

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately. If you have sold or transferred all your ordinary shares in Heywood Williams Group PLC, please forward this document and the accompanying annual report and accounts and form of proxy as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



Heywood Williams Group PLC

(Registered in England No. 109354)

Registered Office
Premier Way
Lowfields Business Park
Elland
West Yorkshire
HX5 9HF

30 March 2006

Dear Shareholder

ANNUAL GENERAL MEETING – THURSDAY 4 MAY 2006

The Annual General Meeting of the Company will be held in the Alexandria Suite at the offices of Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB at 11 am on Thursday 4 May 2006. The Notice of Meeting is contained on pages 3 and 4 of this letter.

RESOLUTIONS 1 TO 5

Resolutions 1 to 5 in the Notice of the Annual General Meeting deal with the ordinary business that takes place at the Annual General Meeting.

RESOLUTION 1 – DIRECTORS' REPORT AND ACCOUNTS

The Directors must present the Directors' Report and Accounts for the financial year ended 31 December 2005 to shareholders at the Annual General Meeting. A copy is enclosed with this letter.

RESOLUTION 2 – DIRECTORS' REMUNERATION REPORT

As required in the Directors' Remuneration Report Regulations 2002 (the 'Regulations'), the Board has presented its Directors' Remuneration Report (the 'Report') in the Annual Report and Accounts ('Annual Report'). The Report gives details of the Directors' remuneration for the year ending 31 December 2005 and sets out the Company's overall policy on Directors' remuneration. As required by the Regulations, the Company's auditors, Ernst & Young LLP, have audited those parts of the Report capable of being audited and their report may be found on page 79 of the Annual Report and Accounts.

The Board considers that appropriate executive remuneration plays a vital part in helping to achieve the Company's overall objectives and accordingly, in compliance with the Regulations, shareholders will be invited to approve the Report.

RESOLUTIONS 3 AND 4 – RE-ELECTING DIRECTORS RETIRING UNDER OUR ARTICLES OF ASSOCIATION

The Company's Articles of Association state that a third of our Directors must retire in turn at each Annual General Meeting. Graham Menzies and William Schmuhl have confirmed that they will stand for re-election. They have been Directors for the longest period since last appointed by shareholders at an Annual General Meeting. There is biographical information about Graham Menzies and William Schmuhl on pages 16 and 17 of the Annual Report and Accounts. The Board considers that the performance of these Directors continues to be effective and that they demonstrate strong commitment to their role.

RESOLUTION 5 – THE AUDITORS

Auditors are required to be appointed at each Annual General Meeting at which accounts are presented to shareholders. We propose to reappoint Ernst & Young LLP as the Company's auditors. It is normal practice for a Company's Directors to be authorised to agree the auditors' fees.

RESOLUTIONS 6 TO 9

Resolutions 6 to 9 in the Notice of Meeting are items of special business.

RESOLUTION 6 – PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATION TO CHANGE BORROWING POWERS

Special Resolution 6 seeks to change the limit on the Directors' powers to increase borrowings currently set out in Article 95.2 of the Company's Articles of Association.

With effect from the financial year ended 31 December 2005, the Group is required to prepare its consolidated accounts under International Financial Reporting Standards ('IFRS'). The adoption of IFRS is an accounting matter which has not had any effect on the Group's operational activities, its cash flow, or its borrowing requirements. However, the adoption of IFRS, and in particular of IAS 19 Employee Benefits, significantly affects the calculation of the Group's adjusted capital and reserves, being the share capital of the Company and the total of the capital and revenue reserves of the Group, after certain adjustments, all as shown in the latest consolidated audited accounts of the Group ('the Adjusted Capital and Reserves').

Currently the Directors are authorised to exercise borrowing powers up to an amount equal to two times the value of the Adjusted Capital and Reserves, being approximately £100,000,000 as measured under UK GAAP as at 31 December 2004, as set out in the 2004 Annual Report and Accounts.

RESOLUTIONS 6 TO 9 CONT...

RESOLUTION 6 – PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATION TO CHANGE BORROWING POWERS CONT...

However, adoption of IFRS for the financial year ended 31 December 2005 and the loss arising from the disposal of HW Plastics Limited has had a negative impact on the Adjusted Capital and Reserves. This will restrict the Company's borrowing powers to an extent that the Directors believe will impede the Board's pursuit of further strategic acquisitions as and when any such opportunities may arise and accordingly is expected to make this limit unworkable for the short to medium term.

This resolution therefore seeks to change the Articles of Association, fixing the limit on the Directors' powers to incur borrowings at the higher of (i) two times the value of the Adjusted Capital and Reserves, and (ii) a pre-determined fixed amount. The proposed fixed amount is £100,000,000, which is, as mentioned above, approximately two times the value of the Adjusted Capital and Reserves as measured under UK GAAP as at 31 December 2004, as set out in the 2004 Annual Report and Accounts.

In practice, the Company's external borrowing is already limited by existing internal controls, the need to maintain a favourable credit rating, the limits contained in the financial covenants in the Group's committed borrowing facilities and the principles of sound corporate governance. The amendments to Article 95.2 will not affect the Company's borrowing policy and the Directors believe that this change to the Articles is in the best interests of the Company.

RESOLUTION 7 – PURCHASE OF OWN SHARES

Special Resolution 7 seeks to confer upon the Company the authority to purchase up to a maximum of 7,848,409 ordinary shares of 25p each, representing not more than 10 per cent. of the present issued ordinary share capital of the Company.

This authority will only be exercised in circumstances which, in the light of market conditions prevailing at the time, would give rise to an increase in earnings per share and any purchase by the Company of its ordinary shares will only take place within the limits of available reserves. Save to the extent purchased pursuant to the regulations concerning treasury shares, any shares purchased in this way will be cancelled and the number of shares in issue will be accordingly reduced. The Company may hold in treasury any of its own shares that it purchases pursuant to the relevant regulations and the authority conferred by this Resolution. This would give the Company the ability to re-issue treasury shares quickly and cost effectively and would provide the Company with greater flexibility in the management of its capital base.

As at 17 March 2006 (the latest practicable date prior to the publication of this letter), options to subscribe for a total of 3,675,810 ordinary shares were outstanding under the Company's employee share schemes representing 4.7 per cent. of the issued ordinary share capital of the Company at that date. If the authority for the Company to purchase its own shares being sought at the Annual General Meeting were to be exercised in full, the number of ordinary shares subject to option would represent 5.2 per cent. of the reduced issued ordinary share capital at that date.

RESOLUTION 8 – AUTHORITY TO ALLOT SHARES

In accordance with Section 80 of the Companies Act 1985 the Directors may generally only allot unissued shares if authorised to do so by the shareholders or by its Articles of Association.

At the last Annual General Meeting the Directors were given authority to allot further ordinary shares or other relevant securities up to an aggregate nominal amount of £6,539,763. Ordinary Resolution 8 will renew the authority conferred upon the Directors pursuant to Section 80 of the Companies Act 1985 to allot shares. This authority, which is limited to relevant securities up to a maximum nominal amount of £6,540,341 representing not more than one third of the present issued ordinary share capital of the Company, will expire on the date preceding the fifth anniversary of the passing of the Resolution. Apart from any issue of ordinary shares arising from the Company's long term share incentives and the exercise of options under the Company's share option schemes your Directors have no present intention of issuing any ordinary shares.

RESOLUTION 9 – AUTHORITY TO ALLOT SHARES FOR CASH

Special Resolution 9 seeks to replace the power conferred upon the Directors at the last Annual General Meeting pursuant to Section 95 of the Companies Act 1985 to allot shares for cash without following the statutory pre-emption procedure. This power, which is limited to the issue of equity securities in connection with rights issues, open offers or other pro rata issues, or otherwise up to a maximum nominal amount of £981,051, representing not more than 5 per cent. of the present issued ordinary share capital of the Company, will expire at the conclusion of the 2007 Annual General Meeting of the Company or, if earlier, 15 months after the passing of the Resolution. Shareholders should note that this Resolution also refers to treasury shares.

ACTION TO BE TAKEN

Whether or not you intend to come to the meeting, please complete the enclosed proxy form in accordance with the instructions printed on it and return it to Lloyds TSB Registrars, as soon as possible but in any event so as to arrive no later than the time indicated thereon. Lodgement of a form of proxy will not prevent you from attending the Annual General Meeting and voting in person should you wish to do so.

RECOMMENDATION

The Board considers that the Resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and the shareholders as a whole, and recommends you to vote in favour of the Resolutions set out in the Notice of Meeting as they intend to do in respect of their own beneficial holdings.

Yours sincerely



ROGER BOYES
Chairman

Heywood Williams Group PLC

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2006 Annual General Meeting of the Company will be held in the Alexandria Suite at the offices of Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB on Thursday 4 May 2006 at 11 am for the following purposes:

ORDINARY BUSINESS

To consider and, if thought fit, passing the following Resolutions as Ordinary Resolutions.

1. To receive and adopt the report of the Directors and the audited accounts for the year ended 31 December 2005.
2. To receive and approve the Directors' Remuneration Report for the year ended 31 December 2005.
3. To re-elect Graham Menzies as a Director, who retires by rotation.
4. To re-elect William Schmuhl as a Director, who retires by rotation.
5. To re-appoint Ernst & Young LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to determine the auditors' remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following Resolutions, of which Resolution 8 will be proposed as an Ordinary Resolution and Resolutions 6, 7 and 9 as Special Resolutions:

6. "THAT Article 95.2 of the Articles of Association of the Company be and is hereby amended by the insertion after the word "exceed" of the words "the higher of £100,000,000 and".
7. THAT, in accordance with Article 5 of the Articles of Association of the Company and Section 166 of the Companies Act 1985, the Company be and is hereby granted general and unconditional authority to make one or more market purchases (as defined in Section 163 of the Companies Act 1985) of any of its own ordinary shares of 25p each on such terms and in such manner as the Board of Directors of the Company may from time to time determine provided that the authority conferred by this Resolution shall:
 - (a) be limited to 7,848,409 ordinary shares of 25p each being not more than 10 per cent. of the Company's present issued ordinary share capital;
 - (b) not permit the minimum price which may be paid per ordinary share to be less than 25p (exclusive of any expenses);
 - (c) not permit the payment per share of more than the higher of (i) 5 per cent. above the average middle market quotation of an ordinary share of the Company as derived from the London Stock Exchange Daily Official List on the five dealing days immediately preceding the date of purchase and (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid as derived from the London Stock Exchange Trading System (in each case exclusive of any expenses); and
 - (d) expire, unless previously revoked or varied, on the date falling 15 months after the passing of this Resolution or the date of the next Annual General Meeting of the Company, whichever is the earlier, save that the Company may before such expiry enter into a contract to purchase its own ordinary shares pursuant to this authority which would or might be completed or executed wholly or partly after the expiration of this authority, and this authority shall supersede any and all previous authorities given to the Company in accordance with Article 5 and Section 166 of the Companies Act 1985.
8. THAT the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Companies Act 1985) up to an aggregate nominal amount of £6,540,341 being not more than one third of the present issued ordinary share capital of the Company, provided that this authority shall expire on the day preceding the fifth anniversary of the date of the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted in pursuance of such an offer or agreement after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired and this authority shall supersede any and all previous authorities given to the Directors in accordance with Section 80 of the Companies Act 1985.

SPECIAL BUSINESS CONT...

9. THAT, subject to and conditional upon the passing of Resolution 8 set out in the Notice of this Meeting, the Directors be and are hereby generally and unconditionally empowered, pursuant to Section 95 of the Companies Act 1985, to allot equity securities (as defined in Section 94(2) of the Companies Act 1985) whether for cash pursuant to the authority conferred by the said Resolution 8 or otherwise in the case of treasury shares (as defined in Section 162A(3) of the Companies Act 1985) in each case as if Section 89(1) of that Act did not apply to such an allotment provided that this power shall be limited:
- (a) to the allotment of equity securities in connection with a rights issue, open offer or other pro rata issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all such ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems arising under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory; and
 - (b) to the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £981,051, being not more than 5 per cent. of the present issued share capital of the Company;

and this power shall expire, unless previously revoked or varied, on the date falling 15 months after the passing of this Resolution or the date of the next Annual General Meeting of the Company after the passing of this Resolution, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

By Order of the Board

MARK WILD
Secretary
30 March 2006

Registered Office:
Premier Way
Lowfields Business Park
Elland
West Yorkshire
HX5 9HF

NOTES

- (i) A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of the member. A proxy need not be a member of the Company. A proxy form is enclosed and instructions for completion are shown thereon.
- (ii) The Company specifies, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, that only those shareholders registered on the register of members of the Company as at 11 am on Tuesday 2 May 2006 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 11 am on Tuesday 2 May 2006 shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
- (iii) The proxy form and the power of attorney or other authority (if any) under which they are signed, or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power or authority, must be deposited at the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6DB, not less than 48 hours before the time appointed for the holding of the Annual General Meeting. Completion of a proxy form does not preclude a member attending and voting in person at the Annual General Meeting.
- (iv) The following are available for inspection by the members at the registered office of the Company on any weekday (public holidays excluded) during normal business hours and will also be available prior to and during the Meeting:
 - (a) a register of Directors' interests and those of their families in the shares of the Company together with a statement of transactions;
 - (b) a copy of each Director's service agreement or letter of appointment with the Company; and
 - (c) a copy of the current Articles of Association of the Company, which include (at Article 155), subject to the terms thereof, an indemnity in favour of every person who is or was at any time a Director or other officer or auditor of the Company.
- (v) Copies of the Company's existing Memorandum and Articles of Association and the Company's Memorandum and new Articles of Association to reflect the proposed amended Article 95.2 are available for inspection at the offices of Eversheds LLP, Senator House, 85 Queen Victoria Street, London EC4V 4JL during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this letter up to and including the conclusion of the Meeting and at the place of the Meeting from at least 15 minutes prior to and until the conclusion of the Meeting.