

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or transferred all your ordinary shares in Northern Investors Company PLC, please forward this document, together with 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.

Northern Investors Company PLC

Registered in England no 1822966

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Directors (*all non-executive*)

Peter Haigh (*Chairman*)
John Barnsley
Michael Denny
Frank Neale
Mark Nicholls
Sarah Stewart

22 May 2009

Dear Shareholder

ANNUAL GENERAL MEETING

This letter accompanies the formal notice to shareholders of the twenty-fifth Annual General Meeting of Northern Investors Company PLC, which is to be held at 12.30pm on Wednesday 24 June 2009.

The agenda for the Annual General Meeting includes the normal items of annual business such as the receipt of the financial statements for the year ended 31 March 2009, the declaration of a final dividend of 5.1p per ordinary share, the approval of the Directors' remuneration report and the re-appointment of KPMG Audit Plc as independent auditors of the Company. Further information relating to the other resolutions to be proposed at the meeting is set out below.

Your attention is drawn in particular to Resolution 12, which seeks to amend the Articles of Association so that the next five-yearly resolution for the continuation of the Company will be dealt with at the annual general meeting in 2012 rather than 2010. The Directors' reasons for proposing this resolution are set out later in this letter. The Directors have received indications from shareholders holding an aggregate of 13,133,320 shares (including the shares beneficially owned by the Directors), representing 67.7% of the issued capital of the Company, that they intend to vote in favour of the resolution.

Re-election of retiring Directors (Resolutions 4, 5 and 6)

Mr J C Barnsley retires from the board by rotation in accordance with the Articles of Association and seeks re-election, whilst Mr E M P Denny and Mr F L G Neale are required by the UK Listing Authority's Listing Rules to retire and seek re-election annually as each of them is also a director of another investment company managed by NVM Private Equity Limited. The board believes that each of the Directors seeking re-election makes a relevant and significant contribution to the operation of the board and displays an appropriate level of knowledge and experience.

Renewal of Directors' authority to allot shares (Resolution 9)

Resolution 9, which will be proposed as an ordinary resolution, grants the Directors a general authority to allot shares in the Company. This resolution, if passed, gives the Directors authority to allot ordinary shares up to a maximum nominal value of £1,151,140 (representing 23.7% of the issued ordinary share capital of the Company at the date of the notice convening the Annual General Meeting).

This authority will be effective until the conclusion of the next annual general meeting of the Company (expected to be held in June 2010) or, if earlier, 30 September 2010 except insofar as commitments to allot shares have been entered into before that date. The Directors have no present intention of exercising the authority granted by Resolution 9. The Company does not currently hold any shares in treasury.

Disapplication of pre-emption rights (Resolution 10)

Resolution 10, which will be proposed as a special resolution, supplements the Directors' authority to allot shares in the Company given to them by Resolution 9. The resolution authorises the Directors to allot equity ordinary shares, or sell treasury shares, for cash (otherwise than pro rata to existing shareholders) up to an aggregate nominal value of £242,443 (representing 5% of the Company's issued ordinary share capital at the date of the notice convening the Annual General Meeting).

The authority will be effective until the conclusion of the next annual general meeting of the Company (expected to be held in June 2010) or, if earlier, 30 September 2010, except insofar as commitments to allot shares have been entered into before that date.

The Directors confirm that the Company does not intend to allot equity securities equivalent to more than 7.5% of the issued share capital of the Company for cash on a non-pre-emptive basis during any rolling three year period, in line with institutional investor guidelines.

Purchase of shares by the Company (Resolution 11)

Resolution 11, which will be proposed as a special resolution, authorises the Company to purchase in the market up to 1,939,544 ordinary shares (equivalent to approximately 10% of the issued ordinary share capital) at a minimum price per share of 25p and a maximum price per share of not more than 105% of the average market value of the relevant shares for the five business days prior to the date on which the purchase is made. Unless previously renewed, varied or revoked, the authority will be effective until the conclusion of the next annual general meeting of the Company (expected to be held in June 2010) or, if earlier, 30 September 2010.

Purchases of ordinary shares will be made only within the guidelines established and to be reviewed from time to time by the Directors, and where it is considered that such purchases would be to the advantage of the Company and its shareholders as a whole. It is the Directors' intention that purchases will be made in the market for cash only at prices below the prevailing net asset value per share, thereby enhancing the net asset value per share for the Company's remaining shareholders. Purchases will be financed from the Company's own cash resources or, if appropriate, from short term borrowings.

In accordance with the Listing Rules and the Model Code, no purchases will be made by the Company during the two month period immediately preceding the announcement of the Company's year end results or the publication of the half-yearly results, or, if shorter, the period from the end of the relevant financial period up to and including the announcement or publication of the relevant results.

There are no existing ordinary shares covered by options or warrants at the date of publication of this document.

Shares purchased under this authority may at the option of the Directors be cancelled or held in treasury to be held for sale for cash; previously the board's policy has been to cancel shares so purchased.

Amendment to the Articles of Association (Resolution 12)

The Company's Articles of Association presently require that a resolution for the continuation of the Company be put to the annual general meeting of the Company in 2010 and, unless defeated, at five-yearly intervals thereafter. It is now proposed that the Articles of Association be amended so as to require the continuation resolution to be considered at the 2012 annual general meeting (expected to be held in June 2012) and every five years thereafter.

Over the past year the UK economy has moved into recession, and conditions in the financial markets have been extremely difficult. During the Company's financial year ended 31 March 2009 the FTSE All-Share index fell by 32.2% and the Company's net asset value per share fell by 18.0%, from 297.3p to 243.9p. In addition the majority of listed private equity investment trusts have seen a marked widening in the discount to net asset value at which their shares trade, in response to market concerns about (i) reductions in the value of the underlying portfolio holdings and (ii) the possibility of existing commitments to make future investments exceeding the cash resources available. Despite its strong balance sheet liquidity and freedom from onerous commitments, the Company has been significantly affected by this adverse market sentiment, with the mid-market price of its ordinary shares falling by 50.1% over the year to 31 March 2009 to a low point of 96p – a discount of 60.6% to the year-end net asset value announced on 12 May 2009.

Given the current market conditions, the Directors have continued to take a prudent view in valuing the Company's investment portfolio and to making new investments. However we believe that at the present stage in the economic cycle there are likely to be opportunities available to make new investments, on a highly selective basis, at attractive valuations which should lead to enhanced capital returns in the medium to long term as the UK economy recovers. The valuations of a number of our existing portfolio holdings have been reduced to reflect falls in the value of comparable quoted companies, and should benefit from any future upturn in the markets. Following a number of successful investment realisations over the past year, the Company now holds approximately 31% of its net assets in cash or cash equivalents. Taking all of these factors together, the Directors believe that the prospects for the Company over the next three years, given a restoration of more normal market conditions, are good.

Under the present Articles of Association, the Directors are required to propose a continuation resolution at the annual general meeting in 2010 and then again (if passed in 2010) in 2015. On the basis of information and estimates presently available, it seems improbable that there will be a material improvement in the UK economy and financial markets over the next 12 months and it is likely that the investment environment over the next two years will be more conducive to new investment than to realisations. The Directors therefore believe that it is highly unlikely to be in the best interests of shareholders generally to wind the Company up in 2010. We also believe that the Company is in a strong position to take advantage of potentially profitable new investment opportunities over the next 12 to 24 months. We are therefore asking shareholders at the forthcoming Annual General Meeting to postpone the next continuation vote until 2012 by passing Resolution 12, a special resolution requiring the support of 75% of shareholders voting in person or by proxy, which substitutes in Article 45.2 the 2012 annual general meeting for the 2010 annual general meeting for the purposes of the continuation vote.

Article 45.2 of the Articles of Association of the Company in its current form is set out below:

45.2 At the annual general meeting of the Company held in 2010 and at each fifth subsequent annual general meeting of the Company convened by the Directors thereafter, the Directors shall propose a resolution that the Company should continue as an investment trust for a further five year period, on which resolution the vote shall be decided on a show of hands unless on declaration of the result of the show of hands a poll is duly demanded. A poll may be demanded only by those persons set out in Article 18.9. For the purposes of this Article only, the resolution that the Company should continue as an investment trust shall not be passed only where the vote is held on a poll and the votes against the resolution:-

45.2.1 constitute a majority of the votes cast in respect of the resolution (votes withheld shall be ignored); and

45.2.2 represent not less than 25% of the total number of votes then exercisable in respect of that resolution by the holders of the issued share capital of the Company.

If such resolution is not passed, the Directors shall draw up proposals for the voluntary liquidation, unitisation or other reorganisation of the Company for submission to the members of the Company at an extraordinary general meeting to be convened by the Directors for a date not more than nine months after the date of the meeting at which such resolution was not passed. The Directors shall use all reasonable endeavours to ensure that such proposals for the liquidation, unitisation or reconstruction of the Company as are approved by special resolution are implemented as soon as is reasonably practicable after the passing of such resolution.

VOTING

A form of proxy for use at the Annual General Meeting is attached. Please either complete, sign and return the form of proxy to the Company's registrars as soon as possible or, if you are a CREST member, lodge your vote via the CREST proxy voting system. This will not preclude you from attending the meeting and voting in person should you wish to do so. All proxies should be returned or lodged so as to be received not later than 12.30pm on Monday 22 June 2009.

The Directors have received indications from shareholders holding an aggregate of 13,133,320 shares (including the shares beneficially owned by the Directors), representing 67.7% of the issued capital of the Company, that they intend to vote in favour of Resolution 12.

DIRECTORS' RECOMMENDATION

The Directors believe that each of the resolutions to be proposed at the Annual General Meeting is in the best interests of the Company and its shareholders taken as a whole and accordingly they unanimously recommend that you vote in favour of all the proposed resolutions, as they intend to do in respect of their own beneficial shareholdings totalling 290,150 ordinary shares representing approximately 1.5% of the issued capital of the Company.

Yours sincerely

Peter Haigh
Chairman

Notice of Annual General Meeting

Notice is hereby given that the twenty-fifth Annual General Meeting of Northern Investors Company PLC will be held at the Vermont Hotel, Castle Garth, Newcastle upon Tyne NE1 1RQ on Wednesday 24 June 2009 at 12.30pm for the following purposes:

- 1 To receive the financial statements for the year ended 31 March 2009 and the Directors' and independent auditors' reports thereon.
- 2 To declare a final dividend of 5.1p per ordinary share in respect of the year ended 31 March 2009.
- 3 To approve the Directors' remuneration report in respect of the year ended 31 March 2009.
- 4 To re-elect as a Director Mr J C Barnsley, who retires by rotation in accordance with the Articles of Association and offers himself for re-election.
- 5 To re-elect as a Director Mr E M P Denny, who retires in accordance with paragraph 15.2.13A of the United Kingdom Listing Authority Listing Rules and offers himself for re-election.
- 6 To re-elect as a Director Mr F L G Neale, who retires in accordance with paragraph 15.2.13A of the United Kingdom Listing Authority Listing Rules and offers himself for re-election.
- 7 To re-appoint KPMG Audit Plc as independent auditors of the Company until the conclusion of the next annual general meeting of the Company.
- 8 To authorise the Directors to fix the independent auditors' remuneration.
- 9 To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, in substitution for and to the exclusion of any power previously conferred upon the Directors in this regard, the Directors be generally and unconditionally authorised for the purpose of Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount of £1,151,140, provided that:

- (a) (except as provided in paragraph (b) below) this authority shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 30 September 2010, but may be previously revoked or varied by an ordinary resolution of the Company; and
- (b) the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired."

- 10 To consider and, if thought fit, to pass the following resolution as a special resolution:

"That, subject to the resolution numbered 9 in the notice convening this meeting being passed and in substitution for and to the exclusion of any power previously conferred upon the Directors in this regard (save to the extent relied upon prior to the passing of this resolution), the Directors be and they are hereby empowered to allot equity securities (as defined in Section 94(2) of the Companies Act 1985 ("the Act")) for cash, pursuant to the authority conferred by such resolution, as if Section 89(1) of the Act did not apply to any such allotment provided that such power shall be limited:

- (a) to the allotment of equity securities in connection with a rights issue or other offer of securities in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them at a fixed record date (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 under the laws of or the requirements of any recognised 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 value of £242,443

and shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, on 30 September 2010, 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 in pursuance of such offer or agreement as if the power conferred hereby had not expired."

- 11 To consider and, if thought fit, to pass the following resolution as a special resolution:

"That the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 ("the Act") to make one or more market purchases (within the meaning of Section 163(3) of the Act) on the London Stock Exchange of ordinary shares of 25p each in the capital of the Company provided that:

- (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 1,939,544, representing 10% of the Company's issued ordinary share capital;

- (b) the minimum price which may be paid for an ordinary share shall be 25p per share;
- (c) the maximum price which may be paid for an ordinary share shall be 105% of the average market value for an ordinary share for the five business days immediately preceding the date on which the ordinary shares are purchased; and
- (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, on 30 September 2010, save that the Company may before such expiry enter into a contract to purchase ordinary shares which will or may be completed wholly or partly after such expiry."

12 To consider and, if thought fit, to pass the following resolution as a special resolution:

"That the Articles of Association of the Company be amended in the first sentence of Article 45.2 by deleting the date '2010' and substituting the date '2012'."

By order of the Board

C D MELLOR
Secretary

22 May 2009

Northumberland House
Princess Square
Newcastle upon Tyne NE1 8ER

NOTES

- 1 A member entitled to attend and vote at this meeting is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and, both on a show of hands and on a poll, to vote in his or her stead at the meeting. A proxy need not be a member of the Company. The appointment of a proxy does not preclude a member from attending and voting in person at the meeting should he or she subsequently decide to do so.
- 2 A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her.
- 3 To be valid, a form of proxy together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be received by Equiniti Limited at Aspect House, Spencer Road, Lancing BN99 6ZR not later than 12.30pm on Monday 22 June 2009.
- 4 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00pm on Monday 22 June 2009 shall be entitled to attend or vote (whether on a show of hands or on a poll) at the meeting in respect of the number of shares registered in their name at the time. Changes to entries on the register after 6.00pm on Monday 22 June 2009 (or after 6.00pm on the day which is two days before any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 5 As at 21 May 2009 (being the last business day prior to the date of this notice) the Company's issued share capital consisted of 19,395,440 ordinary shares, carrying one vote per share. Accordingly the total voting rights in the Company as at 21 May 2009 were 19,395,440.
- 6 CREST members who wish to appoint a proxy or proxies for the meeting or any adjournment thereof by utilising the CREST electronic proxy appointment service may do so by following 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.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. 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 issuer's agent (ID 7RA01) by the latest time(s) for receipt of proxy appointments specified in this notice. 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 the issuer's agent 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.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI 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 provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

- 7 The above statement as to proxy rights does not apply to a person who receives this notice of general meeting as a person nominated to enjoy "information rights" under Section 146 of the Companies Act 2006. If you have been sent this notice of meeting because you are such a nominated person, the following statements apply: (a) you may have a right under an agreement between you and the member of the Company by whom you were nominated to be appointed or to have someone else appointed as a proxy for this general meeting; and (b) if you have no such right or do not wish to exercise it, you may have a right under such an agreement to give instructions to that member as to the exercise of voting rights.

Form of Proxy

NORTHERN INVESTORS COMPANY PLC

Annual General Meeting – 24 June 2009

I/We _____
(block capitals please)

of _____
being a member of Northern Investors Company PLC, hereby appoint (see notes 1 and 2)

or failing him/her the Chairman of the meeting to be my/our proxy and vote for me/us at the twenty-fifth Annual General Meeting of the Company to be held on 24 June 2009 and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

| Resolution number | For | Against | Vote withheld |
|--|--------------------------|--------------------------|--------------------------|
| 1 To receive the financial statements for the year ended 31 March 2009 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 To declare a final dividend of 5.1p per share in respect of the year ended 31 March 2009 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 To approve the Directors' remuneration report in respect of the year ended 31 March 2009 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 To re-elect Mr J C Barnsley as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 To re-elect Mr E M P Denny as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 To re-elect Mr F L G Neale as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 To re-appoint KPMG Audit Plc as independent auditors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8 To authorise the Directors to fix the remuneration of the independent auditors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9 To authorise the Directors to allot shares pursuant to Section 80 of the Companies Act 1985 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10 To disapply Section 89 of the Companies Act 1985 in relation to certain allotments of equity securities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11 To authorise the Company to make market purchases of ordinary shares in accordance with Section 166 of the Companies Act 1985 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12 To amend the Articles of Association of the Company | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Please indicate by placing an X in this box if this proxy appointment is one of multiple appointments being made (see note 2 below).

Signed: _____ Date: _____ 2009

NOTES

- Every member has the right to appoint some other person(s) of his/her choice, who need not be a member, as his/her proxy to exercise all or any of his/her rights to attend, speak or vote on his/her behalf at the meeting. A member wishing to appoint a person other than the chairman of the meeting as proxy should insert the name of such person in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter alongside the proxy holder's name the number of 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 form of proxy has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Any alteration or deletion must be signed or initialled.
- A member may appoint more than one proxy in relation to a meeting, provided that the proxy is appointed to exercise the rights attached to a different share or shares held by him/her. To appoint more than one proxy, please contact Equiniti Limited on 0871 384 2030 for (an) additional form(s), or you may photocopy this form. Please indicate alongside the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by placing an X in the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned in the same envelope together.
- Use of the form of proxy does not preclude a member from attending and voting in person.
- Where the form of proxy is executed by an individual it must be signed by that individual or by his or her attorney.
- Where the form of proxy is executed by joint shareholders it may be signed by any of the members, but the vote of the member whose name stands first in the register of members of the Company will be accepted to the exclusion of the votes of the other joint holders.
- Where the form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
- If the form of proxy is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes, as he/she will on any other matters to arise at the meeting.
- To be valid, the form of proxy together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be received by Equiniti Limited at Aspect House, Spencer Road, Lancing BN99 6ZR not later than 12.30pm on Monday 22 June 2009.
- The "vote withheld" option is provided to enable a member to abstain from voting on the resolution; however, it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "for" and "against" the resolution.

Third fold and tuck in

BUSINESS REPLY SERVICE
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First fold

EQUINITI LIMITED
ASPECT HOUSE
SPENCER ROAD
LANCING
BN99 6ZR

Second fold