

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the action you should take, you should immediately consult your independent financial adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Ocado Group plc, please hand this document and the accompanying form of proxy to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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## **OCADO GROUP PLC**

*(incorporated and registered in England and Wales under the Companies Act 2006,  
registered number 07098618)*

### **NOTICE OF ANNUAL GENERAL MEETING 2011**

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Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 2 to 3 of this document and which recommends you to vote in favour of the Resolutions to be proposed at the Annual General Meeting.

Notice of an Annual General Meeting of the Company to be held at 2pm at One Bunhill Row, London EC1Y 8YY on Wednesday 11 May 2011 is set out at the end of this document.

If you cannot attend the Annual General Meeting, shareholders should use a form of proxy and members of the Ocado Share Account should use a form of instruction in order to vote at the Annual General Meeting.

If you received this document in the post, the form of proxy or form of instruction will have accompanied it; if you downloaded this document from [www.ocadogroup.com](http://www.ocadogroup.com), the form of proxy and form of instruction can be found on that website also.

**To be valid, your form of proxy or form of instruction should be completed, signed and returned in accordance with the instructions printed thereon, as soon as possible and, in any event, so as to reach the Company's registrars, Capita Registrars:**

- **by no later than 2pm on 6 May 2011 in the case of members of the Ocado Share Account returning a form of instruction; and**
- **by no later than 2pm on 9 May 2011 in the case of all other shareholders returning a form of proxy.**

**The form of proxy and form of instruction may be submitted electronically at [www.ocadoshares.com](http://www.ocadoshares.com) or can be delivered by post or by hand to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.**

Further instructions relating to how you are able to vote are set out in the notes to the notice of the Annual General Meeting.



6 April 2011

Dear Shareholder,

### **Annual General Meeting**

I am pleased to invite you to this year's Annual General Meeting to be held at 2pm at One Bunhill Row, London EC1Y 8YY on Wednesday 11 May 2011.

The formal notice convening the Annual General Meeting can be found on pages 4 to 12 of this circular.

The Annual General Meeting gives the Board the opportunity to present the Company's performance and strategy to shareholders and to listen and respond to your questions. Your participation is important to us and if you cannot attend I would urge you to vote ahead of the Annual General Meeting.

You may register your proxy vote electronically by accessing our shareholder portal [www.ocadoshares.com](http://www.ocadoshares.com).

You may also complete, sign and return a form of proxy (which will have accompanied this Notice if you received it in the post or if not can be downloaded at [www.ocadogroup.com](http://www.ocadogroup.com)) to be received **by no later than 2pm on 9 May 2011** (or, in the event of any adjournment, on the date which is 48 hours before the time of the adjourned Annual General Meeting).

If you hold shares through the Ocado Share Account, your shares are held on your behalf by Capita IRG Trustees (Nominees) Limited - a company owned by the administrators of the Ocado Share Account - and that company is the registered shareholder. You can, however, instruct this company how you want the votes in respect of your shares to be exercised at the Annual General Meeting by accessing our shareholder portal [www.ocadoshares.com](http://www.ocadoshares.com) or by filling out and returning a form of instruction (which will have been sent to you if you received this Notice in the post or if not can be downloaded at [www.ocadogroup.com](http://www.ocadogroup.com)), in both cases **by no later than 2pm on 6 May 2011** (or, in the event of any adjournment, on the date which is 72 hours before the time of the adjourned Annual General Meeting) in order to allow the registered shareholder, Capita IRG Trustees (Nominees) Limited, time to collate your votes. If you would prefer to attend, speak and vote at the Annual General Meeting in person, or appoint someone else to attend the Annual General Meeting and vote on your behalf, you must confirm this to Capita IRG Trustees (Nominees) Limited using the details provided at [www.ocadoshares.com](http://www.ocadoshares.com) or on the form of instruction provided.

If you are intending to come to the Annual General Meeting, please bring your attendance card with you to the Annual General Meeting. I do recommend that you arrive by 1.45pm to enable us to carry out all of the registration formalities to ensure a prompt start at 2pm.

We recognise that many shareholders are unable to attend the Annual General Meeting in person, so all Resolutions will be decided on a poll. The Board believes a poll is more representative of shareholders' voting intentions because shareholders' votes are counted according to the number of shares held and all votes tendered are taken into account. The results will be published on our website ([www.ocadogroup.com](http://www.ocadogroup.com)) and will be released to the London Stock Exchange as soon as practicable following the closing of the Annual General Meeting.

**The Board**

The Articles of Association of the Company require each director to retire from office at every Annual General Meeting of the Company and each director has agreed to submit himself for re-appointment by shareholders. Biographical details of each of our directors are given on pages 16 and 17 of the Annual Report and Accounts for the 52 weeks ended 28 November 2010.

**Explanatory Notes**

Explanatory notes on the business to be considered at the Annual General Meeting appear on pages 7 to 12 of this document.

**Recommendation**

Your directors consider that each Resolution to be proposed at the Annual General Meeting is in the best interests of the shareholders as a whole and unanimously recommend shareholders to vote in favour of all Resolutions, as they intend to do in respect of their own shareholdings.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Lord Grade of Yarmouth', with a long horizontal flourish extending to the left.

**Lord Grade of Yarmouth**  
*Chairman*

# NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Ocado Group plc (the “**Company**”) will be held at One Bunhill Row, London EC1Y 8YY on Wednesday 11 May 2011 at 2pm. You will be asked to consider and, if thought fit, to pass the Resolutions below. Resolutions 19 to 21 (inclusive) will be proposed as special resolutions. All other Resolutions will be proposed as ordinary resolutions.

## ORDINARY RESOLUTIONS

### Report and Accounts

Resolution 1 — To receive the Company's Annual Report and Accounts for the 52 weeks ended 28 November 2010 together with the reports of the directors and auditors.

### Remuneration Report

Resolution 2 — To approve the Directors' Remuneration Report for the 52 weeks ended 28 November 2010.

### Directors

Resolution 3 — To re-appoint Lord Grade of Yarmouth as a director of the Company.

Resolution 4 — To re-appoint David Grigson as a director of the Company.

Resolution 5 — To re-appoint Tim Steiner as a director of the Company.

Resolution 6 — To re-appoint Neill Abrams as a director of the Company.

Resolution 7 — To re-appoint Andrew Bracey as a director of the Company.

Resolution 8 — To re-appoint Jason Gissing as a director of the Company.

Resolution 9 — To re-appoint Ruth Anderson as a director of the Company.

Resolution 10 — To re-appoint Robert Gorrie as a director of the Company.

Resolution 11 — To re-appoint Jörn Rausing as a director of the Company.

Resolution 12 — To re-appoint David Young as a director of the Company.

### Auditors

Resolution 13 — To re-appoint PricewaterhouseCoopers LLP as auditors of the Company.

Resolution 14 — To authorise the directors to determine the remuneration of the auditors.

### Political donations

Resolution 15 — That, in accordance with sections 366 and 367 of the Companies Act 2006, the Company and all companies that are its subsidiaries at any time during the period for which this Resolution is effective are authorised, in aggregate, to:

- (A) make political donations to political parties and/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,

(as such terms are defined in sections 363 to 365 of the Companies Act 2006) during the period commencing on the date of the passing of this Resolution and ending at the close of business on 11 August 2012 or, if earlier, the date of the Company's Annual General Meeting to be held in 2012.

### **Authority to allot shares**

Resolution 16 — The Board be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

- (A) up to a nominal amount of £3,693,429 (such amount to be reduced by the nominal amount allotted or granted under paragraph (B) below in excess of such sum); and
- (B) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of £7,386,858 (such amount to be reduced by any allotments or grants made under paragraph (A) above) in connection with an offer by way of a rights issue:
  - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the end of next year's Annual General Meeting (or, if earlier, until the close of business on 11 August 2012) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

### **Share plans**

Resolution 17 — That participation in the Ocado Joint Share Ownership Scheme be expanded in the manner described on pages 8 to 10 of this Notice and that the Company directors be authorised to do all such acts and things necessary to implement such expanded participation.

Resolution 18 — That the establishment of the Ocado Share Incentive Plan, a summary of the principal provisions of which is set out on pages 10 to 11 of this Notice, be approved and that the directors be authorised to do all such acts and things necessary to implement that plan, including making any amendments required to obtain approval of HM Revenue & Customs for the plan.

### **SPECIAL RESOLUTIONS**

To consider and if thought fit to pass the following as special resolutions:

#### **Authority to disapply pre-emption rights**

Resolution 19 — That if Resolution 16 is passed, the Board be given power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that Resolution and/or to sell ordinary shares held by the company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited:

- (A) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (B) of Resolution 16, by way of a rights issue only):
  - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

**Authority to disapply pre-emption rights** (continued)

- (B) in the case of the authority granted under paragraph (A) of Resolution 16 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (A) above) of equity securities or sale of treasury shares up to a nominal amount of £554,014,

such power to apply until the end of next year's Annual General Meeting (or, if earlier, until the close of business on 11 August 2012) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

**Authority to purchase own shares**

Resolution 20 — The Company be authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its ordinary shares of 2 pence each, such power to be limited:

- (A) to a maximum number of 55,401,437 ordinary shares;
- (B) by the condition that the minimum price which may be paid for an ordinary share is 2 pence and the maximum price which may be paid for an ordinary share is the highest of:
- (i) an amount equal to 5% above the average market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and
  - (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out,

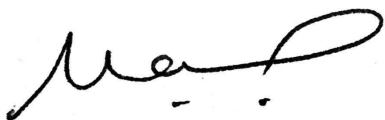
in each case, exclusive of expenses,

such power to apply until the end of next year's Annual General Meeting (or, if earlier, 11 August 2012) but in each case so that the Company may enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase ordinary shares pursuant to any such contract as if the power had not ended.

**Notice of general meetings**

Resolution 21 — That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board



**Neill Abrams**

*Company Secretary and Director of Legal and Business Affairs*  
6 April 2011

Registered Office: Titan Court, 3 Bishops Square, Hatfield Business Park, Hatfield, Hertfordshire AL10 9NE.

Registered in England and Wales No. 07098618

# EXPLANATORY NOTES TO THE PROPOSED RESOLUTIONS

## **Resolution 1 — To receive the Report and Accounts**

The Board asks that shareholders receive the Company's Annual Report and Accounts for the 52 weeks ended 28 November 2010 together with the reports of the directors and auditors.

## **Resolution 2 — Approval of the Directors' Remuneration Report**

The Company is required to ask shareholders to approve the Directors' Remuneration Report. The Directors' Remuneration Report is set out on pages 41 to 46 of the Company's Annual Report and Accounts and it sets out the Company's policy for, and gives details of, directors' remuneration and other relevant information for the 52 weeks ended 28 November 2010.

## **Resolutions 3 to 12 — Reappointment of directors**

The Articles of Association of the Company require each director to retire from office at every Annual General Meeting of the Company and each director has agreed to submit himself for re-appointment by shareholders. Having considered the performance of and contribution made by each of the directors the Board remains satisfied that the performance of each director continues to be effective and to demonstrate commitment to the role and as such recommends their re-appointment.

Biographical details of all the directors are set out on pages 16 and 17 of the Annual Report and Accounts and appear on the Company's website [www.ocadogroup.com](http://www.ocadogroup.com).

## **Resolutions 13 and 14 — Reappointment of the auditors and authority for the directors to determine their remuneration**

On the recommendation of the Audit Committee, the Board proposes that PricewaterhouseCoopers LLP be re-appointed as auditors of the Company and Resolution 14 proposes that the directors be authorised to determine the level of the auditors' remuneration.

## **Resolution 15 — Authority to make political donations**

Part 14 of the Companies Act 2006 restricts companies from making political donations to: (i) political parties; (ii) other political organisations; and (iii) independent election candidates and on incurring political expenditure without shareholders' consent. The Company does not make and does not intend to make donations to political parties, political organisations or independent election candidates, nor does it incur any political expenditure. However, as the definitions used in the Companies Act 2006 are broad, it is possible that normal business activities such as sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling certain public duties, and support for bodies representing the business community in policy review or reform, which might not be thought to be political expenditure in the usual sense, could be caught. Shareholder approval is being sought in this Resolution on a precautionary basis only to allow the Company and any company, which at any time during the period for which this Resolution has effect, is a subsidiary of the Company, to continue to support the community and put forward its views to wider business and Government interests, without running the risk of being in breach of the Companies Act 2006.

The Board is therefore seeking authority to make political donations to political parties and/or independent election candidates not exceeding £50,000 in total, to make political donations to political organisations other than political parties not exceeding £50,000 in total and to incur political expenditure not exceeding £50,000 in total. In line with the best practice of the Association of British Insurers ("ABI"), it is proposed that this Resolution will be put to shareholders annually.

## **Resolution 16 — Authority to allot shares**

Paragraph (A) of this Resolution would give the directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £3,693,429 (representing 184,671,450 ordinary shares of 2 pence each). This amount represents approximately one-third of the issued ordinary share capital (excluding treasury shares) of the Company as at 30 March 2011, the latest practicable date prior to publication of this Notice.

In line with guidance issued by the ABI, paragraph (B) of this Resolution would give the directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £7,386,858 (representing 359,342,900 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (A) of this Resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital (excluding treasury shares) of the Company as at 30 March 2011, the latest practicable date prior to publication of this Notice.

The authorities sought under paragraphs (A) and (B) of this Resolution will expire at the earlier of 11 August 2012 and the conclusion of the Annual General Meeting of the Company held in 2012.

The directors have no present intention to exercise either of the authorities sought under this Resolution except, under paragraph (A), to satisfy options under the Company's share option schemes, but the Board wishes to ensure that the Company has maximum flexibility in managing the Group's capital resources. However, if they do exercise the authorities, the directors intend to follow ABI recommendations concerning their use (including as regards the directors standing for re-election in certain cases).

As at the date of this Notice, no ordinary shares are held by the Company in treasury.

## **Resolution 17 — Expansion of the Ocado Joint Share Ownership Scheme**

As described in the prospectus published by the Company in connection with its initial public offering, the Company operates a long term investment plan called the joint share ownership scheme (the "**JSOS**").

At the time of the Company's initial public offering, the only participants in the JSOS were the Company's executive directors and certain members of senior management, and this remains the case. However, the Board believes it is in the best interests of the Company to extend the JSOS by issuing new shares to a number of senior employees who will be invited to participate in order properly to incentivise them and to align directly their interests with those of shareholders.

As this was not anticipated at the time of the initial public offering, the Board considers that it is appropriate to seek the approval of its shareholders for participation in the JSOS to be expanded.

### *Introduction*

Under the JSOS, participants are invited, together with the trustee of the JSOS, to acquire separate beneficial interests in newly issued ordinary shares. A participant's interest (an "**Interest**") allows him to benefit from the increase (if any) in the value of those shares above a pre determined market price (the "**Hurdle**"). The trustee's interest in the shares held under the JSOS is the value of those shares up to the Hurdle. The subscription price for these new ordinary shares is paid jointly by the trustee and the participant. The value of the participant's Interest will be calculated using a method formulated by the Company's advisers and the value of the trustee's interest is the difference between this and the issue price.

In order to incentivise participants over the longer term, Interests are granted in tranches, each vesting a year apart, with a higher Hurdle rate for each tranche to reflect the targeted growth in the Company's share price over the period. Once a tranche of shares has vested, the participant may at any time (subject to the provisions described below regarding those who leave the Group's employment while they have outstanding Interests) request that the trustee delivers him either cash or shares equal to the value of his Interest in that tranche.

Participants who leave the Company while they still have unvested tranches of shares held in the JSOS may lose some or all of their Interests, depending on the circumstances in which they leave.

### *Eligibility*

All of the bona fide employees of the Company and its subsidiaries are eligible to participate in the JSOS (although they have to be invited to do so).

No decision has been made as to which further senior employees will be invited to participate in the JSOS nor the number of ordinary shares in which new participants will be invited to acquire an Interest. Since none of the new participants will be directors of the Company, these decisions will be taken by the Company's executive directors.



#### *Overall dilution limit*

Up to 7.5% of the Company's issued ordinary share capital may be held under the JSOS. As at 30 March 2011, the latest practicable date prior to publication of this Notice, 5.86% of the Company's issued ordinary share capital was held under the JSOS. This allows for further shares to be issued into the JSOS and Interests granted in them.

However, the Board proposes to amend the JSOS so as to incorporate additional dilution limits consistent with those in the Company's other employee share schemes and within the guidelines of institutional shareholders. Accordingly, the JSOS will be subject to the following limits:

- (i) on any date, the aggregate nominal amount of new ordinary shares which may be allocated under the JSOS may not, when added to the nominal amount of new ordinary shares allocated in the previous 10 years under all employee share schemes of the group, exceed 10% of the Company's issued share capital; and
- (ii) on any date, the aggregate nominal amount of new ordinary shares which may be allocated under the JSOS may not, when added to the nominal amount of new ordinary shares allocated in the previous 10 years under the JSOS and any other employee share scheme of the group established for the benefit of selected employees, exceed 5% of the equity share capital of the Company.

For these purposes, ordinary shares are allocated when rights to acquire or obtain them are granted and otherwise when they are issued. Rights which lapse, by reason of non-exercise or otherwise, cease to count. No account is taken of ordinary shares which are acquired by purchase in the market (rather than by subscription or from treasury) or of shares which an employee purchases at market value using his own funds. No account is taken of ordinary shares allocated prior to the admission of the Company's ordinary shares to the Official List of the UK Listing Authority.

#### *Terms of participation*

The Hurdles will be set by the Remuneration Committee. Each tranche of ordinary shares issued to employees under the JSOS will have its own Hurdle. The existing shares held under the JSOS have Hurdles that require an appreciation in the share price over the subscription price of 15% in year one, of 26.5% in year two, of 38.9% in year three and of 52.1% in year four. The intention of the Remuneration Committee is to use these same share price growth rates as the Hurdles for further shares proposed to be issued under the JSOS. However, subsequent share issues under the JSOS may use different Hurdles where the Remuneration Committee considers them appropriate at that time.

Participants will be offered a loan by the Company to meet the cost of their share of the subscription price. A nominal rate of interest will be charged on this loan. The participants remain liable to repay their loans irrespective of whether or not the various JSOS tranches ever acquire value; this means that, unlike under many other employee share plans, participants stand to lose money under the JSOS if the performance targets are not met.

Participants' benefits received under the JSOS are not pensionable.

#### *Voting rights and dividends*

The trustee will not normally exercise the voting rights of unvested ordinary shares held in the JSOS, but may exercise such rights on vested shares at the request of the relevant participants. This means that the dilution of current shareholders' voting rights will, until vesting, be limited.

The ordinary shares held in the JSOS will not receive any dividends, but the Hurdles will be reduced proportionally so as not to distort the value of participants' Interests if dividends are paid.

#### *Leaving the Company*

If a participant leaves during the currency of the scheme, he may lose all or part of his vested and unvested Interests, depending on the circumstances in which he leaves:

- if he is a "very bad leaver" (i.e., he has been or could have been dismissed by the Company for cause or he has been in material breach of an obligation binding on him after termination), his vested and unvested Interests may be acquired by the trustee for the lower of their market value and the initial subscription price;
- if he is a "bad leaver" (i.e., he is neither a "good leaver" nor a "very bad leaver"), he would retain his vested Interests but unvested Interests may be acquired by the trustee for the lower of the market value and the initial subscription price. If he subsequently goes to work for a competitor of the Company, his vested Interests may also be acquired by the trustee at market value; and
- if he is a "good leaver" (i.e., he left employment as a result of illness, injury, disability, redundancy, retirement on or after his contractual retirement date, early retirement by agreement with the Company or the business in which he is engaged

ceasing to be part of the Company's group), he would continue to participate in the JSOS although the trustee may offer to buy out his vested and unvested Interests.

#### *Alterations to the JSOS*

The Board may, at any time, alter the JSOS, provided that prior shareholder approval is obtained for any alterations to the advantage of participants made to the rules of the JSOS governing eligibility, the overall limit on the allocation of ordinary shares and any adjustments that may be made to an award following a rights issue or any other variation of capital.

#### *Scheme rules available for inspection*

A copy of the rules of the JSOS showing the proposed amendments is available for inspection at One Bunhill Row, London EC1Y 8YY (the venue of the Annual General Meeting) and will remain on display during and until the close of the Annual General Meeting.

### **Resolution 18 – The Ocado Share Incentive Plan**

The Company proposes to establish the Ocado Share Incentive Plan (the “**OSIP**”) for the benefit of all Ocado employees. The OSIP is a share incentive plan which has an associated trust deed which is intended to be approved by HM Revenue & Customs. The purpose of the OSIP will be to give employees a continuing stake in the success of the Company.

The OSIP allows for the grant of the following awards:

- “Partnership Shares”: Employees may be invited to purchase ordinary shares directly from their earnings. The market value of such partnership shares which an employee can purchase in any tax year currently may not generally exceed £1,500 (or 10% of the relevant employee's remuneration, if lower).
- “Free Shares”: Up to £3,000 of ordinary shares or rights to ordinary shares may be allocated to any employee in any year. Free shares may be allocated to employees equally, on the basis of salary, length of service or hours worked, or on the basis of performance, as permitted by the relevant legislation.
- “Matching Shares”: Matching shares are additional free shares, which may be allocated to an employee who purchases partnership shares. The rules of the OSIP reflect current UK legislation and allow for a maximum match of 2:1.

It is the current intention of the Company to make awards of partnership shares only and not to award free or matching shares. However, the OSIP provides for flexibility should the Company choose to do so in future.

#### *Eligibility*

All employees of the Company, or of any of its designated participating subsidiaries, are eligible to participate in the OSIP. The Board may require employees to have completed a qualifying period of employment of up to 18 months in order to participate.

#### *Retention of shares*

Free and matching shares awarded under the OSIP will be subject to a holding period of normally no less than three years but no more than five years, as required under UK tax legislation. Partnership shares purchased by employees will not be subject to a holding period.

#### *Forfeiture of shares*

Free shares may be subject to a forfeiture period of up to three years. Partnership shares are purchased by the employees and therefore forfeiture does not apply. Matching shares may also be subject to a forfeiture period of no more than three years should, for example, the associated partnership shares be sold during that time.

#### *Cessation of employment*

The Board may stipulate at the time of award of free or matching shares that on ceasing employment with the Company or a participating subsidiary within a period of up to three years from the date of award that the shares will be forfeited. In certain circumstances, such as death, redundancy or retirement, forfeiture will not apply.

#### *Dividends on shares held within the OSIP*

Under the OSIP, an employee will be treated as the beneficial owner of ordinary shares held on his behalf by the relevant trustee during the holding period. Any dividends paid on the ordinary shares during this time may be used to acquire additional ordinary shares for employees or may be distributed to employees.

#### *Overall dilution limit*

Awards can be satisfied using issues of ordinary shares, ordinary shares purchased on the market or from treasury shares. The OSIP will be subject to a limit which provides that, on any date, the aggregate nominal amount of new ordinary shares that may be allocated under the OSIP may not, when added to the nominal amount of new ordinary shares allocated in the previous 10 years under all employee share schemes of the group, exceed 10% of the Company's issued share capital.

For this purpose, ordinary shares are allocated when rights to acquire or obtain them are granted and otherwise when they are issued. Rights which lapse by reason of non-exercise or otherwise, cease to count. No account is taken of ordinary shares which are acquired by purchase in the market (rather than by subscription or from treasury) or of shares which an employee purchases at market value using his own funds. No account is taken of ordinary shares allocated prior to the admission of the Company's ordinary shares to the Official List of the UK Listing Authority.

#### *Rights attaching to shares*

Any ordinary shares allotted and issued under the OSIP will rank equally with ordinary shares then in issue and will not normally qualify for dividends or other rights for which the record date is earlier than the date of allotment and issue of the ordinary shares.

#### *Rights not pensionable*

Benefits received by employees under the OSIP will not be pensionable.

#### *Corporate events*

If a general offer is made to shareholders, or if a scheme of arrangement or a winding-up of the Company is proposed, participants under the OSIP will be able to direct the trustee of the OSIP as to how to act in relation to their ordinary shares.

#### *Alterations to the OSIP*

The Board may, at any time, alter the OSIP, provided that prior shareholder approval is obtained for any alterations to the advantage of participants made to the rules of the OSIP or the terms of the OSIP trust deed governing eligibility, the overall limit on the allocation of ordinary shares, the maximum entitlement for any participant, the basis for determining a participant's entitlement to ordinary shares and any adjustments that may be made to an award following a rights issue or any other variation of capital.

#### *Trust deed and rules available for inspection*

The draft trust deed and rules constituting the OSIP are available for inspection at One Bunhill Row, London EC1Y 8YY (the venue of the Annual General Meeting) and will remain on display during and until the close of the Annual General Meeting.

### **Resolution 19 — Disapplication of pre-emption rights in certain circumstances**

This Resolution will be proposed as a special resolution, which requires a 75% majority of the votes to be cast in favour. It would give the directors the authority to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

This authority would be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £554,014 (representing 27,700,700 ordinary shares). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company as at 30 March 2011, the latest practicable date prior to publication of this Notice. In respect of this aggregate nominal amount, the directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling 3-year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders.

The authority will expire at the earlier of 11 August 2012 and the conclusion of the Annual General Meeting of the Company held in 2012.

## **Resolution 20 — Authorisation for the Company to purchase its own shares**

This Resolution will be proposed as a special resolution and authority is sought for the Company to purchase up to 10% of its issued ordinary shares (excluding any treasury shares), renewing the authority granted by the shareholders on 23 June 2010 prior to the admission of the Company's shares to the premium listing segment of the Official List and to trading on the London Stock Exchange plc. The Company purchased no ordinary shares in the period from 23 June 2010 to the date of this Notice under the existing authority.

The directors have no present intention of exercising the authority to make market purchases, however the authority provides the flexibility to allow them to do so in the future. The directors will exercise this authority only when to do so would be in the best interests of the Company, and of its shareholders generally, and could be expected to result in an increase in the earnings per shares of the Company.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. The directors will consider holding any ordinary shares the Company may purchase as treasury shares. The Company currently has no ordinary shares in treasury. The minimum price, exclusive of expenses, which may be paid for an ordinary share is 2 pence. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of: (i) an amount equal to 5% above the average market value for an ordinary share for the five business days immediately preceding the date of the purchase; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.

The Company has options outstanding over 11,852,321 ordinary shares, representing 2.14% of the Company's ordinary issued share capital (excluding treasury shares) as at 30 March 2011. If the existing authority given on 23 June 2010 and the authority now being sought by Resolution 20 were to be fully used, these would represent 28.05% of the Company's ordinary issued share capital (excluding treasury shares) at that date.

The authority will expire at the earlier of 11 August 2012 and the conclusion of the Annual General Meeting of the Company held in 2012.

## **Resolution 21 — Notice of general meetings**

The notice period required by the Companies Act 2006 for general meetings (other than an Annual General Meeting) is 21 days unless the Company:

- has gained shareholder approval for the holding of general meetings on 14 clear days' notice by passing a special resolution at the most recent Annual General Meeting; and
- offers the facility for all shareholders to vote by electronic means.

This resolution seeks such approval. The shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. Should this Resolution be approved it will be valid until the end of the next Annual General Meeting.

## NOTES TO THE NOTICE OF MEETING

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Annual General Meeting. **Members of the Ocado Share Account should refer to the procedure for submitting instructions referred to in paragraph 12 below.** 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 shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this Notice (if you received this Notice in the post) or is available to download from [www.ocadogroup.com](http://www.ocadogroup.com). If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Capita Registrars:
  - by post at Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU;
  - by telephone on 0845 608 1476 (Calls cost 10 pence per minute plus network extras) or from outside the UK on 0800 141 2953. Lines are open Monday to Friday, 9am till 5:30pm; or
  - electronically via [www.ocadoshares.com](http://www.ocadoshares.com).
2. To be valid any proxy form must be submitted:
  - by post or (during normal business hours only) by hand to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU;
  - electronically via [www.ocadoshares.com](http://www.ocadoshares.com) (you will be asked to enter your Investor Code shown on your share certificate and agree to certain terms and conditions); or
  - in the case of shareholders holding their shares through CREST, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in paragraphs 8 to 11 below,

by no later than 2pm on 9 May 2011 (or, in the event of any adjournment, on the date which is 48 hours before the time of the adjourned Annual General Meeting).
3. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
4. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
5. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
6. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
7. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraphs 8 to 11 below) will not prevent a member attending the Annual General Meeting and voting in person if he/she wishes to do so.
8. 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 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.
9. 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 UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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 the issuer's agent, Capita Registrars, (ID RA10) by 2pm on 9 May 2011. 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.

10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. 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.
12. If you hold shares through the **Ocado Share Account**, you can instruct Capita IRG Trustees (Nominees) Limited how you want the votes in respect of your shares to be exercised at the Annual General Meeting, either:

- electronically via [www.ocadoshares.com](http://www.ocadoshares.com); or
- by filling out a form of instruction and returning it by post or (during normal business hours only) by hand to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU,

in both cases by no later than 2pm on 6 May 2011 (or, in the event of any adjournment, on the date which is 72 hours before the time of the adjourned Annual General Meeting). If you would prefer to attend, speak and vote at the Annual General Meeting in person, or appoint someone else to attend the Annual General Meeting and vote on your behalf, you must confirm this to Capita using the details provided at [www.ocadoshares.com](http://www.ocadoshares.com) or on the form of instruction by no later than 2pm on 6 May 2011 (or, in the event of any adjournment, on the date which is 72 hours before the time of the adjourned Annual General Meeting). **After 2pm on 6 May 2011 (or, in the event of any adjournment, on the date which is 72 hours before the time of the adjourned Annual General Meeting) you will no longer be able to:**

- **instruct Capita IRG Trustees (Nominees) Limited how you want the votes in respect of your shares to be voted;**
  - **register to attend the Annual General Meeting in person; or**
  - **change your instructions either as to how you want the votes in respect of your shares to be voted or in order to attend the Annual General Meeting in person.**
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its power as a member provided that they do not do so in relation to the same shares.
14. 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.
15. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 to 4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
16. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6pm on 9 May 2011 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned Annual General Meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
17. As at 30 March 2011 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 554,014,378 issued ordinary shares of 2p each admitted to trading. The Company does not hold any ordinary shares in treasury. Each ordinary share carries the right to one vote in relation to all circumstances at general meetings of the Company. Accordingly, the total voting rights of the Company as at 30 March 2011 are 554,014,378. Of these issued ordinary shares, 32,476,700 are held by Appleby Trust (Jersey) Limited, the independent company which is the trustee of Ocado's employee benefit trust (the “EBT Trustee”). The EBT Trustee has waived its right to exercise its voting rights and to receive dividends in respect of these 32,476,700 ordinary shares, although it may vote in respect of 8,119,400 ordinary shares which have vested under the JSOS.
18. Copies of the service contracts and letters of appointment of the directors of the Company will be available for at least 15 minutes prior to the Annual General Meeting and during the Annual General Meeting.



19. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the company 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 Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a 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 Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
20. Except as provided above, members who have general queries about the Annual General Meeting should use the following means of communication (no other methods of communication will be accepted):
- calling: 0845 608 1476 (Calls cost 10 pence per minute plus network extras) or from outside the UK on 0800 141 2953. Lines are open Monday to Friday, 9am till 5.30pm;
  - writing to: Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or
  - emailing: [ocado@capitaregistrars.com](mailto:ocado@capitaregistrars.com).
- You may not use any electronic address provided either in this Notice or any related documents (including the chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.
21. Any member attending the Annual General Meeting has the right to ask questions. The company must cause to be answered any such question relating to the business being dealt with at the Annual General Meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the company or the good order of the Annual General Meeting that the question be answered.
22. A copy of this Notice, and other information required by s311A of the Companies Act 2006, can be found at [www.ocadogroup.com](http://www.ocadogroup.com).
23. Under section 338 and section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the company: (i) to give, to members of the company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 29 March 2011, being the date 6 clear weeks before the Annual General Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.



## Ocado AGM 2011

### VENUE:

One Bunhill Row, London EC1Y 8YY.

### TIMINGS:

**Wednesday 11 May 2011**

#### 1.30pm

Doors open, security clearance and registration begins.  
Light refreshments available.

#### 1.45pm

Meeting room doors open.  
Please make your way to the meeting room where  
hosts will direct you to your seats.

#### 2.00pm

Meeting commences.

#### 3.30pm (approximately)

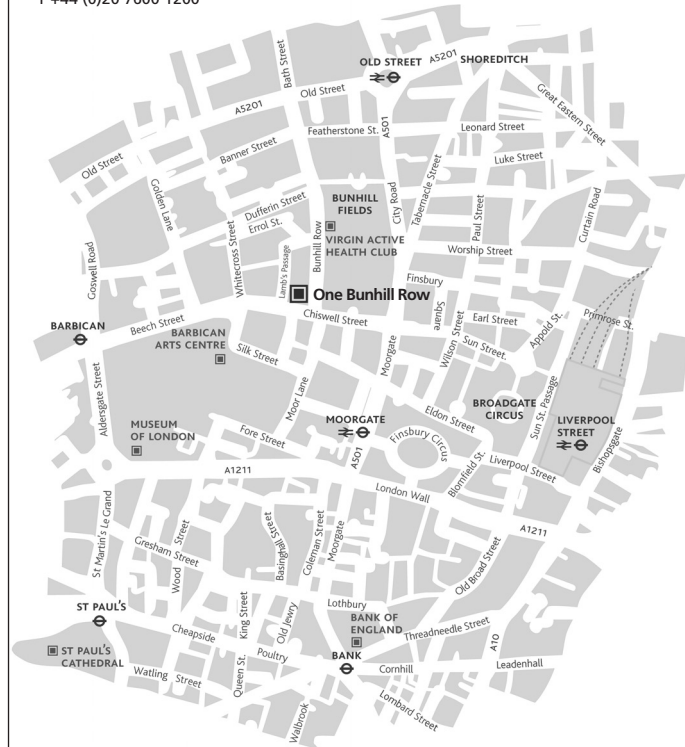
AGM closes.  
Light refreshments available.

### ADMISSION:

Please plan to arrive before 1.45pm to allow enough  
time for registration and security clearance,  
bringing your attendance card with you.

### MAP OF MEETING VENUE:

One Bunhill Row  
London EC1Y 8YY  
T +44 (0)20 7600 1200



### SHAREHOLDERS WITH SPECIAL NEEDS:

One Bunhill Row is easily accessible by wheelchair users and the meeting itself will be held on the ground floor.  
The main auditorium is also covered with an assisted hearing system and handsets will be available from the Admission Desk. If you should require such a handset, or for any more information on the special needs facilities at the venue, please call 020 7090 5636.

### SECURITY:

Standard security measures will be in place to ensure your safety. Please note that bag searches will be in operation, and any items deemed inappropriate will be removed and stored until the end of the event.

Flash photography is not allowed at the AGM.

### TRANSPORT:

In line with our commitment to the environment, we recommend shareholders use public transport to attend the Annual General Meeting. The closest public transport links (shown above) are all within walking distance of One Bunhill Row.