

# Notice of Annual General Meeting 2013

To be held at  
The International Convention Centre,  
Broad Street, Birmingham B1 2EA on  
Thursday 31 January 2013 at 11.00am.

**This document is important and requires your immediate attention**

If you are in any doubt about its content or the action you should take, you should consult your stockbroker, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all your shares in Mitchells & Butlers plc, please pass this document and the accompanying Form of Proxy to the stockbroker or other agent through whom you made the sale or transfer for transmission on to the purchaser or transferee.

A Form of Proxy for the Annual General Meeting is enclosed and should be completed and returned so as to reach Equiniti (the Company's Registrar) by no later than 11.00am on Tuesday 29 January 2013. Completion and return of the Form of Proxy will not prevent you from attending and voting at the Meeting in person, should you so wish. Alternatively you can register your proxy vote electronically no later than 11.00am on Tuesday 29 January 2013, either by means of a website provided by Equiniti, [www.sharevote.co.uk](http://www.sharevote.co.uk), or by using the service provided by Euroclear. Further details are given in the notes to this document.

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# Chairman's letter and explanation of business

## Dear shareholder

This year's Annual General Meeting (the 'Meeting' or 'AGM') will be held at The International Convention Centre in Birmingham on Thursday 31 January 2013 at 11.00am. The formal notice of the Meeting is set out on page 4 (the 'Notice'). Tea and coffee will be available from 10.30am onwards and after the Meeting. A location map is provided on the reverse of the accompanying Form of Proxy.

If you would like to vote on the resolutions in the Notice but cannot attend the Meeting, please complete the Form of Proxy sent to you with the Notice and return it to Equiniti (the Company's Registrar) as soon as possible. Equiniti must receive it by 11.00am on Tuesday 29 January 2013. Alternatively, you can vote online at [www.sharevote.co.uk](http://www.sharevote.co.uk) no later than 11.00am on Tuesday 29 January 2013.

The Directors consider that all the resolutions to be put to the Meeting are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company for the benefit of members as a whole. The Directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own shares. If you have any questions regarding the AGM business please contact Equiniti by phone on 0871 384 2065. Calls to this number are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding Bank Holidays). Non-UK callers should dial +44 121 415 7088.

## Communication online

You can view the 2012 Annual report at [www.mbplc.com/reports](http://www.mbplc.com/reports). If you wish to receive notice of future general meetings and other notifications online, please register at [www.mbplc.com/ecomms](http://www.mbplc.com/ecomms), or contact Equiniti at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Certain items of business are explained below.

## Resolution 2 – Remuneration report

Shareholders are given the opportunity by law to vote on whether or not they approve the report on Directors' remuneration (the 'Remuneration report') and this vote will be in respect of the content of the Remuneration report and not specific to any Director's level or terms of remuneration.

The Remuneration report is contained within the Company's Annual report and accounts 2012 (the 'Annual report'), copies of which have been sent to shareholders who have elected to receive them and are available from Equiniti or from the website: [www.mbplc.com/reports](http://www.mbplc.com/reports)

## Resolutions 3 to 8 – Election and re-election of Directors

In line with provision B.7.1 of the UK Corporate Governance Code, with the exception of Doug Evans who has decided to step down, all Directors will stand for re-election, or, in the case of Alistair Darby and Eddie Irwin who were appointed since the last Annual General Meeting, election for the first time. Following an internal Board performance evaluation this year, the Board considers that the performance of each Board member continues to be effective and demonstrates the commitment required to continue in their present roles, and accordingly supports each Board member's election or re-election. Biographical details of all Board Directors can be found on pages 22 and 23 of the Annual report and on the Company's website.

## Resolutions 9 and 10 – Reappointment of auditor and the auditor's remuneration

The auditor of the Company must be reappointed at each general meeting at which the accounts are laid. Resolution 9 proposes the reappointment of the Company's existing auditor for a further year. Resolution 10 gives authority to the Directors to determine the auditor's remuneration.

## Resolution 11 – Political donations

Part 14 of the Companies Act 2006 prohibits the Company and its subsidiaries from making political donations or from incurring political expenditure in respect of a political party or other political organisation or an independent election candidate unless authorised by the Company's shareholders. Aggregate donations made by the Group of £5,000 or less in any 12 month period will not be caught.

Neither the Company nor any of its subsidiaries has any intention of making any political donation or incurring any political expenditure. However, the Companies Act 2006 defines 'political party', 'political organisation', 'political donation' and 'political expenditure' widely. For example, bodies, such as those concerned with policy review and law reform or with the representation of the business community or sections of it, which the Company and/or its subsidiaries may see benefit in supporting may be included in these definitions.

Accordingly, the Company wishes to ensure that neither it nor its subsidiaries inadvertently commits any breaches of the Companies Act 2006 through the undertaking of routine activities, which would not normally be considered to result in the making of political donations and political expenditure being incurred.

As permitted under the Companies Act 2006, the resolution extends not only to the Company but also covers all companies which are subsidiaries of the Company at any time the authority is in place.

The resolution authorises the Company and its subsidiaries to:

- make political donations to political parties or independent election candidates not exceeding £50,000 in total;
- make political donations to political organisations other than political parties not exceeding £50,000 in total; and
- incur political expenditure not exceeding £50,000 in total,

provided that the aggregate amount of any such donations and expenditure shall not exceed £50,000 in the period up to the Company's Annual General Meeting in 2014, as defined in the Companies Act 2006.

As required by the Companies Act 2006, the resolution is in general terms and does not purport to authorise particular donations.

## Resolutions 12 and 13 – Sharesave Plan and Share Incentive Plan

The existing shareholder approvals to operate both these all-employee share plans, expire in April 2013. Resolutions 12 and 13 seek approval to continue to operate these two plans on substantially the same terms, for a further 10 years.

The updated rules will replace the existing rules from the date of shareholder approval.

## Resolutions 14 and 15 – The 2013 Short Term Deferred Incentive Plan ('2013 STDIP') and the 2013 Performance Restricted Share Plan ('2013 PRSP')

The existing STDIP and PRSP were both approved by shareholders in 2003 and though they technically have no expiry date, it is felt appropriate to renew them in line with good governance requirements. Resolutions 14 and 15 seek approval to continue to operate these plans on substantially the same terms, for a further 10 years.

The key features of the 2013 STDIP and the 2013 PRSP for renewal are as follows:

### 2013 STDIP:

- It is proposed that, if approved by ordinary shareholders, Executive Directors and a limited number of senior executives will be eligible to participate in the 2013 STDIP, which will replace the existing Mitchells & Butlers plc's Short Term Deferred Incentive Plan (the '2003 STDIP') from the date of shareholder approval.
- The terms of the 2013 STDIP are similar to those of the 2003 STDIP save that although the annual individual limit shall remain the same (200% of salary) there will no longer be individual limits on the Bonus Award and Matching Shares (each of the terms as described in Appendix C). The Remuneration committee (the 'Committee') will have discretion as to how the aggregate limit is reached, i.e. a combination of Bonus Awards, Bonus Shares and Matching Shares. Currently there is no intention by the Committee to increase the annual bonus award limit of 100% of salary or award Matching Shares on any Bonus Shares awarded.

## Board biographies

### 2013 PRSP:

- It is proposed that, if approved by ordinary shareholders, Executive Directors and a number of senior executives will be eligible to participate in the 2013 PRSP, which will replace the existing Mitchells & Butlers plc's Performance Restricted Share Plan (the '2003 PRSP') from the date of shareholder approval.
- The terms of the 2013 PRSP are similar to those of the 2003 PRSP and the individual limits applicable to the 2013 PRSP remain the same as those under the 2003 PRSP.

An award is proposed to be made under the terms of the 2013 PRSP in February 2013. Appendix D sets out the performance conditions and terms applicable to the 2013 awards.

The rules of the plans for resolutions 12–15 inclusive will be produced to the meeting and initialled by the Chairman for the purpose of identification. Appendices A to D inclusive set out the main terms of the plans as proposed for renewal.

### Resolution 16 – Amendments to the Articles of Association

It is proposed in resolution 16 to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Current Articles') primarily to take account of the Companies (Shareholders' Rights) Regulations 2009 (the 'Shareholders' Rights Regulations'), the implementation of the last parts of the Companies Act 2006 and amendments to the Uncertificated Securities Regulations 2001. It is also proposed that the cap on the aggregate fees capable of being paid to the Company's Non-Executive Directors set out in the Current Articles be increased from £550,000 to £1,000,000.

The principal changes introduced in the New Articles are summarised in Appendix E on page 12. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006, the Shareholders' Rights Regulations or the Uncertificated Securities Regulations 2001 have not been noted in Appendix E.

A copy of the New Articles marked to show the changes being proposed by this resolution will be on display at the Meeting.

### Resolution 17 – Notice period for meetings

Under the Shareholders' Rights Regulations the notice period for general meetings of a company (other than annual general meetings) is 21 clear days unless certain requirements are satisfied. The Company has met the requirements and accordingly resolution 17 is proposed to allow the Company to continue to call general meetings on 14 clear days' notice. The Directors believe it is in the best interests of the shareholders of the Company to preserve the shorter notice period and accordingly are putting this resolution to the Meeting. It is intended that this flexibility will only be used for non-routine business and where merited in the interests of shareholders as a whole. The approval will be effective until the Company's Annual General Meeting in 2014, when it is expected that a similar resolution will be proposed. It should also be noted that in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders.

Yours faithfully

**Bob Ivell**  
Chairman  
20 December 2012

Biographies of the Directors seeking election/re-election are on pages 22 and 23 of the Annual report.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Mitchells & Butlers plc will be held at The International Convention Centre, Broad Street, Birmingham B1 2EA on Thursday 31 January 2013 at 11.00am, or at any adjournment thereof, for the following purposes:

## Resolutions

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 15 will be proposed as Ordinary Resolutions and numbers 16 and 17 as Special Resolutions.

### Ordinary Resolutions

- 1 To receive the Company's accounts for the year ended 29 September 2012, together with the reports of the Directors and auditor.
- 2 To approve the Remuneration report for the year ended 29 September 2012.
- 3 To elect Alistair Darby as a Director of the Company.
- 4 To elect Eddie Irwin as a Director of the Company.
- 5 To re-elect Bob Ivell as a Director of the Company.
- 6 To re-elect Tim Jones as a Director of the Company.
- 7 To re-elect Douglas McMahon as a Director of the Company.
- 8 To re-elect Ron Robson as a Director of the Company.
- 9 To reappoint Deloitte LLP as auditor of the Company until the next general meeting at which accounts are to be laid.
- 10 To authorise the Board to agree the auditor's remuneration.
- 11 Political donations

To consider and, if thought fit, to pass the following as an Ordinary Resolution: THAT

In accordance with Section 366 of the Companies Act 2006 the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect be and are hereby authorised to:

- (a) make political donations to political parties or independent election candidates not exceeding £50,000 in total;
- (b) make political donations to political organisations other than political parties not exceeding £50,000 in total; and
- (c) incur political expenditure not exceeding £50,000 in total,

provided that the aggregate amount of any such donations and expenditure shall not exceed £50,000 during the period beginning with the date of the passing of this resolution and ending on the date of the Annual General Meeting of the Company to be held in 2014.

For the purpose of this resolution the terms 'political donations', 'independent election candidates', 'political organisations' and 'political expenditure' have the meanings set out in Sections 363 to 365 of the Companies Act 2006.

### 12 Approval of the Mitchells & Butlers Sharesave Plan

To consider and, if thought fit, to pass the following as an Ordinary Resolution: THAT

The Mitchells & Butlers Sharesave Plan, the main terms of which are set out in Appendix A, be approved and adopted and the Directors be authorised to do all things necessary or desirable to carry it into effect including making any changes to obtain and/or maintain the approval of HM Revenue & Customs ('HMRC').

### 13 Approval of the Mitchells & Butlers Share Incentive Plan

To consider and, if thought fit, to pass the following as an Ordinary Resolution: THAT

The Mitchells & Butlers Share Incentive Plan, the main terms of which are set out in Appendix B, be approved and adopted and the Directors be authorised to do all things necessary or desirable to carry it into effect including making any changes to obtain and/or maintain the approval of HMRC.

### 14 Approval of the Mitchells & Butlers 2013 Short Term Deferred Incentive Plan

To consider and, if thought fit, to pass the following as an Ordinary Resolution: THAT

The Mitchells & Butlers 2013 Short Term Deferred Incentive Plan, the main terms of which are set out in Appendix C, be approved and adopted and the Directors be authorised to do all things necessary or desirable to carry it into effect.

### 15 Approval of the Mitchells & Butlers 2013 Performance Restricted Share Plan

To consider and, if thought fit, to pass the following as an Ordinary Resolution: THAT

The Mitchells & Butlers 2013 Performance Restricted Share Plan, the main terms of which are set out in Appendix D, be approved and adopted and the Directors be authorised to do all things necessary or desirable to carry it into effect.

### Special Resolutions

#### 16 Amendments to the Articles of Association

To consider and, if thought fit, to pass the following as a Special Resolution: THAT

- (a) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of Section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and
- (b) the Articles of Association produced to the Meeting and initialled by the Chairman of the Meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

### 17 Notice period for Meetings

To consider and, if thought fit, to pass the following as a Special Resolution: THAT

A general meeting of the Company other than an Annual General Meeting of the Company, may be called on not less than 14 clear days' notice.

By order of the Board

**Doug Evans**  
Company Secretary & General Counsel  
20 December 2012

Registered Office:  
27 Fleet Street  
Birmingham  
B3 1JP

## Explanatory notes

The following notes explain your general rights as a shareholder and your rights to attend and vote at the AGM or to appoint someone else to vote on your behalf.

- 1 Only holders of ordinary shares, or their duly appointed representatives, are entitled to attend, vote and speak at the Meeting. A member so entitled may appoint (a) proxy(ies), who need not be (a) member(s), to attend, vote and speak on his/her behalf.
- 2 A three way Form of Proxy is enclosed and instructions for its use are shown on the form. The appointment of a proxy will not prevent a member from subsequently attending, voting and speaking at the Meeting in person.
- 3 If you wish, you may register the appointment of a proxy for the Meeting electronically, by contacting the Company's Registrar's website [www.sharevote.co.uk](http://www.sharevote.co.uk) where full details of the procedure are given. The proxy appointment and instructions must be received by Equiniti not less than 48 hours before the time for holding the Meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the Meeting or adjourned meeting) for the taking of the poll at which it is to be used.
- 4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service should follow 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 instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) not less than 48 hours before the time for holding the Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that 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(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The CREST Manual can be reviewed at [www.euroclear.com/CREST](http://www.euroclear.com/CREST)

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 At the Meeting on 31 January 2013 the votes will be taken by a poll rather than a show of hands and the results will be released to the London Stock Exchange and published on the Company's website [www.mbplc.com](http://www.mbplc.com). Poll cards will be issued upon registration to those attending the Meeting.
- 6 A 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 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.
- 7 The statement of the rights of members in relation to the appointment of proxies in paragraphs 1 to 4 above does not apply to a Nominated Person. The rights described in these paragraphs can only be exercised by registered members of the Company.
- 8 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the same powers as the corporation could exercise if it were an individual member provided that they do not do so in relation to the same shares.
- 9 Copies of contracts of service, letters of appointment and deeds of indemnity between the Directors and the Company or any of its subsidiaries (or a memorandum of the terms thereof) will be available at the Registered Office of the Company during normal business hours until the conclusion of the Meeting, and at the place of the Meeting from at least 15 minutes prior to the Meeting until its conclusion.
- 10 The Company specifies that only those shareholders on the Register of Members as at 6.00pm on 29 January 2013 (or, if the Meeting is adjourned, 6.00pm on the day two days prior to the day of the adjourned meeting) shall be entitled to attend in person or by proxy and vote at the Meeting in respect of the number of shares registered in their names at the time. Changes to entries on the ordinary register after 6.00pm on 29 January 2013 shall be disregarded in determining the right of any person to attend or vote at the Meeting. If you are planning to attend the Meeting, please bring your attendance card with you. It authenticates your right to attend, speak and vote at the Meeting and will speed your admission.
- 11 All shareholders and their proxies will have the opportunity to ask questions at the Meeting. When invited by the Chairman, if you wish to ask a question, please wait for a Company representative to bring you a microphone. It would be helpful if you could state your name before you ask your question. Questions may not be answered at the Meeting if they are deemed not to be in the interests of the Company, would involve the disclosure of confidential information, or would not be to the good order of the Meeting. The Chairman may also nominate a Company representative to answer a specific question after the Meeting or refer the response to the Company's website.
- 12 A copy of this Notice, and other information required by Section 311A of the Companies Act 2006 can be found at [www.mbplc.com](http://www.mbplc.com)
- 13 As at 19 December 2012 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 410,753,098 ordinary shares. The total number of voting rights in the Company as at 19 December 2012 is 410,752,669.

## Explanatory notes continued

- 14 Shareholders are advised that, unless otherwise stated, any telephone number, website and email address set out in this Notice of Meeting, Form of Proxy, or Chairman's letter should not be used for the purpose of serving information on the Company (including the service of documents or information relating to the proceedings at the Meeting).
- 15 Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM or (ii) any circumstance connected with an Auditor of the Company appointed for the financial year ceasing to hold office since the previous meeting at which annual accounts and reports are laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 (requirements as to website availability) of the Companies Act 2006. Where the Company is required to place a statement on the website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

**If you would like to register in advance any question you may have for the AGM, you can do so at [www.mbplc.com/agm2013qs](http://www.mbplc.com/agm2013qs)**

# Appendix A

## Sharesave Plan

### Summary of Terms

#### Introduction

The Sharesave Plan is a savings-related share option plan which will be submitted to HMRC for approval in order to allow options to be granted on a tax favoured basis.

#### Eligibility

All UK resident employees or full-time Executive Directors of Mitchells & Butlers plc and participating subsidiaries (the 'Group') who have been employed for a minimum period (not to exceed five years) are eligible to participate.

#### Grant of options

Eligible employees may be granted an option to acquire ordinary shares in Mitchells & Butlers plc ('Shares') at a fixed exercise price which may be set at a discount (of up to 20%) to the market value of the Shares at the time of grant. Employees are required to save each month by means of a savings account, the proceeds of which they may use to exercise the option. A tax-free bonus may be payable on the savings on completion of the relevant savings contract. At the end of the savings period, the employee may either exercise the option within six months of the end of the savings period, or have the savings and any bonus repaid.

Sharesave Plan participants must save between £5 and £250 a month under an approved savings contract. The Committee may scale down the amount of the monthly contributions if applications exceed the number of Shares available for the grant of options.

Invitations to apply for options may normally only be issued within six weeks of the announcement of the Company's results for any period or when the Committee determines that exceptional circumstances justify a grant.

#### Time limit for grants of options

Options may not be granted more than 10 years after the date the Sharesave Plan is adopted by the Company.

#### Plan Limits

In any 10-year period, the Company may not grant options under the Sharesave Plan or any other all-employee share plans adopted by the Company or any other company under the Company's control if such grant would cause the number of Shares issued under the plans to exceed 10% of the Company's issued ordinary share capital at the proposed date of grant.

In addition, in any 10-year period, the Company may not grant options or awards under the Sharesave Plan or any discretionary share plans adopted by the Company or any other company under the Company's control if such grant would cause the number of Shares issued under the plans to exceed 5% of the Company's issued ordinary share capital at the proposed date of grant.

The satisfaction of options and awards with treasury shares will be treated as an issue of Shares for the purposes of the above limits for so long as institutional shareholder guidelines recommend this. If options and awards are to be satisfied by a transfer of existing Shares, the percentage limits stated above will not apply.

#### Exercise of options

Options may normally only be exercised during the six-month period following the maturity date of the related savings contract and, if not exercised by the end of that period, will lapse. This may be after the third, fifth or seventh anniversary of the start date of the related savings contract. The current intention is that the Company will not operate a seven-year savings contract.

#### Satisfaction of options

Options may be satisfied with new issue shares, a transfer of treasury shares or shares purchased in the market.

#### Rights attaching to Shares

Any Shares allotted when an option is exercised will rank *pari passu* with Shares then in issue (except for rights arising by reference to a record date prior to their allotment). At any time when the Shares are admitted to listing on a recognised stock exchange, application will be made for any newly issued Shares to be admitted to such listing and admitted to trading on the relevant exchange.

#### Leavers

If a participant leaves employment before the end of the savings period, his or her options will normally lapse. However, early exercise of options is permitted, in respect of the number of Shares that may be acquired using the proceeds of the partially completed savings contract, where a participant leaves employment with the Group in circumstances of death, retirement at or after age 60 (or any other age at which the employee is able to receive a pension under the Mitchells & Butlers plc's pension schemes), injury, disability, redundancy (within the meaning of the UK Employment Rights Act 1996), or following a sale of the employing company or transfer of the employing business out of the Group.

#### Corporate Events

Exercise of options is allowed in the event of a takeover, scheme of arrangement or voluntary winding-up of the Company (but only to the extent of the savings plus interest or bonus that has accumulated in the related savings account up to the date of exercise). Alternatively, in the event of a takeover or scheme of arrangement, options may, with the agreement of the acquiring company, be exchanged for options over shares in the acquiring company or a company associated with the acquiring company.

#### Duration of the Sharesave Plan

The Sharesave Plan will terminate on, and no further options may be granted after the tenth anniversary of its approval by shareholders, but the rights of existing option holders will not be affected.

#### Adjustments of options

In the event of a reorganisation or reduction of the Company's share capital, the number of Shares under option and/or the exercise price may be adjusted with approval of HMRC.

#### Alterations

The Committee may amend the Sharesave Plan in any respect, provided that the prior approval of shareholders is obtained for any amendment to the advantage of participants to the following provisions: the individuals who may participate in the plan, the limits on the number of Shares available under the plan, the maximum entitlement of participants, the basis for determining a participant's entitlement and the adjustment of options or awards on a variation of the share capital of the Company. Amendments to key features of the Sharesave Plan will require HMRC approval.

## Appendix B

### Share Incentive Plan

#### Summary of Terms

##### Introduction

The Share Incentive Plan will be submitted to HMRC for approval. Following receipt of approval, awards under the Share Incentive Plan may attract tax favoured treatment for UK resident employees.

##### Eligibility

Employees of any member of the Group who are UK resident taxpayers are eligible to participate in the Share Incentive Plan provided they satisfy any minimum service requirement. The Company may set a minimum service requirement but that requirement cannot exceed 18 months' service. When the Share Incentive Plan is operated all eligible employees must be invited to participate on similar terms.

##### Overview of the Share Incentive Plan

In summary, the Share Incentive Plan allows three types of award to be granted and held in trust for participants:

- an award of Shares ('Free Shares');
- the opportunity for employees to purchase Shares with deductions from their pre-tax salary ('Partnership Shares'); and
- an award of Shares to those employees who have purchased Partnership Shares ('Matching Shares').

These elements may be operated individually or in conjunction with each other. In addition, employees can be required or allowed to reinvest dividends paid on their Free Shares, Partnership Shares and Matching Shares in further Shares ('Dividend Shares').

##### Time limit for grants of Awards

Awards may not be granted more than 10 years after the date the Share Incentive Plan is adopted by the Company.

##### Plan Limits

In any 10-year period, the Company may not grant awards under the Share Incentive Plan or any other all-employee share plans adopted by the Company or any other company under the Company's control if such grant would cause the number of Shares issued under the plans to exceed 10% of the Company's issued ordinary share capital at the proposed date of grant.

In addition, in any 10-year period, the Company may not grant awards under the Share Incentive Plan or any discretionary share plans adopted by the Company or any other company under the Company's control if such grant would cause the number of Shares issued under the plans to exceed 5% of the Company's issued ordinary share capital at the proposed date of grant.

The satisfaction of options and awards with treasury shares will be treated as an issue of Shares for the purposes of the above limits for so long as institutional shareholder guidelines recommend this. If options and awards are to be satisfied by a transfer of existing Shares, the percentage limits stated above will not apply.

##### Free Shares

The Company may provide Free Shares to eligible employees up to a maximum value set from time to time by HMRC. The current maximum value is £3,000 per employee per annum. If the Company wishes, the award of Free Shares can be based on the achievement of personal, team, divisional or corporate performance targets which must be notified to all employees. Otherwise, Free Shares must be awarded to employees on the same terms subject only to variation according to an employee's remuneration, length of service or hours worked.

##### Partnership Shares

The Company may provide employees with the opportunity to acquire Partnership Shares from their pre-tax salary up to a maximum value set from time to time by HMRC, currently the lesser of £1,500 per annum and 10% of salary. The Company may set a minimum monthly deduction which may not be greater than £10. Ordinary shares will be acquired on behalf of employees within 30 days after each deduction at a price equal to the market value of such Shares on the date they are acquired. Alternatively, deductions can be accumulated for up to 12 months. In this case, Shares will be acquired on behalf of employees within 30 days of the end of the accumulation period, at the lower of the market value of the Shares at the beginning of the accumulation period or the date when they are acquired.

##### Matching Shares

The Company may award Matching Shares to those employees who have purchased Partnership Shares. The Matching Shares must be offered on the same basis to all employees in such ratio as the Company may determine, but that ratio may not exceed two Matching Shares for every one Partnership Share purchased.

##### Dividend Shares

The Company may either give employees the opportunity, or it may require them, to re-invest dividends paid on their Free Shares, Partnership Shares and Matching Shares in further Shares up to a maximum value set by HMRC. This value is currently £1,500 per annum.

##### Holding Period

Free Shares and Matching Shares must generally be held in the Share Incentive Plan trust ('SIP Trust') for a minimum period set by the Company which may not be less than three years or more than five years from the date on which such Shares are allocated to employees. Dividend Shares must generally be held in the SIP Trust for a minimum period of not less than three years.

##### Satisfaction of Awards

Awards may be satisfied with new issue shares, a transfer of treasury shares or shares purchased in the market.

##### Rights attaching to Shares

Any Shares allotted when an award vests will rank *pari passu* with Shares then in issue (except for rights arising by reference to a record date prior to their allotment). At any time when the Shares are admitted to listing on a recognised stock exchange, application will be made for any newly issued Shares to be admitted to such listing and admitted to trading on the relevant exchange.

##### Leavers

The Company can provide for Free Shares and Matching Shares to be forfeited if employees cease employment with the Group within the period of up to three years from the date on which Shares were allocated other than in specified circumstances such as redundancy, disability, injury or reaching retirement age (where the employee is a 'good leaver').

Employees may withdraw their Partnership Shares at any time. However, the Company can stipulate that Matching Shares will be subject to forfeiture if the corresponding Partnership Shares are withdrawn within a specified period (not exceeding three years) of their purchase on behalf of the employee. The Company may also stipulate that Free Shares may be forfeited if an employee purports to withdraw them within a period of up to three years from the date they were allocated. Forfeiture will not apply if the Shares are withdrawn from the SIP Trust in consequence of a change of control.

Income tax and employee's National Insurance contributions will be payable on the transfer of Free Shares, Partnership Shares or Matching Shares out of the SIP Trust to the employee unless the employee is a good leaver or the Shares have been held in the trust for five years. Dividend Shares, transferred out of the SIP Trust where the employee is not a good leaver and the Shares have not been held in the trust for three years, will be taxed as a dividend.

##### Corporate Events

In the event of any reconstruction or takeover of the Company, employees may direct the trustee of the SIP Trust how to act in respect of any Shares held on their behalf.

##### Rights Issues

Whenever rights to acquire Shares or other rights of any nature are granted by the Company in respect of Shares held in the SIP Trust on behalf of participants, participants may instruct the trustee to take up all or part of the rights, to sell the rights and/or to allow all or part of the rights to lapse.

##### Alterations

The Committee may amend the Share Incentive Plan in any respect, provided that the prior approval of shareholders is obtained for any amendment to the advantage of participants to the following provisions: the individuals who may participate in the plan, the limits on the number of Shares available under the plan, the maximum entitlement of participants, the basis for determining a participant's entitlement and the adjustment of options or awards on a variation of the share capital of the Company. Amendments to key features of the Share Incentive Plan will require HMRC approval.

# Appendix C

## 2013 Short Term Deferred Incentive Plan ('2013 STDIP')

### Summary of Terms

#### Introduction

Under the 2013 STDIP, at the discretion of the Committee, a proportion of the annual bonuses of the Executive Directors and other eligible employees may be deferred into Shares.

#### Awards

In summary, the 2013 STDIP allows two types of award to be granted to participants:

- an award that may comprise of Shares ('Bonus Shares') or cash ('Bonus Award');
- an award of Shares ('Matching Shares') to participants who have been awarded Bonus Shares.

In addition, employees can be granted the right to receive further Shares ('STDIP Dividend Accrued Shares') calculated on the basis of dividends accrued on their Bonus Shares and Matching Shares during the deferral period.

#### Conditions

Bonus Shares, Bonus Awards, Matching Shares and STDIP Dividend Accrued Shares may be subject to such additional conditions as the Committee determines appropriate, including any conditions to give effect to any shareholding requirement policy that the Company may operate from time to time. Such additional conditions will be notified to participants at the time of grant.

#### Time limit for grants of awards

Awards may not be granted more than 10 years after the date the 2013 STDIP is adopted by the Company.

#### Plan Limits

In any 10-year period, the Company may not grant options or awards under the 2013 STDIP or any other all-employee share plans adopted by the Company or any other company under the Company's control if such grant would cause the number of Shares issued under the plans to exceed 10% of the Company's issued ordinary share capital at the proposed date of grant.

In addition, in any 10-year period, the Company may not grant options or awards under the 2013 STDIP or any discretionary share plans adopted by the Company or any other company under the Company's control if such grant would cause the number of Shares issued under the plans to exceed 5% of the Company's issued ordinary share capital at the proposed date of grant.

The satisfaction of options and awards with treasury shares will be treated as an issue of Shares for the purposes of the above limits for so long as institutional shareholder guidelines recommend this. If options and awards are to be satisfied by a transfer of existing Shares, the percentage limits stated above will not apply.

#### Eligibility

Bonus Awards may be awarded to senior executives annually, in respect of the Company's performance in the previous financial year. The value of Bonus Awards is linked to the executive's annual cash bonus. Bonus Awards made to Executive Directors will be disclosed fully in the Company's annual report on Directors' remuneration.

#### Deferred Period

Subject to exceptional circumstances, a Bonus Award may not vest before the end of the deferred period (the 'Release Date') which will be specified by the Committee when the Bonus Award is made.

It is the intention that at least 50% of the annual bonus for Executive Directors and any excess over 75% of base salary earned in the year for the other eligible employees, will normally be deferred and released in equal tranches 12 and 24 months after deferral.

On the Release Date either newly issued Shares or existing Shares bought in the market will be transferred to participants as soon as practicable.

#### Individual limits

The maximum annual limit of awards granted under the 2013 STDIP shall be 200% of salary. This limit shall apply to the aggregate of any Bonus Awards, Bonus Shares and Matching Awards granted in any year.

#### Rights attaching prior to vesting

A participant has no rights in relation to an award or to the Shares under award until it has vested.

#### Satisfaction of awards

Bonus Shares, Matching Shares and STDIP Dividend Accrued Shares may be satisfied with new issue shares, a transfer of treasury shares or shares purchased in the market.

#### Rights attaching to Shares

Any Shares allotted pursuant to the 2013 STDIP will rank *pari passu* with Shares then in issue (except for rights arising by reference to a record date prior to their allotment). At any time when the Shares are admitted to listing on a recognised stock exchange, application will be made for any newly issued Shares to be admitted to such listing and admitted to trading on the relevant exchange.

#### Ceasing employment

If a participant ceases employment before the Release Date, unless the Committee determines otherwise, Bonus Awards will lapse on the date employment ceases unless the employment ceases because of ill health, injury, disability, retirement, redundancy, death or as a result of the sale of a business or company in which he or she is employed. In these circumstances, the Committee has discretion, to vest some or all of the Bonus Awards, any Matching Shares and STDIP Dividend Accrued Shares at the date employment ceases or such later date as the Committee in its discretion determines. Any Matching Shares shall, unless the Committee in its discretion determines otherwise, be subject to time pro-rating.

If a participant ceases to be employed for any other reason Bonus Awards will lapse on the cessation date unless the Committee exercises its discretion to vest all or part of the awards.

#### Corporate events

In the event of a reconstruction or a takeover, the Committee may determine that the Shares comprised in a Bonus Award, Matching Shares or STDIP Dividend Accrued Shares should be transferred to the participant. Any Matching Shares shall, unless the Committee in its discretion determines otherwise, be subject to time pro-rating.

In the case of a reconstruction or takeover involving the exchange of Shares for shares in another company, the Committee may determine that the participant's right to Shares comprised in a Bonus Award, any Matching Shares and any STDIP Dividend Accrued Shares should be replaced by a right to the appropriate number of shares in that other company and the Committee may amend the performance targets as it considers appropriate.

#### Adjustments

In the event of a reorganisation or reduction of the Company's share capital, the Committee may adjust the terms relating to Bonus Awards, Matching Shares and/or STDIP Dividend Accrued Shares as it considers appropriate to ensure that the value of the awards is maintained.

#### Alterations

The Committee may amend the 2013 STDIP in any respect, provided that the prior approval of shareholders is obtained for any amendment to the advantage of participants to the following provisions: the individuals who may participate in the plan, the limits on the number of Shares available under the plan, the maximum entitlement of participants, the basis for determining a participant's entitlement and the adjustment of options or awards on a variation of the share capital of the Company.

## Appendix D

### 2013 Performance Restricted Share Plan ('2013 PRSP')

#### Summary of Terms

##### Introduction

Under the 2013 PRSP, at the discretion of the Committee, discretionary awards of either conditional awards or nominal cost options may be granted to eligible employees.

##### Awards

2013 PRSP awards are in the form of either conditional awards or nominal cost options over Shares or conditional awards of cash (together 'Awards') and, subject to exceptional circumstances, vesting is contingent on the satisfaction of stretching corporate performance targets (described in more detail below) and continued employment with the Company.

These different types of awards may be operated individually or in conjunction with each other. In addition, employees can be granted the right to receive further Shares ('PRSP Dividend Accrued Shares') calculated on the basis of dividends accrued on their conditional awards or nominal cost options during the vesting period.

Any PRSP Dividend Accrued Shares granted on a nominal cost option will cause the nominal cost option at the vesting date to be over an increased number of Shares to account for the Dividend Accrued Shares.

##### Conditions

Awards may be subject to such additional conditions as the Committee determines appropriate, including any conditions to give effect to any shareholding requirement policy that the Company may operate from time to time. Such additional conditions will be notified to participants at the time of grant.

##### Time limit for grants of Awards

Awards may not be granted more than 10 years after the date the 2013 PRSP is adopted by the Company.

##### Plan Limits

In any 10-year period, the Company may not grant options or awards under the 2013 PRSP or any other all-employee share plans adopted by the Company or any other company under the Company's control if such grant would cause the number of Shares issued under the plans to exceed 10% of the Company's issued ordinary share capital at the proposed date of grant.

In addition, in any 10-year period, the Company may not grant options or awards under the 2013 PRSP or any discretionary share plans adopted by the Company or any other company under the Company's control if such grant would cause the number of Shares issued under the plans to exceed 5% of the Company's issued ordinary share capital at the proposed date of grant.

The satisfaction of options and awards with treasury shares will be treated as an issue of Shares for the purposes of the above limits for so long as institutional shareholder guidelines recommend this. If options and awards are to be satisfied by a transfer of existing Shares, the percentage limits stated above will not apply.

##### Eligibility

Awards may be awarded to senior executives annually. Awards made to Executive Directors will be disclosed fully in the Company's annual report on Directors' remuneration.

Awards may be made to employees, some of whom currently hold outstanding awards under the Long Term Incentive Plan 2010 ('LTIP'). The LTIP is no longer operated by the Company. Awards under the 2013 PRSP would be granted prior to the end of the three-year performance period (being end September 2013) applicable to the LTIP. The grant of 2013 PRSP awards will be conditional on outstanding LTIP awards being cancelled without payment.

##### Performance Period

Awards will, subject to exceptional circumstances, not vest before the specified performance measures have been met at the end of the performance period which is specified at the time of grant. The Committee determines the performance period in respect of each Award and each period will not be less than three years.

##### Individual limits

The maximum annual limit of awards granted under the 2013 PRSP shall be 200% of salary if the participant is a Director of the Company. For all other employees, the limit shall be 300% of salary.

For FY 2013, the proposed award levels for employees shall be lower than those proposed for Directors.

##### Performance measures

The Committee sets performance measures and reviews their appropriateness from time to time.

Subject to shareholder approval, the Committee intends to make grants under the 2013 PRSP in February 2013. The proposed performance measures for grants made in 2013 are as follows:

- 50% based on growth in absolute Earnings Per Share ('EPS') adjusted as set out below; and
- 50% based on Relative Total Shareholder Return ('TSR').

##### EPS element

EPS is a measure of overall profitability of the business for investors over the long term and therefore is a fundamental aspect of aligning shareholders' interests with those of executives. For the February 2013 grant, Awards will vest subject to achievement of adjusted EPS targets between the commencement of FY 2013 (based on the 52 week EPS figure as recorded in the 2012 Annual report) and the end of FY 2015. No Awards will vest under this measure for performance below the threshold of 8% compound annual growth over the term of the Award, 25% will vest if the compound annual growth is 8%. Maximum vesting is at compound annual growth of 16% with straight line vesting in between 8% and 16%. EPS will be measured before exceptional items.

##### TSR element

TSR performance provides a further measure of long-term success of the Company. Measurement of TSR growth will be in comparison to a peer group comprising Enterprise Inns, Punch Taverns, Fuller, Smith & Turner, Greene King, Marston's, Whitbread, JD Wetherspoon, Spirit Pub Company and The Restaurant Group. For the February 2013 grants, the start and end point for measuring TSR performance of all comparator companies will be based on the three month average share prices ending 30 September 2012 and the three month average share prices ending 30 September 2015.

In the case of the TSR element, no Awards will vest under this measure for performance below median. At median performance 25% will vest. Maximum vesting under this measure will be achieved for outperformance of 1.35x median which PWC, as the Committee's remuneration advisers, have determined as approximating to upper quartile performance. There will be straight line vesting in between median and upper quartile.

The TSR element will be subject to a share price underpin such that if the Company's share price on vesting is below the share price at the date of grant, exercise will only be permitted if the grant share price is reached within 6 months of the vesting date. If the grant share price is not reached within this 6 month period then vested shares under the TSR element will lapse.

Performance measurement under the 2013 PRSP is reviewed and certified by the Company's auditor.

### **Exercise of options**

Options may normally only be exercised during the period from the vesting date to the earliest of: (i) the second anniversary of the vesting date; (ii) the date employment ceases; or (iii) the end of any period provided for exercise under rules relating to cessation of employment (see below).

### **Satisfaction of awards**

Awards may be satisfied with new issue shares, a transfer of treasury shares or shares purchased in the market.

### **Rights attaching to Shares**

Any Shares allotted when an option is exercised or an award vests will rank *pari passu* with Shares then in issue (except for rights arising by reference to a record date prior to their allotment). At any time when the Shares are admitted to listing on a recognised stock exchange, application will be made for any newly issued Shares to be admitted to such listing and admitted to trading on the relevant exchange.

### **Ceasing employment**

If a participant ceases employment before vesting, unless the Committee determines otherwise, Awards will lapse on the date employment ceases unless the employment ceases because of ill health, injury, disability, retirement, redundancy, death or as a result of the sale of a business or company in which he or she is employed. In these circumstances (other than death), Awards will continue to be held by the employee until the original vesting date and will vest to the extent the performance condition is satisfied and will be pro-rated for time. Any conditional awards over cash and conditional awards over Shares (and, if applicable, any related PRSP Dividend Accrued Shares) shall be transferred as soon as practicable following the vesting date. Any nil-cost options (including, if relevant, any related option over PRSP Dividend Accrued Shares) shall be exercisable for the period of six months from the vesting date, following which they will lapse.

If a participant ceases employment as a result of death before vesting the Committee shall determine the number of Shares relating to the Award taking into account the extent to which any performance condition has been satisfied and the length of the performance period that has progressed. Any conditional awards over cash and conditional awards over Shares (and, if applicable, any related PRSP Dividend Accrued Shares) shall be transferred as soon as practicable following such determination. Any nil-cost options (including, if relevant, any related option over PRSP Dividend Accrued Shares) shall be exercisable by the participant's personal representatives for the period of 12 months from the date of death, following which they will lapse.

If a participant ceases employment following vesting, any nil-cost options (including, if relevant, any related option over PRSP Dividend Accrued Shares) shall be exercisable for the period of six months from the termination date, following which they will lapse.

### **Corporate events**

In the event of a reconstruction or a takeover, the Committee may determine in its discretion that Awards will vest taking into account the degree of the performance condition that has been satisfied and the length of the performance period that has progressed. Any conditional awards over cash and conditional awards over Shares (and, if applicable, any related PRSP Dividend Accrued Shares) shall be transferred as soon as practicable following such determination of vesting. Any nil-cost options (including, if relevant, any related option over PRSP Dividend Accrued Shares) shall be exercisable for the period of six months following the date of the reconstruction or takeover, following which they will lapse.

### **Adjustments**

In the event of a reorganisation or reduction of the Company's share capital, the Committee may adjust the terms relating to Awards and/or PRSP Dividend Accrued Shares as it considers appropriate to ensure that the value of those awards is maintained.

### **Alterations**

The Committee may amend the 2013 PRSP in any respect, provided that the prior approval of shareholders is obtained for any amendment to the advantage of participants to the following provisions: the individuals who may participate in the plan, the limits on the number of Shares available under the plan, the maximum entitlement of participants, the basis for determining a participant's entitlement and the adjustment of options or awards on a variation of the share capital of the Company.

## Appendix E

### Summary of principal changes to the Company's Articles of Association

#### The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's Memorandum and Articles of Association. The Company's Memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope. The Companies Act 2006 (the 'Act') significantly reduces the constitutional significance of a company's Memorandum. The Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the Company. Under the Act the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in a company's articles of association but a company can remove these provisions by special resolution. Further the Act states that, unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its Memorandum which, by virtue of the Act, are treated as forming part of the Company's Articles of Association as of 1 October 2009. Resolution 16 confirms the removal of these provisions for the Company. As the effect of resolution 16 will be to remove the statement currently in the Company's Memorandum regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

#### Authorised share capital and unissued shares

The Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Act, save in respect of employee share schemes.

#### Redeemable shares

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The Act enables directors to determine such matters instead, provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the Directors would need shareholders' authority to issue new shares in the usual way.

#### Retirement of Directors

Amendments have been made to the Current Articles to remove the requirement for Directors to retire by rotation every three years (on the basis that they will stand for annual re-election in accordance with the UK Corporate Governance Code) and to clarify that any Director's retirement does not take effect until the end of the applicable general meeting at which he retires or stands for re-election and is not re-elected.

In compliance with the UK Corporate Governance Code other amendments have been made to the Current Articles to ensure that the Company always has a quorum of Directors.

#### Provision for employees on cessation of business

The Act provides that the Directors' powers to make provision for a person employed or formerly employed by a company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the Directors if they are so authorised by the Company's articles or by the Company in general meeting. The New Articles provide that the Directors may exercise this power.

#### Adjournment for lack of quorum

Under the Act as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The New Articles reflect this requirement.

#### Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the Act so that it now provides that each proxy appointed by a member has one vote on a show of hands, unless the proxy is appointed by more than one shareholder, in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more shareholders to vote for the resolution and by one or more shareholders to vote against the resolution. The New Articles reflect these changes.

#### Notice of general meetings

The Shareholders' Rights Regulations amend the Act to require a company to give 21 clear days' notice of general meetings unless the company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must still be held on 21 clear days' notice. The New Articles amend the Current Articles so as to be consistent with the Shareholders' Rights Regulations.

#### Electronic conduct of meetings

Amendments made to the Act by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The Current Articles have been amended to reflect more closely the relevant provisions.

#### Suspension of registration of share transfers

The Current Articles permit the Directors to suspend the registration of transfers. Under the Act share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

#### Procedure at general meetings

Amendments have been made to the Current Articles such that:

- any amendments to ordinary resolutions will be invalid unless notice of the terms of such amendment has been received by the Company at least 48 hours prior to the relevant general meeting;
- Directors who are not also members are entitled to speak at general meetings;
- accidental omission to send notice of a meeting to someone will not invalidate the meeting; and
- anyone present at a general meeting is deemed to have received notice.

#### Cap on Non-Executive Directors' fees

It is proposed that the cap on the aggregate fees capable of being paid to the Company's Non-Executive Directors set out in the Current Articles be increased from £550,000 to £1,000,000. The current cap of £550,000 was set in May 2003 and there no longer remains any available headroom. In view of the Company's desire to recruit new independent Non-Executive Directors to the Board, the Board believes it is important to create the headroom required to make such appointments by amending the cap to £1,000,000 for the foreseeable future.

#### General

Generally the opportunity has been taken to bring clearer language into the New Articles.

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