

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or transferred all your shares in Burberry Group plc, please send this document, together with the accompanying form of proxy, as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom you made the sale or transfer for transmission to the purchaser or transferee.

# BURBERRY GROUP PLC ANNUAL GENERAL MEETING 2006

# BURBERRY GROUP PLC

## LETTER FROM THE CHAIRMAN

Registered in England and Wales  
(No.3458224)

Registered Office:  
18-22 Haymarket  
London SW1Y 4DQ

14 June 2006

*To holders of the Company's shares*

Dear Shareholder

## Annual General Meeting: 14 July 2006

This letter accompanies the Annual Report and Accounts of Burberry Group plc ("the Company") for the year ended 31 March 2006. The Notice of the Annual General Meeting ("AGM") of the Company and the resolutions to be proposed at the AGM are set out on pages 4 and 5 of this document.

In keeping with the Company's practice, it is intended to call a poll on each of the resolutions set out in the Notice of AGM.

Resolutions 1 to 7, which will be proposed as Ordinary Resolutions, deal with the receipt of the accounts and the reports of the Directors and auditors of the Company for the year ended 31 March 2006, together with the approval of the Directors' remuneration report, the declaration of a final dividend, the election of Angela Ahrendts and Stephanie George, and the re-election of Stacey Cartwright and David Tyler as Directors.

In accordance with the requirements of the Combined Code on Corporate Governance in relation to the re-election of non-executive directors, I can confirm that, following the evaluation process adopted by the Board, David has demonstrated his commitment to, and ability to perform effectively, his roles as a non-executive Director and as a member of the Audit Committee.

Biographical details of the Directors, including those seeking re-election, are set out on page 22 of the Annual Report and Accounts.

### **Auditors**

Resolution 8 deals with the re-appointment of PricewaterhouseCoopers LLP as auditors and Resolution 9 seeks authorisation for the Directors to determine the auditors' remuneration for the year ending 31 March 2007. Both resolutions will be proposed as Ordinary Resolutions.

### **Political donations and expenditure**

Resolution 10, which will be proposed as an Ordinary Resolution, seeks authority from shareholders for the Company to make donations or incur expenditure which would otherwise be prohibited by Part XA of the Companies Act 1985 ("the Act"), (as amended by the Political Parties, Elections and Referendums Act 2000). This resolution seeks authority for the Company to exercise this power up to a maximum amount of £25,000 during the period ending on the date of the Company's AGM in 2007. Resolution 11, which will also be proposed as an Ordinary Resolution, seeks a corresponding authority from shareholders for £25,000 for the same period, in relation to expenditure and donations by the Company's wholly owned subsidiary, Burberry Limited.

It is the Company's policy not to make donations to political parties and the Company has no intention of altering this policy. However, the definitions in the Act of "donation", "EU political organisation" and "EU political expenditure" are broadly drafted. Accordingly, the Company wishes to ensure that neither it nor its subsidiary company inadvertently commits any breaches of the Act through the undertaking of routine activities which would not normally be considered to result in the making of political donations. The Act requires a separate resolution of the Company to be passed with respect to each subsidiary company concerned.

## **Purchase of own shares**

Resolution 12, which will be proposed as a Special Resolution, seeks shareholder approval for the Company to make market purchases of up to 44,685,000 Ordinary Shares, being just under 10 per cent. of the issued share capital (excluding treasury shares) as at 18 May 2006. The Company will only exercise the power of purchase after careful consideration and in circumstances where, in the light of market conditions prevailing at the time, it is satisfied that it is in the best interests of the Company and of its shareholders generally to do so and where there would be a resulting increase in earnings per share.

In addition to, and separately from, repurchasing shares for cancellation, the Company may wish to repurchase some shares to be held as treasury shares. Treasury shares are essentially shares which have been repurchased by the Company and which it is allowed to hold pending either reselling them for cash, cancelling them or, if authorised, using them for the purposes of its employee share plans. The Directors believe that it is desirable for the Company to have this choice. Holding the repurchased shares as treasury shares would give the Company the ability to resell or transfer them quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares. Shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently resold or transferred out of treasury).

The total number of options to subscribe for Ordinary Shares, which are outstanding as at 18 May 2006, is 4,290,005 representing approximately 0.96 per cent. of the issued share capital (excluding treasury shares) at that date. If the full authority being sought was utilised, so reducing the issued share capital by an equivalent amount, the figure of 4,290,005 would represent approximately 1.07 per cent. of the issued share capital.

This authority will expire on the earlier of 13 October 2007 and the conclusion of the Company's AGM to be held in 2007.

## **Powers to allot shares and disapply pre-emption rights**

Resolution 13, which will be proposed as an Ordinary Resolution, seeks to renew the authority conferred on Directors by shareholders at the AGM in 2005 to allot unissued share capital. This authority is limited to the allotment of 148,950,000 Ordinary Shares in the Company, having an aggregate nominal value of £74,475 (referred to in the resolution as the "Section 80 Amount") and which is just under one-third of the issued share capital (excluding treasury shares) of the Company as at 18 May 2006.

As at the date of this letter, the Company holds 23,680 of its Ordinary Shares as treasury shares, being just over 0.005 per cent. of the issued share capital (excluding treasury shares) as at 18 May 2006.

Resolution 14, which will be proposed as a Special Resolution, renews the authority conferred on Directors by shareholders at the 2005 AGM to allot shares for cash in connection with a Rights Issue without offering those shares pro rata to existing shareholders.

Resolution 15, which will be proposed as a Special Resolution, seeks a similar authority to that contained in Resolution 14 but relates to the allotment of the Company's shares otherwise than in connection with a Rights Issue. This authority would be limited to the allotment of a maximum of 22,342,000 Ordinary Shares having an aggregate nominal value of £11,171 (referred to in the resolution as the "Section 89 Amount"), and which represents approximately 5 per cent. of the issued share capital of the Company as at 18 May 2006.

The Directors consider that it is in the best interests of the Company and its shareholders generally that they should have the flexibility conferred by the above authorities to make small issues of shares for cash (on a pre-emptive or, where appropriate, a non pre-emptive basis) as suitable opportunities arise, although they have no present intention of exercising any of these authorities. These authorities will expire on the earlier of 13 July 2011 and the conclusion of the Company's AGM to be held in 2011.

## **Recommendation**

The Directors consider that the resolutions in the Notice of Meeting are in the best interests of shareholders as a whole and recommend that you vote in favour of each of them, as they intend to do in respect of their own beneficial holdings, where appropriate.

Yours faithfully



John Peace

Chairman

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Burberry Group plc ("the Company") will be held at the British Academy of Film and Television Arts, 195 Piccadilly, London W1J 9LN on Friday, 14 July 2006 at 11.00 am to transact the following business:

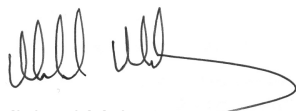
1. To receive the Company's accounts for the year ended 31 March 2006 and the reports of the Directors and auditors thereon.
2. To approve the Directors' remuneration report for the year ended 31 March 2006, set out on pages 30 to 40 of the Company's Annual Report and Accounts.
3. To declare a final dividend of 5.5p per Ordinary Share.
4. To elect Ms A Ahrendts as a Director of the Company.
5. To elect Ms S George as a Director of the Company.
6. To re-elect Ms S Cartwright as a Director of the Company.
7. To re-elect Mr D Tyler as a Director of the Company.
8. To re-appoint PricewaterhouseCoopers 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.
9. To authorise the Board to determine the auditors' remuneration.

To consider and, if thought fit, pass resolutions 10, 11 and 13 as Ordinary Resolutions and resolutions 12, 14 and 15 as Special Resolutions:

10. That, pursuant to the Political Parties, Elections and Referendums Act 2000, the Company be and it is hereby authorised to make "donations" to "EU political organisations" and to incur "EU political expenditure" (within the meaning of Section 347A of the Companies Act 1985 (the "Act"), as amended by the Political Parties, Elections and Referendums Act 2000) in an aggregate amount not exceeding £25,000 during the period ending on the date of the Company's Annual General Meeting in 2007.
11. That, pursuant to the Political Parties, Elections and Referendums Act 2000, Burberry Limited be and it is hereby authorised to make "donations" to "EU political organisations" and to incur "EU political expenditure" (within the meaning of Section 347A of the Act, as amended by the Political Parties, Elections and Referendums Act 2000) in an aggregate amount not exceeding £25,000 during the period ending on the date of the Company's Annual General Meeting in 2007.
12. That the Company be and it is hereby generally and unconditionally authorised for the purpose of Section 166 of the Act to make market purchases (as defined in Section 163 of the Act) of Ordinary Shares of 0.05p each in the capital of the Company provided that:
  - i) the maximum number of Ordinary Shares of 0.05p each in the capital of the Company which may be purchased is 44,685,000 being just under 10 per cent. of the Company's issued share capital as at 18 May 2006;
  - ii) the minimum price which may be paid for each such share is 0.05p;
  - iii) the maximum price which may be paid for each such share is the higher of:
    - a) an amount equal to 105 per cent. of the average middle market quotations for an Ordinary Share of 0.05p in the capital of the Company as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the relevant share is purchased; and
    - b) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase of the relevant share is carried out.
  - iv) the authority hereby conferred shall expire on the earlier of 13 October 2007 and the conclusion of the Annual General Meeting of the Company to be held in 2007 (except in relation to the purchase of shares the contracts of which are concluded before such expiry and which are executed wholly or partly after such expiry) unless such authority is renewed prior to such time.

13. That the authority to allot the Company's shares, conferred on the Directors pursuant to Article 10 of the Company's Articles of Association, be renewed for the period ending on the date of the Annual General Meeting in 2011 or on 13 July 2011, whichever is the earlier, and for such period the "Section 80 Amount" shall be £74,475 being just under one-third of the issued share capital of the Company as at 18 May 2006. Such authority shall be in substitution for all previous authorities pursuant to Section 80 of the Act which are hereby revoked, without prejudice to any allotment of securities prior to the date of this resolution (or thereafter pursuant to any offer or agreement made prior thereto).
14. That, subject to the passing of Resolution 13 above, the power conferred on the Directors pursuant to paragraph 10.3(b) of Article 10 of the Company's Articles of Association be renewed for the period referred to in that resolution.
15. That, subject to the passing of Resolution 13 above, the power conferred on the Directors pursuant to paragraph 10.3(c) of Article 10 of the Company's Articles of Association be renewed for the period referred to in that resolution and for such period the "Section 89 Amount" shall be £11,171 being approximately 5 per cent. of the issued share capital of the Company as at 18 May 2006. Such authority shall be in substitution for all previous powers pursuant to paragraph 10.3(c) of Article 10 of the Company's Articles of Association which are hereby revoked without prejudice to any allotment or sale of securities prior to the date of this resolution (or thereafter pursuant to any offer or agreement made prior thereto).

By order of the Board

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Michael Mahony

General Counsel and Secretary

14 June 2006

## Notes

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the Register of Members of the Company as at 6.00pm on 12 July 2006 or, if the Annual General Meeting is adjourned, in the Register of Members as at 6.00pm two days before the adjourned meeting, shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at the relevant time.

Changes to entries on the Register of Members after 6.00pm on 12 July 2006 or, if the Annual General Meeting is adjourned, as at 6.00pm two days before the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

2. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy or proxies to attend and, on a poll, to vote in his or her place. A proxy need not be a member of the Company. The return of a proxy will not preclude members entitled to attend and vote at the Annual General Meeting (or at any adjournment thereof) from doing so in person if they wish to do so.

3. To be valid, an appointment of proxy must be returned using one of the following methods:

- (i) by sending the enclosed Form of Proxy (together, if appropriate, with the power of attorney or other written authority under which it is signed or an office copy or a certified copy of such power or authority) to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DX; or

- (ii) in the case of CREST members, by using a CREST electronic proxy appointment,

and, in either case, the appointment of proxy (together with any relevant power/authority) must be received (or, in the case of the appointment of a proxy through CREST, retrieved by enquiry to CREST in the manner prescribed by CREST) by Lloyds TSB Registrars (the "Registrars") not later than 48 hours before the time appointed for holding the Annual General Meeting or the adjourned Annual General Meeting or (in the case of a poll taken otherwise than at or on the same day as the Annual General Meeting or adjourned Annual General Meeting) the time of the taking of the poll at which the proxy is to be used.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment of the Annual General Meeting by using 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, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST proxy instruction) must be properly authenticated in accordance with CRESTCo's 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 Registrars (ID 7RA01) at least 48 hours before the time appointed for holding the Annual General Meeting or the adjourned Annual General Meeting or (in the case of a poll taken otherwise than at or on the same day as the Annual General Meeting or adjourned Annual General Meeting) the time of the taking of the poll at which the proxy is to be used. 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 Registrars are 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 CRESTCo 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, to procure that his or her CREST sponsor or voting service provider takes) 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 providers 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.

5. It is proposed that the final dividend on the Ordinary Shares will be paid on 3 August 2006 to those persons on the Register of Members at the close of business on 7 July 2006. Dividend warrants are expected to be posted on 2 August 2006.