

LETTER TO MULTIPLE RETAILER CUSTOMERS

3 August 2009

Ref: RHK/CGJK/PB/27

Direct line: 0208 774 3000

Direct fax: 0113 298 2206

email: pbatchelor@uk.ey.com

Dear Sirs

SurrIDGE Dawson Limited and Solent SD Limited (both In Administration (together “the Companies”))

As an important customer to the Companies, I wanted to update you on changes to the Companies' current financial status.

On 3 August 2009 the Companies entered administration and A R Bloom, C G J King and I were appointed as Joint Administrators. The appointment was made by the Companies' Directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986.

Sale of business

I am pleased to confirm that, shortly after our appointment, agreements were completed for the sale of the business and assets of the Companies to Smiths News Trading Limited and Menzies Distribution Limited (“the Purchasers”). The effective date of the sale has been backdated to 00:01am on 2 August 2009 (“the Effective Date”) to allow a smooth transition of the business accounting systems and invoicing procedures. As a consequence, the Purchasers are responsible for any deliveries made to you from 2 August 2009 (inclusive) onwards.

These agreements ensure the ongoing supply of all newspapers and magazines on behalf of publishers. The Purchasers will be in contact with you directly to discuss with you future terms of trade.

In order to facilitate as smooth a transition as possible, we have also written separately to each of your individual sites, to inform them of the Administration and advise them that business will continue as normal, and I attach a copy for your information. I also attach a schedule showing which depots have been sold to the incoming wholesalers.

Outstanding debts and invoicing

In relation to debts outstanding on your account up to and including 1 August 2009, the existing contractual terms and conditions in place with you still apply, and payments should therefore be made in the usual way to SurrIDGE Dawson Limited.

In the event that your payment is delayed or not received, the Companies reserve the right to offset your outstanding arrears with any deposits you have made previously.

Any amounts due for services provided after 00:01am on 2 August 2009 will be invoiced by, and payable to, the Purchasers.

Returns and vouchers

As part of the transaction, all returns and vouchers will be honoured in full by the Companies and you should continue to make payments for supplies received up to and including Saturday 1st August 2009 in the normal way.

In the first instance, credits for ongoing returns will be set off against any outstanding debt. If the value of your outstanding returns is greater than the value of your outstanding debt, then any credits ultimately owing to you will be refunded by way of cheque or through your existing banking arrangements with the Company.

With regards to vouchers, from 2nd August 2009, please send the vouchers to your new wholesaler, Smiths News or Menzies Distribution, who will credit them to your account with them.

As a consequence, all returns and vouchers will be honoured.

We are committed to ensuring a smooth transition of services to the Purchasers. If you have any further questions please contact your local wholesale branch or head office in Croydon in the first instance. If you have any unresolved queries with regards to the Administration process, please do not hesitate to contact Peter Batchelor or Ben Stanyon on 0208 774 3000.

Yours faithfully
for the Companies

R H Kelly
Joint Administrator

The Institute of Chartered Accountants of Scotland authorises R H Kelly to act as an Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986, the Institute of Chartered Accountants in England and Wales authorises A R Bloom and C G J King to act as an Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986.

The affairs, business and property of the Companies are being managed by the Joint Administrators, R H Kelly, C G J King and A R Bloom, who act as agents of the Companies only and without personal liability.

APPENDIX: Schedule of transferred depots

DAWSON NEWS DEPOT	INCOMING WHOLESALER
Aberystwyth	Smiths
Altham	Menzies
Barnstaple	Smiths
Bournemouth	Smiths
Brislington	Smiths
Bristol	Smiths
Canterbury	Menzies
Coventry	Smiths
Eastbourne	Menzies
Exeter	Smiths
Harlow	Smiths
Heywood	Smiths (Newspapers); Menzies (Magazines)
Lancing	Smiths
Lincoln	Smiths
London East News	Menzies
London Premier Park	Smiths
London City News	Smiths
Luton	Smiths
Mansfield	Smiths
Preston	Menzies
Rochester	Menzies
Salisbury	Smiths
Shrewsbury	Smiths
Southampton	Smiths
Swindon	Smiths
Taunton	Smiths
Tonbridge	Menzies
Warrington	Smiths (Newspapers); Menzies (Magazines)
Yeovil	Smiths

ATTACH COMMUNICATION TO INDIVIDUAL SITES