set out below is an explanation of the resolutions in relation to the other items of special business to be proposed at the Annual General Meeting.

Resolution 10

This special resolution provides the Company with a general authority to repurchase up to an aggregate of 1,988,000 Ordinary Shares of 12½ pence each and up to an aggregate of 38,124,000 'A' Ordinary Non-Voting Shares of 12½ pence each of its own shares in the market at or between the maximum and minimum prices specified in the resolution giving the authority. This maximum number of shares

Chairman's letter continued

each represented approximately 10% of the total number of relevant shares in issue on 30th December, 2002.

Whilst no purchase of shares has been made pursuant to the existing authority obtained at the 2002 Annual General Meeting, the Board considers it desirable that the power to make such purchases under appropriate circumstances remains available. The Board has no present intention of using such authority and, in reaching a decision to purchase shares, it will take into account the Company's cash resources, capital requirements, and the effect of any purchase on earnings per share. The authority will only be exercised if to do so would result in an increase in earnings per share and is considered to be in the best interests of shareholders generally.

The authority provided by this resolution will expire at the conclusion of the next Annual General Meeting. It is anticipated that renewal of the authority (in respect of up to 10% of the Company's issued ordinary share capital from time to time) will be requested at subsequent Annual General Meetings.

The total number of options to subscribe for 'A' Ordinary Non-Voting Shares outstanding at 30th December, 2002 was 4,372,912 representing approximately 1.09% of the issued share capital of the Company at that date. If the authority to buy back shares under this resolution was exercised in full, the total number of options to subscribe for 'A' Ordinary Non-Voting shares outstanding at 30th December, 2002 would, assuming no further 'A' Ordinary Non-Voting shares are issued after that date, represent 1.21% of the issued share capital.

This resolution complies with the guidelines issued by the investor protection committees.

Resolution 11

This ordinary resolution authorises your Board to allot shares of the Company having an aggregate nominal value of the unissued share capital of the Company. This represents approximately 1.71% of the Company's issued share capital at 30th December, 2002. This authority will expire at the conclusion of the next Annual General Meeting or 12th May, 2004, whichever is earlier. Your Board has no present intention of using this authority.

This authority complies with the guidelines issued by the investment protection committees.

Resolution 12

This special resolution empowers the Board to allot shares of the Company (pursuant to the authority obtained in Resolution 11) as if the pre-emption provisions of section 89 of the Companies Act 1985 do not apply. This power would, however, be limited to the allotment of shares having the same aggregate nominal value as those authorised to be allotted pursuant to Resolution 11 (approximately 1.71% of the Company's issued share capital at 30th December, 2002). The power provided by this Resolution will expire at the conclusion of the next Annual General Meeting or 12th May, 2004, whichever is the earlier.

This power complies with the guidelines issued by the investor protection committees.

Chairman's letter continued

Action to be taken

Enclosed with this letter is a form of proxy relating to the resolutions to be proposed at the Annual General Meeting. You are requested to complete, sign and return the form of proxy in accordance with the directions on it as soon as possible, but in any event so as to arrive at the offices of the Company's Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL no later than 48 hours before the time appointed for the Annual General Meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting if you so wish.

Recommendation

Your Directors unanimously believe that the proposals to adopt the addendum to the Company's 1997 Executive Share Option Scheme to enable US executives to be granted Incentive Stock Options (as summarised in Appendix 1 to the Notice), to renew the DMGT Executive Bonus Scheme, to renew the authority of the Company to purchase its own shares and to renew the power of the Directors to allot unissued shares and to allot such unissued shares for cash other

than pro-rata to the existing shareholders are in the best interests of the Company and its shareholders as a whole. They therefore recommend shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting, as they intend to do in respect of their own holdings which amount to a total of 12,564,764 Ordinary Shares representing approximately 63.2% of the issued voting equity share capital of the Company as at 30th December, 2002.

Yours faithfully,

The Viscount Rothermere Chairman

Daily Mail and General Trust plc

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Kensington, London W8 5TT
Telephone 020 7938 6000
Facsimile 020 7938 4626

Registered number 184594
Registered in England
VAT number 243-5711-74

Notice of Meeting

Daily Mail and General Trust plc

Notice is hereby given that the 81st Annual General Meeting of the Company will be held in the Garner Room at the Commonwealth Institute, 230 Kensington High Street, London W8 on Wednesday, 12th February, 2003 at 11.00 am for the purpose of considering the ordinary business of the meeting as set out below and considering as special business and, if thought fit, passing the Special Resolutions set out at numbers 10 and 12 and the Ordinary Resolutions set out at number 11, 13 and 14 below:

As Ordinary Business

- 1 To receive the Directors' Report, the audited accounts for the year ended 29th September, 2002 and the Auditors' Report thereon.
- 2 To declare a final dividend on the Ordinary and "A" Ordinary Non-Voting Shares.
- 3 To confirm the following resolution of which special notice has been given: that Sir Patrick Sergeant, who is 78 years of age, be re-elected as a Director.
- 4 To re-elect Mr Sinclair as a Director.
- 5 To re-elect Mr Park as a Director.
- 6 To re-elect Mr Fallon as a Director.
- 7 To confirm the appointment of Mr Balsemão as a Director.
- 8 To re-appoint the Auditors, Deloitte & Touche, and to authorise the Directors to determine their remuneration.
- 9 To approve the Remuneration Report for the year ended 29th September, 2002.

As Special Business

10 That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985 (as amended)) on the London Stock Exchange of up to:

- (a) an aggregate of 1,988,000 Ordinary Shares of 12½pence each in its capital at not more than the lower of 5% above the average of the middle market quotations taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase and £18.75 per share and at not less than 12½pence per share (in each case exclusive of expenses);
- (b) an aggregate of 38,124,000 'A' Ordinary Non-Voting Shares of 12½pence each in its capital at not more than the lower of 5% above the average of the middle market quotations taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase and £18.75 per share and at not less than 12½pence per share (in each case exclusive of expenses);
- (c) and that the authority conferred by this Resolution shall expire on the date of the next Annual General Meeting after the passing of this Resolution (except in relation to the purchase of shares the contract for which was concluded before such date and which would or might be executed wholly or partly after such date);
- (d) and that upon the passing of this Resolution, the Resolution passed as Resolution 8 at the Annual General Meeting on 13th February, 2002 shall be of no further force or effect.

11 That the authority conferred on the Directors by Article 7.1 of the Company's articles of association be renewed for a period expiring at the next Annual General Meeting of the

Notice of Meeting continued

Company after the date on which this Resolution is passed or on 12th May, 2004, whichever is the earlier, and for that period the section 80 amount shall be £858,735.

12 That, subject to the passing of the Resolution numbered 11, the power conferred on the Directors by Article 7.2 of the Company's articles of association be renewed for a period expiring at the end of the next Annual General Meeting of the Company after the date on which this Resolution is passed or on 12th May, 2004, whichever is the earlier, and for that period the section 89 amount is £858,735.

13 That an addendum, known as 'Appendix B: Incentive Stock Option Part of the Scheme', be attached to the Daily Mail and General Trust 1997 Executive Share Option Scheme (the main features of which are summarised in Appendix 1 to this Notice) and a copy of the draft terms of which are produced to this Meeting and signed by the Chairman for the purpose of identification, be and is hereby approved and adopted and the Directors be and are hereby authorised to do all such acts and things as they may consider necessary or expedient to carry the addendum into effect.

14 That the DMGT Executive Bonus Scheme 2002 (the main features of which are summarised in Appendix 2 to this Notice) and a copy of the draft rules of which are produced to this Meeting and signed by the Chairman for the purpose of identification, be and is hereby approved and adopted and the Directors be and are hereby authorised to do all such acts and things as they may consider necessary or expedient to carry the same into effect.

By order of the Board

N D Jennings, FCA
30th December, 2002

(i) Any person holding Ordinary Shares and entered on the register of members of the Company at 6.00 pm on Monday, 10th February, 2003 (a member) is entitled to attend and vote at this meeting pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001. Any changes to the register of members after the above time and date shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.

(ii) A member entitled to attend the meeting is entitled to appoint one or more proxies to attend and on a poll vote instead of him or her. A proxy need not be a member of the Company. The Form of Proxy and the authority (if any) under which it is signed or a notarially certified copy of such authority must be deposited at the office of the Company's Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL, not less than 48 hours before the time fixed for the meeting.

(iii) A copy of the draft addendum to the 1997 Executive Share Option Scheme, a copy of the draft Executive Bonus Scheme 2002 and particulars of contracts of service of Directors will be available for inspection at the Registered Office of the Company during usual business hours until the date of the meeting and in the Garner Room at the Commonwealth Institute, 230 Kensington High Street, Kensington, London W8 from 10.45 am until the conclusion of the meeting there on Wednesday, 12th February, 2003.

(iv) Brief biographies of the directors seeking re-election appear in the Annual Report and Accounts for the year ended 29th September, 2002 which accompanies this circular.

Appendix 1

This Appendix is attached to and forms part of the Notice dated 30th December, 2002 given by order of the Board of Daily Mail and General Trust plc (the **Company**) of the Annual General Meeting of the Company to be held at 11.00 am on Wednesday, 12th February, 2003.

The Daily Mail and General Trust plc 1997 Executive Share option Scheme (the Scheme)

All employees of the Company and participating companies under its control (the **Group**) who are required to devote substantially the whole of their working time to the business of the Group will be eligible to be nominated for participation in the Scheme, at the discretion of the Remuneration Committee of the Board.

Options may normally only be granted (over newly issued or existing 'A' Ordinary Non-Voting Shares in the Company (**Shares**) during the period of six weeks following the publication of the Company's interim report and preliminary results, or any day on which the Remuneration Committee determines that exceptional circumstances so warrant. No payment will be required for the grant of an option.

Options granted under the Scheme will normally only be exercisable if demanding performance conditions are satisfied. The main performance condition relates to the growth in the Company's total shareholder return (**TSR**) compared to that of the FTSE 100 index. The performance condition requires that the Company's cumulative TSR from the date of grant should exceed that of the FTSE 100 index in four out of six consecutive months, starting no earlier than the thirtieth month after the date of grant of an option. TSR is the aggregate of share price growth and dividends paid (assuming that such dividends are reinvested in Shares).

As an additional performance condition, options are only exercisable if there has been real growth in the Company's Earnings per Share (**EPS**) over

a period of three consecutive financial years, starting no earlier than the financial year immediately before the date of grant of an option.

The Remuneration Committee may impose different conditions which they consider no less demanding than those mentioned; any revised conditions will be described to shareholders in the Annual Report for the relevant year.

Options will entitle the option holder to acquire Shares at a price per Share determined by the Remuneration Committee. The exercise price of options will be not less than the middle market quotation of a Share derived from the London Stock Exchange Daily Official List on the date of grant or, if greater, the nominal value of a Share.

Each individual's participation will be limited so that the aggregate price payable on the exercise of all options granted to him under the Scheme (or the 1989 Executive Scheme) in any ten year period (but leaving out of account options which have been exercised) will not exceed four times his annual earnings. Employees may be granted options to replace those which have been exercised. In granting such replacement options the Remuneration Committee will be expected to satisfy itself that the grant of such options is justified by a significant improvement in the performance of the Company over the previous two to three years.

No option may be granted under the Scheme if it would cause:

- (a) the number of Shares issued or issuable pursuant to options granted under all of the Company's share option schemes, or which have been issued under any other employee share incentive scheme, in the preceding ten years to exceed 10% of the Company's issued share capital at the proposed date of grant;
- (b) the number of Shares issued or issuable pursuant to options granted under the Scheme

Appendix 1 continued

(or the 1989 Executive Scheme or any other executive share option scheme), in the preceding ten years to exceed 5% of the Company's issued share capital at the proposed date of grant; or

(c) the number of Shares issued or issuable pursuant to options granted under the Scheme (or any other executive share option scheme), in the preceding three years to exceed 3% of the Company's issued share capital at the proposed date of grant.

Options may be granted under the Scheme over existing Shares, and the percentage limits stated above will not apply to Shares transferred under such options.

Options may normally be exercised between the third and tenth anniversary of the date of grant, at the end of which period they will lapse. They will generally only be exercisable if the performance conditions which apply to them have been satisfied. Benefits arising under the Scheme are not pensionable.

In certain circumstances, early exercise of options is permitted where the option holder leaves employment with the Group in circumstances of death, disability, retirement or where the Company is taken over or reorganised or (if the Remuneration Committee so decides) for some other reason. In these circumstances (apart from retirement) options will be exercisable whether or not any performance conditions which apply to them have been satisfied.

In the event of any capitalisation or rights issue by the Company, or any consolidation, subdivision, reduction or other variation of its share capital, the number of Shares under option and/or the exercise price may be adjusted by the Board where the auditors confirm in writing that the adjustment is, in their opinion, fair and reasonable.

Options are not transferable and may only be exercised by the persons to whom they were granted or by their personal representatives. Shares allotted or transferred under the Scheme will rank *pari passu* with Shares of the same class then in issue (except in respect of entitlements arising prior to the date of exercise). The Company will apply to the London Stock Exchange for the listing of any newly issued Shares.

The rules of the Scheme may be altered by the Remuneration Committee, but amendments to the advantage of participants must be approved in advance by the Company in general meeting, except where the Remuneration Committee considers that they are amendments which are necessary or desirable to take account of new or existing legislation relating to option schemes or which benefit the administration of the Scheme.

An appendix to the Scheme (the **1997 Appendix**) contains additional provisions which apply to specified option grants. This 1997 Appendix was approved on 3rd April, 1997 by the Inland Revenue under Schedule 9 to the Income and Corporation Taxes Act 1988, so as to permit the grant of potentially tax favoured options up to the £30,000 limit introduced by the Finance Act 1996.

The Scheme will terminate on the 10th anniversary of its approval by shareholders, or such earlier time as the Remuneration Committee may determine, but the rights of existing option holders will not thereby be affected. In the event of termination no further options will be granted.

Benefits under the Scheme are not pensionable.

Appendix 1 continued

Proposed Addendum to the Scheme

The Scheme provides certain key employees (the **Executives**) of the Group with performance-based options to acquire Shares.

The Scheme's 1997 Appendix provides UK tax resident Executives with the potential for attracting favourable UK tax treatment in respect of specified option grants.

The Company now wishes shareholders to approve a new addendum to the Scheme: 'Appendix B (Incentive Stock Option Part of the Scheme)' (**Appendix B**), to provide for the grant to Executives of Incentive Stock Options, within the meaning of Section 422 of the United States Internal Revenue Code of 1986 as amended (the **Code**). This will afford such Executives, within the parameters permitted by the US federal income tax laws, similar tax treatment in respect of specified grants under the Scheme to that provided under the 1997 Appendix. To the extent that an Executive receives favourable tax treatment, his US employer will not be entitled to deduct against its taxable income the amount of compensation it would otherwise be permitted to deduct had such favourable tax treatment not been available.

Current US legislation enables options to be granted as Incentive Stock Options up to a value of US\$100,000 per annum per participant.

Eligibility for participation under Appendix B is intended to be limited to Executives who are US taxpayers, and who are employees, whether directors or not, of the Company or subsidiary corporations of the Company within the meaning of Section 424(f) of the Code.

The Company intends the aggregate number of Shares which may be issued pursuant to the exercise of Incentive Stock Options under Appendix B to be limited to one million Shares. The overall limits on the use of newly issued Shares contained in the Scheme will remain unchanged.

Incentive Stock Option Part of the Scheme

For any Executive to whom the Board wishes to grant Incentive Stock Options, Rules 1 to 16 and Schedule 1 (performance conditions) of the Scheme shall apply, subject to the following modifications:

- (a) the definition of Executive shall be construed so that no Option may be granted to a director unless such director is an employee of any member of the Group (and the definition of the Group will include those entities which meet the requirements of Section 424(e) and 424(f), as appropriate, of the Code); and
- (b) the number of Shares issued or transferred pursuant to the exercise of Incentive Stock Options shall be limited to one million Shares.

Appendix 2

The DMGT Executive Bonus Scheme 2002 (the Executive Bonus Scheme)

All employees of the DMGT group are eligible to be invited by the Remuneration Committee, in its absolute discretion, to participate in the Executive Bonus Scheme. The Remuneration Committee will supervise all matters relating to the Executive Bonus Scheme.

Under the Executive Bonus Scheme a bonus is calculated by reference to the growth in the company's real earnings per share over the previous three years. For this purpose earnings per share means the earnings per share of the Group in respect of a financial year as certified by the Company's auditors to comply with the basic measure required by Financial Reporting Standard No. 14, but after adding back amortisation and deducting cumulative amortisation on disposal, if any, of intangible assets. The maximum bonus which can be earned is 60% of salary for which real growth in earnings per share of 33% over the previous three years must be achieved. In addition, the real earnings per share for the year must be greater than those for the previous year, failing which any entitlement to a bonus is deferred until this requirement is satisfied.

Participants invited to participate in the Executive Bonus Scheme are asked to specify the proportion of after-tax bonus which is to be applied in the acquisition Shares. Participants must take at least 50% of the after-tax amount of any bonus in Shares.

The number of Shares comprised in an award is determined by the trustees of DMGT Employee Share Trust (the **Trustees**) by reference to the market value of a Share on the date of the award. The Shares under the award must be retained for three years (the **Restricted Period**).

A participant becomes the beneficial owner of the Shares at the time of award, subject to the obligation not to dispose of the Shares for the Restricted Period. During the Restricted Period, the participant will have the right to receive all dividends in respect of such Shares.

If a participant ceases to be employed in the group before the expiry of the Restricted Period the Trustees shall, in their absolute discretion, determine whether the Shares comprised in an award should continue to be held for the remainder of the Restricted Period or should be released to the participant immediately.

In the event of a change of control of the Company before the expiry of the Restricted Period, the Shares comprised in an award shall be released to participants.

In the event of a capital reorganisation affecting the Company before the expiry of the Restricted Period, the Shares under an award will be treated in the same manner as Shares held by other shareholders.

Only existing Shares may be used for the purposes of the Executive Bonus Scheme; no new Shares may be issued.

Appendix 2 continued

The Remuneration Committee may amend the Executive Bonus Scheme. However, the provisions governing eligibility requirements, individual participation limits and the adjustments that may be made following a capital reorganisation cannot be altered to the advantage of eligible employees or participants without the prior approval of shareholders in general meeting (except for minor amendments to benefit the administration of the Executive Bonus Scheme, to take account of a change in legislation or developments in the law affecting the Executive Bonus Scheme or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any member of the group). In addition, no alteration may be made that would materially affect any subsisting rights of any participants without their prior consent.

Benefits under the Executive Bonus Scheme are not pensionable.