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If you have sold or otherwise transferred all your Grafton Units, please send this document and the accompanying Form of Proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee

GRAFTON GROUP plc

Notice of Annual General Meeting

A letter from the Chairman of Grafton Group plc is set out on pages 3 and 4 of this document.

Your attention is drawn to the Notice of the Annual General Meeting to be held at 10.30am on 29 April 2009 at the IMI Conference Centre, Sandyford Road, Dublin 16, Ireland which is set out on pages 6 to 8 of this document.

A Form of Proxy for use at the meeting has been posted to all shareholders and, if you wish to appoint a proxy, the form should be returned to the Company's Registrars, Capita Corporate Registrars Plc, Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland so as to be received no later than 10.30am on 27 April, 2009.

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EXPECTED TIMETABLE OF EVENTS

Latest time for return of proxies for Annual General Meeting	10.30am on Monday, 27 April 2009
Annual General Meeting	10.30am on Wednesday, 29 April 2009

GRAFTON GROUP plc

(Registered in Ireland No. 8149)

Directors

Michael Chadwick (Chairman)
Anthony E. Collins (Non-Executive, Deputy Chairman)
Colm Ó Nualláin (Finance Director)
Leo Martin (Chief Operating Officer)
Fergus Malone (Executive Director)
Gillian Bowler (Non-Executive Director)
Richard W. Jewson (Non-Executive Director)
Roderick Ryan (Non-Executive Director)
Peter S. Wood (Non-Executive Director)

Registered Office:

Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18

25 March, 2009

Dear Shareholder,

Introduction

I am writing to you to explain the resolutions to be proposed as special business at the forthcoming Annual General Meeting (the “**AGM**”), all of which the Board is recommending for your approval.

Your attention is drawn to the notice of the AGM which will be held at the IMI Conference Centre, Sandyford Road, Dublin 16, Ireland at 10.30am on 29 April, 2009, which is set out on pages 6 to 8 of this document. In addition to the ordinary business to be transacted at the AGM, there are various items of special business which are described further below.

Special Business at AGM

Power to Allot Shares for Cash – Resolution No. 4

At the annual general meeting held in 2008 shareholders gave the Directors power to allot shares for cash otherwise than in accordance with statutory pre-emption rights. That power will expire at the close of business on the date of the forthcoming Annual General Meeting.

The Directors will, at the forthcoming Annual General Meeting, seek power to allot shares for cash, otherwise than in accordance with statutory pre-emption rights, by way of rights issues up to the amount of the unissued share capital of the Company, or otherwise up to an aggregate nominal value of €585,000, which is approximately 5 per cent of the nominal value of the issued share capital of the Company. The power under this Resolution will expire (under the Articles of Association) at next year’s annual general meeting or 15 months after the forthcoming AGM, whichever is the earlier. There is no present intention of making such an issue of shares.

Authority to Make Market Purchases of the Company’s Own Shares – Resolution No. 5

At the last annual general meeting shareholders gave the Company and/or any of its subsidiaries authority to make market purchases of up to 10% of the Company’s own shares. Under Resolution no. 5 shareholders are being asked to renew this authority. The Directors monitor the Company’s share price on an ongoing basis and may from time to time exercise this power to make market purchases of the Company’s own shares, at price levels which they consider to be in the best interests of the shareholders generally, after taking account of the Company’s overall financial position. The minimum price which may be paid for any market purchase of the Company’s own shares will be the nominal value of the shares and the maximum price which may be paid will be 105% of the then average market price of the shares.

Authority to Re-issue Treasury Shares – Resolution No. 6

Shareholders are being asked to sanction the price range at which any treasury share (that is a share of the Company redeemed or purchased and held by the Company rather than being cancelled) may be reissued other than on the Stock Exchange. The maximum and minimum prices at which such a share may be re-issued are 120% and 95%, respectively of the average market price of a share calculated over the five business days immediately preceding the date of such re-issue.

Authority to Purchase ‘A’ Ordinary Shares – Resolution No. 7

The Board’s existing authority to make purchases of ‘A’ Ordinary Shares (which was given at the annual general meeting in 2008) will expire at the close of business on the date of the forthcoming Annual General Meeting. This Resolution seeks shareholders’ approval to renew the relevant authority under section 213 of the Companies Act, 1990. The Directors’ intention would be to exercise this power to purchase ‘A’ Ordinary Shares only at price levels which they consider to be in the best interests of the shareholders generally, after taking account of the Company’s overall financial position. If such purchases take place, it is unlikely that a dividend would also be paid, and vice versa.

Further Action

A Form of Proxy for use at the AGM is enclosed. To be valid, the Form of Proxy must be completed and returned to the Company’s Registrars, Capita Corporate Registrars Plc, Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland no later than 10.30am on 27 April, 2009. The completion and lodging of a Form of Proxy will not prevent you from attending and voting in person at the meeting should you so wish.

RECOMMENDATION

Your Board considers that the proposals set out above are in the best interests of shareholders as a whole and, accordingly, your Board recommends that you vote in favour of the resolutions at the Annual General Meeting.

Yours sincerely,

Michael Chadwick
Chairman

Documents Available for Inspection

The Memorandum and Articles of Association of the Company will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company (i.e. Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18) and at the offices of Arthur Cox, Earlsfort Centre, Earlsfort Terrace, Dublin 2 and at the offices of Arthur Cox, 29 Ludgate Hill, London EC4M 7JE, up to and including the date of the Annual General Meeting and at the Annual General Meeting itself.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Grafton Group plc will be held at the IMI Conference Centre, Sandyford Road, Dublin 16, Ireland on 29 April, 2009 at 10.30am for the following purposes:

- (1) To receive and consider the financial statements for the year ended 31 December 2008 together with the reports of the Directors and the auditors thereon.

(Resolution No. 1)

- (2) To re-elect the following Directors who retire and, being eligible, offer themselves for re-election:

Anthony E. Collins*

(Resolution No. 2a)

Gillian Bowler*

(Resolution No. 2b)

Richard W. Jewson*

(Resolution No. 2c)

Roderick Ryan

(Resolution No. 2d)

Leo J. Martin

(Resolution No. 2e)

Fergus Malone

(Resolution No. 2f)

* member of the Remuneration Committee

Biographical information on the directors eligible for re-election is set out on page 15 of the 2008 Annual Report.

- (3) To authorise the Directors to fix the remuneration of the auditors for the year ending 31 December 2009.

(Resolution No. 3)

As Special Business:

- (4) **To consider and, if thought fit, pass the following resolution as a special resolution:**

“That in accordance with the powers, provisions and limitations of Article 8 (iii) of the Articles of Association of the Company, the Directors be and they are hereby empowered to allot equity securities for cash and in respect of subparagraph (b) thereof up to an aggregate nominal value of €585,000.”

(Resolution No. 4)

- (5) **To consider and, if thought fit, pass the following as a special resolution:**

“That, the Company and/or any of its subsidiaries (as defined by section 155 of the Companies Act, 1963) be and are hereby generally authorised to make market purchases (within the meaning of Section 212 of the Companies Act, 1990) from time to time of shares of any class in the Company up to a maximum number of shares equal to ten per cent of the Company's issued share capital at the date of the passing of this resolution, provided that this authority shall expire at the close of business on the date of the next Annual General Meeting of the Company after the passing of this resolution, or the date 15 months after the date of the passing of this resolution, whichever comes first, save that the Company and/or any of its subsidiaries as aforesaid may before such expiry make a contract of purchase which would or might be executed wholly or partly after the expiry of this authority, so, however, that purchases of shares will be limited to a maximum price which will not exceed 5% above the average of the closing prices of the shares taken from the Irish Stock Exchange Daily Official List for the five business days before the purchase is made and to a minimum price which will not be less than the par value of the shares at the time the purchase is made.”

(Resolution No. 5)

- (6) **To consider and, if thought fit, pass the following resolution as a special resolution:**

“That, for the purposes of Section 209 of the Companies Act, 1990, the re-issue price range at which any treasury shares (as defined by the said Section 209) for the time being held by the Company may be re-issued off-market shall be as follows:

- (a) the maximum price at which a treasury share may be re-issued off-market shall be an amount equal to 120% of the Appropriate Price; and
- (b) the minimum price at which a treasury share may be re-issued off-market shall be an amount equal to 95% of the Appropriate Price.

For the purposes of this resolution the expression "Appropriate Price" shall mean the average of five amounts resulting from determining whichever of the following {(i), (ii) or (iii) specified below} in relation to shares of the class of which such treasury shares is to be re-issued shall be appropriate in respect of each of the five business days immediately preceding the day on which the treasury share is re-issued, as determined from information published in the Irish Stock Exchange Daily Official List reporting the business done on each of these five business days:-

- (i) if there shall be more than one dealing reported for the day, the average of the prices at which such dealings took place; or
- (ii) if there shall be only one dealing reported for the day, the price at which such dealing took place; or
- (iii) if there shall not be any dealing reported for the day, the average of the closing bid and offer prices for the day

and if there shall be only a bid (but not an offer) or an offer (but not a bid) price reported, or if there shall not be any bid or offer price reported, for any particular day then that day shall not count as one of the said five business days for the purposes of determining the Appropriate Price. If the means of providing the foregoing information as to dealings and prices by reference to which the Appropriate Price is to be determined is altered or is replaced by some other means, then the Appropriate Price shall be determined on the basis of the equivalent information published by the relevant authority in relation to dealings on the Irish Stock Exchange or its equivalent. The authority hereby conferred shall expire at the close of business on the day of the next Annual General Meeting of the Company or the date 18 months after the date of the passing of this resolution, whichever is the earlier, unless previously varied or renewed in accordance with the provisions of Section 209 of the Companies Act, 1990."

(Resolution No. 6)

(7) To consider and, if thought fit, pass the following resolution as a special resolution:

"That the terms of the proposed contingent purchase contract (within the meaning of section 214 of the Companies Act, 1990) relating to the 'A' Ordinary Shares in the capital of the Company, as set out in Article 4A. of the Articles of Association of the Company, be and are hereby authorised. The authority hereby granted shall expire at the close of business on the date of the next Annual General Meeting of the Company after the passing of this resolution, or the date 15 months after the date of the passing of this resolution, whichever comes first, save that the Company may before such expiry make a contract of purchase which would or might be executed wholly or partly after the expiry of this authority."

(Resolution No. 7)

Charles Rinn
Company Secretary
Grafton Group plc
Heron House
Corrig Roads
Sandyford Industrial Estate
Dublin 18

25 March, 2009

Notes

- (1) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies (who need not be a member of the Company) to attend, speak and vote in his/her place. Completion of a form of proxy will not affect the right of a member to attend, speak and vote at the meeting in person.
- (2) To be valid, proxy forms duly signed together with the power of attorney or such other authority (if any) under which they are signed (or a certified copy of such power or authority) must be lodged with the Company's Registrars, Capita Corporate Registrars Plc, Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland not later than 10.30am on 27 April, 2009.
- (3) The Company, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996, hereby specifies that only those shareholders entered in the register of members of the Company as at 6.00 pm on 27 April, 2009 (or in the case of an adjournment as at 6.00 pm on the day prior to the day before the time fixed for the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.