

MONTANARO EUROPEAN SMALLER COMPANIES PLC
(the "Company")

CIRCULAR TO SHAREHOLDERS
INCLUDING NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in doubt as to the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager or other professional adviser.

If you have sold or transferred all of your Shares in the Company, please forward this document to the purchaser or transferee, or to the stockbroker, bank manager or other agent through whom the sale or transfer was effected.

Please find enclosed Notice convening an Annual General Meeting ("AGM") of the Company to be held on 22 July 2010. Also enclosed is a proxy form in order for you to cast your votes on the matters to be voted on at the AGM.

The directors of the Company consider that the resolutions to be voted on at the AGM are in the best interests of the Company and its Shareholders as a whole and recommend you to vote in favour of the resolutions set out below.

1. To receive and consider the directors' report and the financial statements for the period ended 31 December 2009 and the report of the auditors thereon.
2. To re-appoint Ernst & Young as Auditors to the Company.
3. To authorise the directors to fix the remuneration of the Auditors.

If you do not plan to attend the Annual General Meeting, please complete the attached proxy and lodge it with the Company Secretary, State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland or return it by fax (Fax No. 353-1-416 1450) at least 48 hours before the commencement of the meeting.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS*

Date of this Circular	02 June 2010
Record date for voting at the AGM	20 July 2010
Latest time and date for receipt of Forms of proxy	20 July 2010 at 12.00p.m.
Annual General Meeting	22 July 2010 at 12.00p.m.

* References to times in this Circular are to Dublin times unless otherwise stated.

MONTANARO EUROPEAN SMALLER COMPANIES PUBLIC LIMITED COMPANY
(the "Company")

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the above Company will be held at State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland on 22 July 2010 at 12.00p.m. for the following purposes:-

1. To receive and consider the directors' report and the financial statements for the period ended 31 December 2009 and the report of the auditors thereon.
2. To re-appoint Ernst & Young as auditors to the Company.
3. To authorise the directors to fix the remuneration of the auditors.

By order of the Board



For and of behalf of
State Street Fund Services (Ireland) Limited
Secretary

Registered Office:
78 Sir John Rogerson's Quay
Dublin 2

Dated this 2nd day of June 2010

Note:

A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the company. The instrument appointing a proxy must be deposited at the Company Secretary, State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland at least 48 hours before the commencement of the meeting.

**Montanaro European Smaller Companies Public Limited Company
(the "Company")**

I/We* _____ <name or name of the corporation you are executing this form on behalf of and account designation> being a member of the above named Company, hereby appoint _____ or failing him/her, Ken Barry, Jacqui Horgan, Ciara Timon, Silvia Bazzani, Ailish Taylor or Evelyne Kpolo as my/our proxy to attend and vote instead of me/us on the resolutions to be proposed at the Annual General Meeting of the Company to be held on 22 July 2010 and any adjournment thereof.

I/We wish this proxy to be used as shown below (see Notes).

	Resolutions	For	Against
1.	To receive and consider the directors' report and the financial statements for the period ended 31 December 2009 and the report of the auditors thereon.		
2.	To re-appoint Ernst & Young as auditors to the Company.		
3.	To authorise the directors to fix the remuneration of the auditors.		

Date

PLEASE PRINT YOUR NAME OR THE NAME OF THE CORPORATION YOU ARE EXECUTING THIS FORM ON BEHALF OF AND YOUR ADDRESS UNDERNEATH

_____ (Print name)

_____ (Print account designation)

_____ (Print address)

Notes

1. To be valid, this form of proxy must be completed and lodged with the Company Secretary, State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland or returned by fax (fax no. 353-1-416 1450) for the attention of Ms. Silvia Bazzani not less than 48 hours before the commencement of the meeting or any adjourned meeting thereof.
2. Members may appoint a proxy of their choice. If such an appointment is made, insert the name of the person appointed in the space provided. A proxy need not be a member of the Company.
3. In the case of joint shareholders the vote of the first named person in the register shall be accepted to the exclusion of the votes of the other joint shareholders.
4. In the case of a corporation this proxy form must be executed under common seal or under the hand of an officer or attorney of the corporation duly authorised in writing.
5. Indicate, by inserting X in the appropriate space, the manner in which the proxy is to vote. Unless so indicated, the proxy shall vote as it sees fit.