

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

**If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other independent professional adviser.**

If you have sold or otherwise transferred all your shares in Burberry Group plc, please pass this document, together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

**BURBERRY GROUP PLC  
ANNUAL GENERAL MEETING 2008**

Notice of the Annual General Meeting of the Company to be held at the British Academy of Film and Television Arts, 195 Piccadilly, London W1J 9LN on Thursday, 17 July 2008 at 9.30am is set out in this circular.

Action to be taken by shareholders is set out in the explanatory notes on page 5. Whether or not you propose to attend the Annual General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form.

The proxy form must be received by no later than 9.30am on Tuesday, 15 July 2008.

# LETTER FROM THE CHAIRMAN

Burberry Group plc (the 'Company')  
Registered in England and Wales  
Registered No. 03458224

Registered Office  
18-22 Haymarket  
London SW1Y 4DQ

16 June 2008

## Notice of Annual General Meeting

### Dear Shareholder

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 3 to 4 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 3, 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 2008, together with the approval of the Report on Directors' Remuneration and the declaration of a final dividend.

### Re-election of directors retiring by rotation

Resolution 4 seeks the re-election of Stacey Cartwright as an executive director of the Company. Stacey is the Chief Financial Officer and was appointed a director in 2004. The Board considers that Stacey Cartwright's expertise and experience will continue to be valuable and beneficial to the Board and the Company.

Resolution 5 seeks the re-election of Philip Bowman as a non-executive director of the Company. Philip is the Senior Independent Director, Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees. He has made a valuable contribution to the Board since his appointment in June 2002 and the Board is satisfied that he will continue to do so.

Biographical details of all the directors, including those seeking re-election, are set out on page 75 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 their remuneration for the year ending 31 March 2009. 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 the Companies Act 2006 (the 'Act'). This resolution seeks authority for the Company, and its subsidiaries, to exercise this power up to a maximum aggregate amount of £25,000 during the period ending on the date of the Company's Annual General Meeting in 2009 or on 16 October 2009, whichever is the earlier. 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", "political organisation" and "political expenditure" are broadly drafted. Accordingly, the Company wishes to ensure that it does not inadvertently commit 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.

### Purchase of own shares

Resolution 9, which will be proposed as a Special Resolution, seeks shareholder approval for the Company to make market purchases of up to 43,250,000 Ordinary Shares, being just under 10 per cent of the issued share capital (excluding treasury shares) as at 27 May 2008. 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 27 May 2008, is 8,632,942 representing approximately 2.0 per cent of the issued share capital (excluding treasury shares) at that date. If the full authority being sought under Resolution 9 was utilised, so reducing the issued share capital by an equivalent amount, the figure of 8,632,942 would represent approximately 2.22 per cent. of the issued share capital. No warrants over Ordinary Shares in the capital of the Company are in existence as at 27 May 2008.

This authority will expire on the earlier of 16 October 2009 and the conclusion of the Company's Annual General Meeting to be held in 2009.

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

Resolution 10, which will be proposed as an Ordinary Resolution, seeks to renew the authority conferred on directors by shareholders at the Annual General Meeting in 2007 to allot unissued share capital. This authority is limited to the allotment of 144,000,00 Ordinary Shares in the Company, having an aggregate nominal value of £72,000 and which is just under one-third of the issued share capital (excluding treasury shares) of the Company as at 27 May 2008.

The Company holds 26,488 of its Ordinary Shares as treasury shares, being just over 0.005 per cent. of the issued share capital (excluding treasury shares) as at 27 May 2008.

Resolution 11, which will be proposed as a Special Resolution, renews the authority conferred on directors by shareholders at the 2007 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.

Sub paragraph (B) of this resolution 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 21,500,000 Ordinary Shares having an aggregate nominal value of £10,750 and which represents approximately 5 per cent. of the issued share capital of the Company as at 27 May 2008.

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 16 October 2009 and the conclusion of the Annual General Meeting to be held in 2009.

Resolution 11 also applies to the sale by the Company of any of its shares held in treasury (which, under the technical statutory provisions, would be treated as an allotment of equity securities for the purposes of the pre-emption regime). 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.

#### **Preference Shares**

Resolution 12, which will be proposed as a Special Resolution, seeks authority from shareholders to cancel the authorised but unissued share capital of the Company representing the preference shares. The purpose of this resolution is to simplify the share capital of the Company now that there are no preference shares in issue.

#### **Adoption of new Articles of Association**

Resolution 13, which will be proposed as a Special Resolution, seeks shareholder approval for the adoption of new Articles of Association primarily to take account of changes in English company law brought about by the Companies Act 2006. Further information in relation to the proposed adoption of new Articles of Association is set out in the Appendix on pages 7 to 9. Other changes which are either of a minor, technical or clarifying nature or which merely reflect changes made by the Companies Act 2006 have not been noted in the appendix.

#### **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

# 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, 17 July 2008 at 9.30am to transact the following business:

To consider and, if thought fit, pass resolutions 1 to 8 and 10 as Ordinary Resolutions and resolutions 9 and 11 to 13 as Special Resolutions:

1. To receive the Company's accounts for the year ended 31 March 2008 and the reports of the Directors and Auditors thereon.
2. To approve the Report on Directors' Remuneration for the year ended 31 March 2008, set out on pages 84 to 93 of the Company's Annual Report and Accounts.
3. To declare a final dividend of 8.65p per Ordinary Share.
4. To re-elect Stacey Cartwright as a director of the Company.
5. To re-elect Philip Bowman 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, in accordance with sections 366 and 367 of the Companies Act 2006 (the "Act"), the Company and all companies that are its subsidiaries at any time during the period for which this resolution has effect be and hereby are authorised to:
  - i) make political donations to political parties and/or independent election candidates, not exceeding £25,000 in total;
  - ii) to make political donations to political organisations other than political parties not exceeding £25,000 in total; and
  - iii) incur political expenditure, not exceeding £25,000 in total, in each case during the period commencing on the date of this resolution and ending on the date of the Annual General Meeting of the Company to be held in 2009 or on 16 October 2009, whichever is the earlier, provided that the authorised sum referred to in i), ii) and iii) may comprise sums in different currencies which shall be converted into sterling at such a rate as the Board may in its absolute discretion determine to be appropriate.

For the purposes of this resolution, the terms 'political donations', 'political organisations' and 'political expenditure' shall have the meanings given to them in sections 363 to 365 of the Act.

9. That the Company be and it is hereby generally and unconditionally authorised for the purpose of Section 166 of the Companies Act 1985 to make market purchases (as defined in Section 163 of the Companies Act 1985) 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 43,250,000 being just under 10 per cent. of the Company's issued share capital as at 27 May 2008;
  - 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 16 October 2009 and the conclusion of the Annual General Meeting of the Company to be held in 2009 (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.
10. That the authority to allot the Company's relevant securities (within the meaning of Section 80 of the Companies Act 1985), conferred on the Board pursuant to the Company's Articles of Association, be renewed and that for such period the maximum amount of relevant securities that may be allotted shall be £72,000 being just under one-third of the issued share capital of the Company as at 27 May 2008. Such authority shall be in substitution for all previous authorities 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 16 October 2009 and the conclusion of the Annual General Meeting to be held in 2009, 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.

11. That the Board be and it is hereby empowered, pursuant to Section 95 of the Companies Act 1985, to allot equity securities (within the meaning of Section 94 of the Companies Act 1985) for cash pursuant to the authority conferred by the previous resolution and/or where such allotment constitutes an allotment of equity by virtue of Section 94 (3A) of the Companies Act 1985, as if sub-section (1) of section 89 of the Companies Act 1985 did not apply to any such allotment, provided that the power should be limited to:

(A) the allotment of equity securities in connection with a Rights Issue, open offer or any other pre-emptive offer in favour of Ordinary Shareholders (excluding any shareholder holding shares as treasury shares) where the equity securities respectively attributable to the interests of such Ordinary Shareholders on a fixed record date are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them (subject to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever); and

(B) the allotment (otherwise than pursuant to sub-paragraph (A) above) of equity securities up to an aggregate nominal value of £10,750 (being approximately 5 per cent of the issued share capital of the Company as at 27 May 2008)

and shall expire on the earlier of 16 October 2009 and the conclusion of the Annual General Meeting to be held in 2009, 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 Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

12. That the 1,600,000,000 preference shares of 0.05p each in the authorised share capital of the Company which have not been issued or agreed to be issued to any person be and hereby are cancelled and that the authorised share capital of the Company be diminished by £800,000 accordingly; and

13. That the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be and hereby are adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, all existing Articles of Association.

By order of the Board

**Michael Mahony**

General Counsel and Secretary

16 June 2008

## Explanatory notes to the Notice of Annual General Meeting

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 8 and 10 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 9 and 11 to 13 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

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 15 July 2008 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 15 July 2008 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.

2. A member may appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote on their behalf at the Annual General Meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Equiniti on 0871 384 2381.
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 Equiniti, Aspect House, Spencer Road Lancing, West Sussex, BN99 6DX; 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; or
  - (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 Equiniti not later than 9.30am on Tuesday, 15 July 2008.
4. 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), where full details of the procedure are provided. Shareholders will need the Voting ID, the Task ID and the Shareholder Reference Number printed on their Form of Proxy. The proxy appointment and/or voting instructions must be received by Equiniti not later than 9.30am on Tuesday 15 July 2008. Any electronic communication sent to the Company or Equiniti 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 Equiniti's conditions of use set out on the website, [www.sharevote.co.uk](http://www.sharevote.co.uk), and may be read by visiting that site.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so 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(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 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 Euroclear's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 Equiniti (ID RA19) by 9:30am on Tuesday 15 July 2008. 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 Application 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 Euroclear 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.

6. The return of a completed Form(s) of Proxy, other such instrument or any CREST Proxy Instruction will not prevent a shareholder attending the Annual General Meeting (or at any adjournment thereof) and voting in person if they wish to do so.
7. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
8. The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
9. It is proposed that the final dividend on the Ordinary Shares will be paid on 31 July 2008 to those persons on the Register of Members at the close of business on 4 July 2008.
10. 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.
11. As at 27 May 2008 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 432,667,279 Ordinary Shares, carrying one vote each, and the Company held 26,488 Ordinary Shares in treasury. Therefore the total number of voting rights in the Company as at 27 May 2008 was 432,640,791.
12. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.



## APPENDIX

### Explanatory notes regarding proposed principal changes to the Company's Articles of Association

#### 1. Articles which duplicate statutory provisions

Provisions in the Current Articles of Association (the "Current Articles") which replicate provisions contained in the Companies Act 2006 (the "Act") are in the main to be removed in the new Articles of Association (the "New Articles"). This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Certain examples of such provisions include provisions as to allotment of shares, the form of resolutions, authentication of documents, corporate representatives, notice of refusal to register a share transfer, appointment of secretary, the appointment of directors to be voted on individually, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to the Company's Articles of Association are detailed below.

#### 2. Allotment of shares

The provisions in the Current Articles relating to allotment of shares that are out of date or unnecessary because it is provided for in statute are being removed. The New Articles retain the provision giving the directors the power to allot unissued shares subject to the provisions in the statutes, the Articles of Association and any resolution passed by the Company at general meetings.

#### 3. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. References to extraordinary resolutions are being removed as the concept of extraordinary resolutions has not been retained under the Act.

The provision in the Current Articles that enables members to act by written resolution has been removed as the Act does not permit public companies limited by shares to pass written resolutions.

#### 4. Convening and notice of general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being removed in the New Articles because the relevant matters are provided for in the Act. In particular a company is only required to give 14 days' notice for all general meetings, including general meetings at which special resolutions are to be considered.

#### 5. Procedure at general meetings

In order to facilitate the smooth running of general meetings, new provisions dealing with security arrangements at meetings and preserving order at meetings have been included in the New Articles.

The New Articles also contain a provision allowing general meetings to be postponed by the directors should it be impractical or undesirable for the meeting to be held on the original date, time or place specified in the notice of the meeting.

#### 6. Separate general meetings

The Current Articles provide only for separate shareholders' meetings for the purposes of varying class rights. The New Articles give additional flexibility to the Company to convene separate shareholders' meetings for other purposes, for example it may need to do so to comply with future statutory or regulatory requirements.

#### 7. Votes of members

Under the Act proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Act so that the Articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. The New Articles give the directors discretion, when calculating the time limits, to exclude weekend and bank holidays. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect all of these new provisions.

The New Articles also provide that a member who has not paid all amounts relating to shares due at the time of a general meeting may not vote or exercise any right in relation to those shares at the meeting.



## **8. Age of directors on appointment**

The Current Articles contain a provision relating to the age of directors. In light of the Employment Equality (Age) Regulations 2006, this provision has been removed from the New Articles.

## **9. Appointment of directors to be voted on individually**

The provision in the Current Articles relating to voting separately on the appointment of each of two or more directors has been removed in the New Articles as this is already provided for under the Act.

## **10. Removing directors**

Under the Current Articles, a director may be removed by ordinary resolution where special notice has been given (that is 28 days' notice rather than the usual 14 days' notice for a general meeting). This provision has been removed as it replicates the provisions in the Act. The New Articles instead contain an additional power to remove directors by special resolution which is not subject to the special notice provisions.

## **11. Directors' pensions**

The Current Articles provide for the payment of pensions or retirement benefit to directors and former directors. The New Articles extend this to dependents and relations of directors and former directors but excludes any director or former director who has not been employed by the Company or a subsidiary of the Company from receiving benefits without approval by ordinary resolution of the Company. The New Articles also provide that a director or former director who receives such benefits is not accountable to the Company for the benefit provided and the receipt of such benefit shall not disqualify a person from being or becoming a director of the Company.

## **12. Directors' indemnity**

The Current Articles provide for directors' indemnities and insurance to the extent permitted by law. The New Articles retain this with the additional provision that directors are not accountable for any benefit provided by virtue of any insurance taken out and that the receipt of such benefit does not disqualify any person from being or becoming a director of the Company.

## **13. Conflicts of interest**

The Act sets out directors' general duties which largely codify the existing law but with some changes. Under the Act, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director from being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

## **14. Notice of board meetings**

Under the Current Articles, when a director is abroad he is not entitled to receive notice of board meetings while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a director who is abroad.

**15. Agents**

The provisions in the Current Articles for directors to grant powers of attorney is being expanded in the New Articles to allow directors to appoint agents other than by power of attorney and also to allow the Board to delegate powers to an individual director.

**16. Borrowing powers**

In line with current standards of good corporate governance, the New Articles limit the Directors' power to incur borrowings of the Company to two times the value of the Group's adjusted capital and reserves.

**17. Untraced shareholders and unclaimed dividends**

The New Articles extend the time period to 12 years before the Company may sell the shares of an untraced shareholder and before the Company can treat any unclaimed dividend as forfeited. This is in line with market practice. The New Articles also provide that where a dividend cheque is returned undelivered or remains uncashed for the period for which it is valid or the means of payment has failed, the Company may cease to send future payments after reasonable enquiries have failed to establish any new address or account of the shareholder. The Company would recommence sending the cheques or other method of paying dividends if requested in writing by the shareholder.

**18. Records to be kept**

The provision in the Current Articles requiring the Board to keep accounting records is being removed as this requirement is contained in the Act.

**19. Distribution of assets otherwise than in cash**

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions are being removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for the general law rather than the articles.

**20. General**

Generally the opportunity has been taken to adopt clearer language in the New Articles and to remove historic provisions such as those relating to preference shares which no longer form part of the issued share capital of the Company.

