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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 2007

# BURBERRY GROUP PLC

## LETTER FROM THE CHAIRMAN

Registered in England and Wales  
(No.3458224)

Registered Office  
18-22 Haymarket  
London SW1Y 4DQ

12 June 2007

*Only holders of Ordinary Shares of the Company are entitled to attend and vote at the Annual General Meeting. Other persons to whom this booklet is sent should regard it as for information only.*

Dear Shareholder

## Annual General Meeting: 12 July 2007

This letter accompanies the Annual Report and Accounts of Burberry Group plc (“the Company”) for the year ended 31 March 2007. The Notice of the Annual General Meeting of the Company and the resolutions to be proposed at the Annual General Meeting are set out on pages 8 and 9 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 Annual General Meeting.

Resolutions 1 to 5, 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 2007, together with the approval of the Report on Directors’ Remuneration, the declaration of a final dividend, the election of Ian Carter and the re-election of John Peace as directors.

Biographical details of the directors, including those seeking election and re-election, are set out on page 51 of the Annual Report and Accounts.

### **Auditors**

Resolution 6 deals with the re-appointment of PricewaterhouseCoopers LLP as auditors and Resolution 7 seeks authorisation for the directors to determine the auditors’ remuneration for the year ending 31 March 2008. Both resolutions will be proposed as Ordinary Resolutions.

### **Political donations and expenditure**

Resolution 8, 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 Annual General Meeting in 2008. Resolution 9, 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 10, which will be proposed as a Special Resolution, seeks shareholder approval for the Company to make market purchases of up to 43,760,000 Ordinary Shares, being just under 10 per cent. of the issued share capital (excluding treasury shares) as at 30 May 2007. This authority will be kept under review and 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 awards and options to subscribe for Ordinary Shares, which are outstanding as at 30 May 2007, is 1,093,336 representing approximately 0.25 per cent. of the issued share capital (excluding treasury shares) at that date. If the full authority being sought under Resolution 10 was utilised, so reducing the issued share capital by an equivalent amount, the figure of 1,093,336 would represent approximately 0.28 per cent. of the issued share capital. No warrants over Ordinary Shares in the capital of the Company are in existence as at 30 May 2007.

This authority will expire on the earlier of 11 October 2008 and the conclusion of the Company's Annual General Meeting to be held in 2008.

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

Resolution 11, which will be proposed as an Ordinary Resolution, seeks to renew the authority conferred on directors by shareholders at the Annual General Meeting in 2006 to allot unissued share capital. This authority is limited to the allotment of 145,870,000 Ordinary Shares in the Company, having an aggregate nominal value of £72,935 (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 30 May 2007.

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 30 May 2007.

Resolution 12, which will be proposed as a Special Resolution, renews the authority conferred on directors by shareholders at the 2006 Annual General Meeting to allot shares for cash in connection with a Rights Issue (as defined in the Company's Articles of Association), without offering those shares pro rata to existing shareholders.

Resolution 13, which will be proposed as a Special Resolution, seeks a similar authority to that contained in Resolution 12 but relates to the allotment of the Company's shares for cash otherwise than in connection with a Rights Issue. This authority would be limited to the allotment of a maximum of 21,880,000 Ordinary Shares having an aggregate nominal value of £10,940 (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 30 May 2007.

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 11 October 2008 and the conclusion of the Annual General Meeting to be held in 2008.

Resolution 14, which will be proposed as a Special Resolution, seeks to extend the authority conferred on the directors under Resolutions 12 and 13 so that it also applies to the sale by the Company of any of its shares held in treasury (which, under the technical provisions of the Act, would be treated as an allotment of equity securities for the purposes of the pre-emption regime in the Act). This would allow the directors to sell shares held by the Company in treasury for cash without offering those shares pro rata to existing shareholders (subject to the same limits that apply to the authority sought under Resolutions 12 and 13).

#### **Proposed Exceptional Performance Share Plan**

Resolution 15, which will be proposed as an Ordinary Resolution, seeks shareholder approval for a new Exceptional Performance Share Plan (the "Plan"). Further details of the Plan are set out in the letter from David Tyler, Chairman of the Remuneration Committee, which is set out below.

#### **Electronic Communications**

Resolution 16, which will be proposed as a Special Resolution, seeks to allow the Company to take advantage of legislation introduced under the Companies Act 2006, which allows companies to make greater use of electronic communications with shareholders (for example the Annual Report and Accounts could be delivered electronically if a shareholder consents). As a consequence, the Company is proposing to amend the Company's Articles of Association to further facilitate the use of electronic communications with shareholders via the Company's website or by email.

#### **Recommendation**

The directors consider that each of the proposed resolutions in the Notice of Meeting are in the best interests of the Company and its shareholders as a whole and therefore unanimously 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

Dear Shareholder

## **Proposed grant of one-off awards under an Exceptional Performance Share Plan**

### **Introduction**

Burberry is a leading global luxury goods company operating in Europe, North America and Asia. Our strategy is aimed at maximising shareholder value by growing revenues significantly and delivering strong profit growth. Burberry competes for top talent against other global luxury brands, many of which are based in the US. For the Group to ensure it can recruit, retain and motivate executives with a proven track record and with the capability to grow shareholder value to the maximum, the Board believes it must be able to offer potential rewards comparable with those offered by its international competitors.

Angela Ahrendts joined the Board in January 2006 and was appointed Chief Executive Officer on 1 July 2006. Following her appointment and the development of new plans for Burberry, the Remuneration Committee considered it timely to review Burberry's remuneration arrangements to support planned changes in the business.

The review highlighted the following in particular:

- to be able to compete effectively for talent in a tough global market, Burberry needs to be able to provide exceptional reward for exceptional performance.
- however, current levels of reward for median performance should not be increased.
- the Burberry Co-Investment Plan does not conform to current shareholder guidelines as there is no secondary test on matching shares.

As a result of these findings, the Remuneration Committee proposes to:

- grant one-off awards under a new long-term incentive plan.
- introduce a three year secondary performance test for the Burberry Co-Investment Plan.
- introduce share ownership guidelines for executive directors.

These proposals are particularly important to Burberry's business and the critical need to attract, motivate and retain talent.

### **Grant of one-off awards under an Exceptional Performance Share Plan**

The arrival of our new Chief Executive Officer and the development of new business plans by her and her management team signal the intention for Burberry to focus on further significant growth. In order to incentivise senior management to achieve stretching goals, Burberry proposes the introduction of a one-off long-term incentive plan, delivered in Burberry shares, to help provide exceptional reward for exceptional performance. Participation in the proposed plan will be limited to the most senior executives (between 10 and 20).

The maximum pay-out under this proposed Exceptional Performance Share Plan (the "EPP") requires Burberry to double its profits over the five year period from 2006 to 2011. A one-off grant of 850,000 shares is proposed for the Chief Executive Officer (significantly lower for other executives). We estimate the fair value of the EPP to be about 32% of face value, reflecting the stretching nature of the targets.

The proposed EPP awards would be based 50% on relative Total Shareholder Return ("TSR") performance and 50% on growth in profits over the three and four year performance periods to 2010 and 2011. No awards would vest unless Burberry's TSR exceeds the median of the comparator group or growth in profit before tax and amortisation of goodwill per share ("PBT") exceeds 50% over the four year performance period to 2010 or 75% over the five year performance period to 2011. For the performance period to 2011, maximum vesting would require Burberry's TSR to out-perform the median of our peers by at least 7% p.a. and would require PBT growth of at least 100%.

The proposed TSR peer group is the same as that for awards to be granted in 2007 under the existing Burberry Senior Executive Restricted Share Plan 2004.

A summary of the proposed EPP and the peer group is set out below.

Subject to shareholder approval at the Annual General Meeting, the EPP would commence in July 2007.

### **Burberry Senior Executive Restricted Share Plan 2004 (the "RSP")**

We are not proposing to make any changes to the RSP. For information, the estimated fair value of an award made under the RSP is 38% of face value.

### **Introduction of share ownership guidelines for executive directors**

The Remuneration Committee proposes introducing executive share ownership guidelines of three times base salary for the Chief Executive Officer, one and half times base salary for other executive directors and one times salary for other participants in the EPP. The guidelines would require executives to retain at least 50% of shares from any vested incentive share awards until the individual ownership level is achieved.

### **Proposed changes to the Burberry Co-Investment Plan (the “Co-Investment Plan”)**

Following discussions with shareholders during the year, Burberry now proposes to introduce a three year secondary performance test on the Co-Investment Plan matching awards.

The primary performance test, which determines the size of the annual bonus awarded and the matching ratio, will continue to be based on stretching financial performance targets, as determined by the Remuneration Committee at the start of each year.

Under new proposals, the match for the most senior executives would be based on three year Group financial performance, with the maximum 2:1 match being earned for PBT per share growth of 7% p.a. or greater for the first cycle. The performance conditions attaching to Co-Investment Plan matching shares will be as follows for the first cycle:

- No vesting for PBT growth below 5% p.a.
- 25% vesting for PBT growth of 5% p.a.
- 50% vesting if PBT growth is 6% p.a.
- 100% vesting (i.e. 2:1 match) if PBT growth equals or exceeds 7% p.a.
- Straight-line between each of these points

For the purpose of the Co-Investment Plan, PBT is defined as profit before tax and amortisation of goodwill per share and would be measured on a constant exchange rate basis.

If the executive leaves within three years, matching shares would generally be forfeited, as under the current rules of the Co-Investment Plan.

The proposed changes would reduce the estimated fair value of the Co-Investment Plan from 62% to 48% of the maximum bonus opportunity.

### **Documents available for inspection**

The full draft rules of the EPP are available for inspection from today's date at the offices of Norton Rose, 3 More London Riverside, London SE1 2AQ during normal business hours on any weekday (Saturday, Sundays and public holidays excepted) until the Annual General Meeting and also at the Meeting from 9.15am until its conclusion.

### **Recommendation**

The Remuneration Committee are of the opinion that the proposed EPP is in the best interests of Shareholders and recommend that you vote in favour of Resolution 15.

Yours faithfully

**David Tyler**

Chairman of the Remuneration Committee

# APPENDIX

## Summary of the main features of the proposed Burberry Exceptional Performance Share Plan

### General

The operation of the Burberry Exceptional Performance Share Plan (the “EPP”) will be supervised by the Company’s Remuneration Committee, the members of which are the Chairman and the non-executive directors. None of the executive directors are members of the Committee.

### Eligibility

All employees in the Company (including executive directors) will be eligible to participate in the EPP at the discretion of the Remuneration Committee.

### Grant of Awards

Awards may only be granted within six weeks of the EPP’s approval by shareholders at the Annual General Meeting, or at any other times considered by the Remuneration Committee to be exceptional.

No payment will be required for the grant of an award. Awards are neither transferable nor pensionable.

### Individual limit

The maximum number of award shares that may be held by any participant under the EPP will be 1,000,000 shares.

### Limits on the issue of shares

The rules of the EPP permit awards to be granted over new issue shares or shares purchased in the market. The number of new shares that may be issued under the EPP or any other employee share scheme will be restricted to 10% of the issued share capital of the Company over any ten year period. Share awards and options granted before the Company’s flotation shall not be taken into account for these purposes.

### Vesting of awards

An award of shares under the EPP will normally begin vesting on the third anniversary of its date of grant to the extent that the applicable performance conditions have been satisfied (see below) and provided that the participant is still employed by the Burberry Group. 50% of the award is capable of vesting after three years and the remaining 50% after four years.

In the event of a participant’s death, an award will vest immediately but on a time pro-rated basis. For participants who cease employment due to injury, disability, redundancy, agreed retirement or the sale of their employing business or company, awards will be pro-rated for time up to the date of cessation and will vest as described above to the extent that the performance conditions have been satisfied. For all other leavers, including those who resign, awards will lapse except that in exceptional circumstances the Remuneration Committee may determine otherwise.

In the event of a takeover, scheme of arrangement, or winding up of the Company, EPP awards will be pro-rated for the time elapsed in the relevant performance period and the performance conditions will be applied without any variation to reflect the premature termination of the performance periods unless the Remuneration Committee decides that a variation is appropriate.

Participants will not be required to make any payment to acquire vested shares.

### Dividends

Participants will be entitled to the value of dividends that would have accrued on their awards that vest, unless at the time an award is granted the Remuneration Committee determines otherwise.

### Performance conditions applying to awards

All EPP share awards will be subject to the performance conditions as set out below. The Remuneration Committee intends the EPP to reward exceptional performance and has defined this for the purposes of the EPP as being from upper quartile to upper decile performance. The performance conditions will require the Company’s TSR to exceed the median of a comparator group of 20 peers and the cumulative PBT per share to meet or exceed 50% over four years from 2005/06 (and 75% over five years from 2005/06). Full vesting would require TSR to exceed the median of the comparator group by 8% p.a. to 2010 (7% p.a. to 2011) and cumulative PBT per share from 2005/06 to exceed 75% over four years from 2005/06 and 100% over five years from 2005/06.

The performance periods will be measured from 2005/06 for PBT and from 1 April 2007 for the purposes of the relative TSR measured to the end of the financial years 2010 and 2011.

The comparator group comprises the following companies:

Bulgari	Geox	Luxottica Group	PPR
Coach	Hermès International	LVMH Moët Hennessy Louis Vuitton	Saks
Compagnie Financiere Richemont	Hugo Boss	Nike	Swatch
Estée Lauder	Inditex	Nordstrom	Tiffany & Co.
Fossil	Liz Claiborne	Polo Ralph Lauren	Tod’s

Due to the relatively small number of companies in the peer group, the Company proposes to use TSR percentage out-performance as the measure of performance rather than a ranking as it provides better shareholder alignment and is more robust (i.e. less sensitive to TSRs of individual comparators and less sensitive to TSR clustering). Maximum TSR out-performance targets for Burberry have been defined as 8% p.a. and 7% p.a. over three and four years respectively; historical analysis shows these performance levels would have constituted upper quartile to upper decile performance. This is in addition to a very strong TSR out-performance in the last twelve months.

50% of an EPP share award will be subject to TSR performance as follows:

<b>Burberry TSR vs. comparator group to 2010</b>	<b>Burberry TSR vs. comparator group to 2011</b>	<b>Percentage of shares that vest</b>
Less than median	Less than median	0%
Median	Median	0%
Between Median and Median plus 8% p.a.	Between Median and Median plus 7% p.a.	Straight line between 0% and 100%
Above median plus 8% p.a.	Above median plus 7% p.a.	100%

TSR performance will be based on the three month average share price to 31 March 2007 to the three month average share price to 31 March 2010 (50% of the TSR-based share award) and 31 March 2011 (remaining 50%) with dividends reinvested. TSR will be measured on a common currency basis.

50% of an EPP share award will be subject to PBT per share growth as follows:

<b>Burberry PBT per share growth to 2010</b>	<b>Burberry PBT per share growth to 2011</b>	<b>Percentage of shares that vest</b>
Less than 50%	Less than 75%	0%
50%	75%	0%
50% to 75%	75% to 100%	Straight line between 0% and 100%
Above 75%	Above 100%	100%

PBT is profit before tax and amortisation of goodwill per share and will be measured on a constant exchange rate basis for the purpose of the EPP. The base year is the year ended 31 March 2006, with PBT defined as PBT pre-Atlas costs.

#### **Rights attaching to shares**

Ordinary Shares allotted when an award is exercised will rank equally with all other Ordinary Shares of the Company in issue.

#### **Shareholder rights**

Awards of restricted shares shall not confer any shareholder rights, for example, the right to vote the shares or receive any dividend, until the award has vested and the participant has received the shares.

#### **Variation of capital**

In the event of any variation of share capital including a capitalisation issue, a discounted rights issue, a sub-division or consolidation of shares, or a reduction in capital, or any other variation of the Company's capital, the Remuneration Committee may make such adjustments as it considers appropriate to adjust the number of shares subject to an award and the individual limit.

#### **Alterations to the Plan**

The Remuneration Committee may, at any time, alter or add to the rules of the EPP in any respect, provided that the prior approval of shareholders is obtained for any alterations or additions that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of shares, terms of exercise, the rights attaching to the shares acquired and the adjustment of awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group.

# 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 Thursday, 12 July 2007 at 9.30 am to transact the following business:

To consider and, if thought fit, pass resolutions 1 to 9, 11 and 15 as Ordinary Resolutions and resolutions 10, 12, 13, 14 and 16 as Special Resolutions:

1. To receive the Company’s accounts for the year ended 31 March 2007 and the reports of the directors and auditors thereon.
2. To approve the Report on Directors’ Remuneration for the year ended 31 March 2007, set out on pages 65 to 73 of the Company’s Annual Report and Accounts.
3. To declare a final dividend of 7.625p per Ordinary Share.
4. To elect Ian Carter as a director of the Company.
5. To re-elect John Peace as a director of the Company.
6. 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.
7. To authorise the Board to determine the auditors’ remuneration.
8. That, pursuant to the Political Parties, Elections and Referendums Act 2000 and in accordance with section 347C of the Companies Act 1985 (the “Act”), 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 Act as amended by the Political Parties, Elections and Referendums Act 2000) in an aggregate amount not exceeding £25,000 during the period beginning on the date of the passing of this resolution and ending at the conclusion of the Company’s Annual General Meeting in 2008.
9. That, pursuant to the Political Parties, Elections and Referendums Act 2000 and in accordance with section 347D of the Act, 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 beginning on the date of the passing of this resolution and ending at the conclusion of the Company’s Annual General Meeting in 2008.
10. 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 43,760,000 being just under 10 per cent. of the Company’s issued share capital as at 30 May 2007;
  - ii) the minimum price (excluding stamp duty and expenses) which may be paid for each such share is 0.05p;
  - iii) the maximum price (excluding stamp duty and expenses) which may be paid for each such share is the higher of:
    - a) an amount equal to 105 per cent. of the average of the 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; and
  - iv) the authority hereby conferred shall expire on the earlier of 11 October 2008 and the conclusion of the Annual General Meeting of the Company to be held in 2008 (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.



11. That the authority to allot the Company's relevant securities, conferred on the directors pursuant to Article 10 of the Company's Articles of Association, be renewed and that for such period the "Section 80 Amount" shall be £72,935 being just under one-third of the issued share capital of the Company as at 30 May 2007. 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). This authority hereby conferred shall expire on the earlier of 11 October 2008 and the conclusion of the Annual General Meeting to be held in 2008, save that the Company may, before such expiry, make an offer or enter into any agreement which would or might require relevant securities to be allotted or treasury shares to be sold, after such expiry and the directors may allot relevant securities or sell treasury shares in pursuance of such offer or agreement as if the power conferred hereby had not expired.
12. That, subject to the passing of Resolution 11 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 Resolution 11.
13. That, subject to the passing of Resolution 11 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 Resolution 11 and for such period the "Section 89 Amount" shall be £10,940 (being approximately 5 per cent. of the issued share capital of the Company as at 30 May 2007). 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).
14. That, subject to the passing of Resolutions 12 and 13 above, the power conferred on the directors pursuant to paragraphs 10.3(b) and 10.3(c) of Article 10 of the Company's Articles of Association as renewed pursuant to Resolutions 12 and 13 be extended to also cover the allotment of equity securities for cash where such allotment constitutes an allotment of equity securities by virtue of section 94(3A) of the Act (subject to the same limitations that apply in respect of paragraphs 10.3(b) and 10.3(c) of Article 10 as so renewed and so that the Section 89 Amount applicable to paragraph 10.3(c) of Article 10 as so renewed applies jointly to this power).
15. That the Burberry Exceptional Performance Share Plan ("the Plan") (the main features of which are summarised in the letter from the Chairman of the Remuneration Committee to shareholders and the rules of which, initialled by the Chairman for the purposes of identification, are produced to the meeting) be and is hereby approved and the directors be and are hereby authorised to do such acts and things as may be necessary or expedient to carry the same into effect, including making such modifications to the Plan as may be necessary to ensure compliance with such statutory, fiscal or securities regulations as may apply to the Plan or any participant.
16. That the Company's Articles of Association be amended as follows:
  - (A) by deleting Article 136 (Electronic Communication) in its entirety and replacing it with the following:
    - "136.1 Notwithstanding anything to the contrary in these Articles, and instead of being served on or sent or supplied to members in any of the other ways specified in these Articles, any notice, document or information may be served on or sent or supplied to any member by the Company by sending or supplying it in electronic form to an address notified by the member to the Company for that purpose or by making it available on a website in accordance with the Statutes or by any other means authorised in writing by the member.
    - 136.2 Any notice, document or other information served, sent or supplied by the Company using electronic means shall be deemed to have been received on the day on which it was sent. Any notice, document or other information made available on a website shall be deemed to have been received on the day on which the notice, document or other information was first made available on the website or, if later, when a notice of availability is deemed to have been served, sent or supplied pursuant to this Article or Article 130. Proof that the notice, document or other information sent or supplied by electronic means was given, sent or supplied in accordance with current guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice, document or other information was given, sent or supplied. Any notice, document or other information served, sent or supplied by the Company by any other means authorised in writing by the member concerned shall be deemed to have been served, sent or supplied when the Company has carried out the action it has been authorised to take for that purpose.
    - 136.3 A communication by electronic means shall not be treated as received by the Company if it is rejected by computer virus arrangements.";

- (B) by deleting the words “(but only to the extent that the recipient (if not the Company) has requested or agreed to electronic communication” from the definition of “in writing” in Article 2 (Interpretation) and inserting the following at the end of Article 2:  
“The expressions “electronic form” and “electronic means” shall have the same meanings given to them in the Companies Act 2006.”;
- (C) by deleting the last sentence of Article 127 (Copies of accounts for members) (“To the extent permitted by the Statutes and agreed by the member, the documents referred to in this Article may be sent by electronic communication.”);
- (D) by deleting Article 130.3 (Service of notices);
- (E) by renumbering Article 131 (Joint holders) as Article 131.1 and inserting the following new Article 131.2:  
“131.2 In the case of joint holders of a share, anything to be agreed or specified in relation to any notice, document or other information to be sent or supplied to them may be agreed or specified by any one of the joint holders and the agreement or specification of the senior shall be accepted to the exclusion of that of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.”

By order of the Board

**Michael Mahony**  
General Counsel and Secretary  
12 June 2007

## Notes

1. Ian Carter was appointed a director of the Company with effect from 1 April 2007. He is a member of the Audit, Remuneration and Nomination Committees. As Ian Carter was appointed after the Company's Annual General Meeting in 2006, in accordance with Article 86 of the Company's Articles of Association, he will retire, and is seeking election. The Board considers that Ian Carter's significant experience will be valuable and beneficial to the Board. The Board recommends that shareholders vote in favour of Resolution 4.
2. John Peace will retire by rotation at the Annual General Meeting in accordance with Article 82 of the Articles of Association and is seeking re-election. He is Chairman of the Board and a member of the Nomination and Remuneration Committees. John Peace has made a valuable contribution to the Board since his appointment in 2002 and the Board is satisfied that he will continue to make an effective and valuable contribution. The Board recommends that shareholders vote in favour of Resolution 5.
3. 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 10 July 2007 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 10 July 2007 or, if the Annual General Meeting is adjourned, after 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.

4. 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.
5. 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 6ZQ; or
  - (ii) by registering the appointment of a proxy for the meeting electronically by logging on to [www.sharevote.co.uk](http://www.sharevote.co.uk) and following the online instructions,
  - (iii) in the case of CREST members, by using a CREST electronic proxy appointment,

and, in all cases, 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.

6. Shareholders may register the appointment of a proxy or voting instructions for the meeting electronically. To do this shareholders should visit [www.sharevote.co.uk](http://www.sharevote.co.uk), full details of the procedure are given on the website. Shareholders will need their 24-digit number which is made up of the Reference Number, Card ID and Account Number printed on their proxy forms. The proxy appointment and/or voting instructions must be received by Lloyds TSB Registrars not later than 9.30am on Tuesday 10 July 2007. Any electronic communication sent to the Company or Lloyds TSB Registrars that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the Annual General Meeting is governed by Lloyds TSB Registrars' conditions of use set out on the website, [www.sharevote.co.uk](http://www.sharevote.co.uk), and may be read by logging on to that site.

7. 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.

8. It is proposed that the final dividend on the Ordinary Shares will be paid on 2 August 2007 to those persons on the Register of Members at the close of business on 6 July 2007.
9. Copies of the directors' service agreements and letters of appointment are available for inspection during normal business hours at the Company's registered office on any business day and will also be available for inspection at the place of the Meeting for 15 minutes before, and until the conclusion of, the Meeting.
10. The proposed amendments to the Articles of Association reflects those provisions of the Companies 2006 Act (the '2006 Act') relating to electronic communications which were brought into force on 20 January 2007. A more general revision of the Articles of Association will be undertaken in due course in respect of those provisions of the 2006 Act which are yet to be implemented. This will allow the Company to consider the transitional arrangements made by HM Government and the development of market practice.
11. As at 30 May 2007 (being the latest practicable date prior to the publication of this circular) the Company's issued capital consisted of 437,639,382 Ordinary Shares, carrying one vote each, and the Company held 23,680 Ordinary Shares in treasury. Therefore the total number of voting rights in the Company as at 437,615,702 was 30 May 2007.