

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own professional advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or transferred all of your ordinary shares in Fuller, Smith & Turner P.L.C. please send this document, which includes the Notice of Annual General Meeting and form(s) of proxy (as appropriate), to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



FULLER, SMITH & TURNER P.L.C.

ANNUAL GENERAL MEETING 2012

The Notice convening an Annual General Meeting ("AGM") of Fuller, Smith & Turner P.L.C. (the "Company") to be held in the Hock Cellar at Griffin Brewery, Chiswick Lane South, Chiswick, London W4 2QB on Wednesday, 18 July 2012 at 11.00 a.m. is set out in Appendix One to this document.

Forms of proxy for use at the Annual General Meeting should be completed and returned to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible, and in any event, so as to arrive not later than 11.00 a.m. on Tuesday, 17 July 2012, 24 hours before the time of the meeting, or 11.00 a.m. on Monday, 16 July 2012, 48 hours before the time of the meeting in the case of the indicative voting form. The return of a form of proxy will not prevent a member from attending and voting in person at the meeting.



FULLER, SMITH & TURNER P.L.C.

Directors:

Michael Turner
Simon Emeny
James Douglas
Richard Fuller
Ian Bray
Jonathon Swaine

John Dunsmore
Lynn Fordham
Alastair Kerr
Nigel Atkinson
Sir James Fuller

Registered in England
Number 241882

Registered Office
Griffin Brewery
Chiswick Lane South
Chiswick
London W4 2QB

20 June 2012

Secretary:

Marie Gracie, FCIS

To holders of 'A' and 'C' ordinary shares of 40 pence each and 'B' ordinary shares of 4 pence each in the capital of Fuller, Smith & Turner P.L.C., and to participants in the Fuller, Smith & Turner P.L.C. Share Incentive Plan and, for information, to holders of 6% first cumulative preference shares of £1 each and 8% second cumulative preference shares of £1 each in the capital of Fuller, Smith & Turner P.L.C. and to Fuller, Smith & Turner P.L.C. debenture holders.

Dear Shareholder

NOTICE OF ANNUAL GENERAL MEETING

You will find set out in Appendix One a Notice convening the Annual General Meeting of the Company to be held on Wednesday, 18 July 2012. Also enclosed are the Company's Report and Accounts for the 52 weeks ended 31 March 2012.

This letter sets out to provide details of the items of business, including special business (items 11 to 15), which are being considered at the Annual General Meeting and require explanation. The details of these resolutions are set out below, in the same order as you will find the resolutions in the Notice of Meeting and on your proxy form(s).

ORDINARY BUSINESS

RESOLUTION 3 – REAPPOINTMENT OF AUDITORS

This is the standard ordinary resolution to reappoint Ernst & Young LLP as our auditors.

RESOLUTION 4 – RE-ELECTION OF MICHAEL TURNER

As you may know, all of the Directors of the Company retire by rotation and stand for re-election, and this year one of those Directors is myself. I joined the Company in 1978 and initially ran the Wine Division as Wine Director. I became Marketing Director in 1988, Managing Director in 1992, Chief Executive in 2002 and Chairman in 2007. I was Chairman of the British Beer and Pub Association from 2008-2010, and appointed Master of the Worshipful Company of Vintners in July 2011. John Dunsmore, our Senior Independent Non-Executive Director, will I understand be proposing my re-election at the Annual General Meeting with the full support of the Board.

RESOLUTION 5 – RE-ELECTION OF RICHARD FULLER

Richard joined the Company in 1984. He was appointed a Divisional Director with responsibility for Sales in 1992, and additionally for Personnel in 2005. He was appointed to the Main Board as Sales and Personnel Director in December 2009, with additional responsibility for Public Relations. He is a GMP Graduate of Harvard Business School. The Board wholeheartedly recommends his re-election to shareholders.

RESOLUTION 6 – RE-ELECTION OF JOHN DUNSMORE

John joined the Board as an independent Non-Executive Director in January 2009. He is now the Senior Non-Executive Director. Until very recently he was the Chief Executive of C&C Group plc and formerly he was the Chief Executive of Scottish & Newcastle plc – prior to its takeover by Heineken and Carlsberg in 2008. The Board wholeheartedly recommends his re-election to shareholders.

RESOLUTION 7 – ELECTION OF ALASTAIR KERR

Alastair joined the Board as an Independent Non-Executive Director on 1 August 2011 and is now Chairman of the Remuneration Committee. He is a Non Executive Director of high street clothing retailer White Stuff Ltd. He has previously held senior roles at Mothercare and Kwik-Fit, and was Managing Director of Europe, Middle East and Africa for The Body Shop and Managing Director, Europe for Virgin. The Board wholeheartedly recommends his election to shareholders.

RESOLUTION 8 – ELECTION OF IAN BRAY

Ian joined the Board as Managing Director of The Fuller's Beer Company on 12 December 2011. He was previously European Marketing Director of Bunge S.A., a Switzerland-based global foods and agricultural business, and has held FMCG marketing and senior management roles at both international and domestic level, working with companies such as Wrigley, Müller and SmithKline Beecham. The Board wholeheartedly recommends his election to shareholders.

RESOLUTION 9 – ELECTION OF JONATHON SWAINE

Jonathon joined the Company in 2005 and was appointed as Operations Director for Fuller's Inns Quality Managed Houses in 2007. He was appointed to the Main Board as Managing Director of Fuller's Inns on 1 February 2012. Prior to joining the Company he held positions at Carlton Communications and Molson Coors. The Board wholeheartedly recommends his election to shareholders.

SPECIAL BUSINESS

RESOLUTION 11 – EXTENSION OF THE SHARE INCENTIVE PLAN ("SIP")

Shareholders approved the SIP at the AGM in 2002. The SIP allows the Company to align the interests of the employees with the interests of the shareholders through the award and/or purchase of shares. The Company has awarded Free Shares to employees annually under the SIP. No award may be made under the SIP more than ten years after the approval of the SIP by the shareholders of the Company without further approval by the shareholders of the Company. The Directors are therefore seeking shareholders' approval to extend the SIP for a further ten years. Having operated the SIP for ten years, the Directors have concluded that they have no intention of awarding Matching Shares or Dividend Shares and they are proposing to simplify the SIP by removing these elements from the plan.

A summary of the amended rules of the SIP is set out in Appendix Two to this document and a copy of the amended rules of the SIP will also be available for inspection at the Company's registered office and at BDO LLP, 55 Baker Street, London W1U 7EU, during normal business hours on any weekday (Saturday excepted) from the date of this document until the close of the Annual General Meeting, and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Meeting.

RESOLUTION 12 – AUTHORITY TO ALLOT NEW SHARES

This is a resolution which we ask you to pass every year. Put simply it allows your Directors to allot new shares in the capital of the Company. This year the Directors seek a general authority to allot only an aggregate nominal amount of share capital of £1,115,704 which represents 5% of the total issued ordinary share capital (excluding treasury shares) as at 22 May 2012. This amount corresponds to the number of shares over which we are seeking authority to disapply pre-emption rights as per Resolution 13. The Directors intend to use this authority only if required for the purpose of satisfying exercises of share options however, it is thought prudent to have the flexibility of having the authority in place. The Directors are not this year seeking authority to allot any further nominal capital in connection with a rights issue, as they would intend to seek shareholder approval should a rights issue ever be contemplated. As at 22 May 2012, 1,199,082 shares are held in treasury.

RESOLUTION 13 – AUTHORITY TO ALLOT NEW SHARES WITHOUT REGARD TO PRE-EMPTION RIGHTS

This is a special resolution which we ask you to pass every year. The effect of the resolution is to allow your Directors to allot shares in the Company or sell treasury shares in certain circumstances without first offering them proportionately to all existing shareholders (the Company would not be treated as a shareholder in this respect, by virtue of any holding of treasury shares). This might be desirable, for example, in relation to the issue of certain share options. We confirm that in connection with resolution 13 proposing to disapply the statutory pre-emption rights under section 561 of the Companies Act 2006, the disapplication applies to an aggregate nominal amount of £1,115,704 representing 5% of the total issued ordinary share capital of the Company excluding treasury shares, or 4.89% of the total issued ordinary share capital of the Company including treasury shares, as at 22 May 2012.

RESOLUTION 14 – AUTHORITY TO BUYBACK THE COMPANY'S 'A' ORDINARY SHARES

This is a special resolution which we ask you to pass annually. It authorises the Company to buy its own 'A' ordinary shares in the market. The resolution sets out the maximum number of shares which the Company can buy, the highest and lowest price which it can pay for them and when the authority expires. It follows the rules and requirements of the Companies Act 2006 and the United Kingdom Listing Authority.

The Company is committed to managing its share capital effectively and the Directors consider it important to review the possibility of buying back shares. The Company will only exercise this authority if to do so would result in an increase in earnings per share and it is in the best interests of shareholders generally.

It is a requirement of the regulations surrounding share buybacks that the Company confirms the total number of options to subscribe for equity shares of the Company outstanding at 22 May 2012 (the latest practicable date before publication). There are 894,690 options representing 1.50% of the Company's issued share capital (excluding treasury shares) (or 2.78% of the Company's issued 'A' share capital) at that time and representing 1.63% of the Company's issued share capital (or 3.27% of the Company's issued 'A' share capital) if the authority to buyback shares granted by the proposed authority is used in full.

The Directors consider that, should the Company exercise its authority to make market purchases of 'A' ordinary shares, the holding of shares in treasury would provide advantages to the Company, as it would enable the Company to re-issue the treasury shares quickly and cost effectively and could, for example, be used by the Company for purchases for the Long Term Incentive Plan.

RESOLUTION 15 – AMENDMENT TO NOTICE PERIOD FOR CALLING OF GENERAL MEETINGS

This is a special resolution which approves the calling of general meetings other than AGMs on not less than 14 days' notice, as is currently permitted under the Companies Act 2006 and the Company's Articles of Association. We understand that some institutional investors are not very supportive of any company having this power, but whilst your Board would strive to give as much notice as possible in any given situation, they believe it is important to retain the flexibility for calling general meetings at 14 days' notice, for example to enable it to respond quickly to business opportunities which may arise and which may need shareholder approval.

Under section 307A of the Companies Act 2006 the minimum notice period for a listed company to call a general meeting of any kind is 21 clear days but this period may be reduced to 14 days for meetings other than annual general meetings, provided that two conditions are met. First, that shareholders have, at the preceding AGM, or at a general meeting held since the preceding AGM, approved the holding of general meetings on not less than 14 clear days' notice, which we are asking you to approve at the forthcoming AGM; secondly, that the Company offers facilities for shareholders to vote by electronic means accessible to all shareholders, which are now available. This resolution is accordingly proposed, as a special resolution, with approval to be effective until the 2013 AGM, when it is intended that shareholders will be asked to renew the approval.

ACTION TO BE TAKEN

You will find enclosed:

- If you hold any 'A' ordinary shares of 40 pence each, 'B' ordinary shares of 4 pence each or 'C' ordinary shares of 40 pence each, a white proxy form(s) (with a purple bar across it) in respect of the Annual General Meeting.
- If you are a participant in the Share Incentive Plan, a white indicative voting form (with a blue bar across it) which includes a note from the Trustee of the Plan in respect of the Annual General Meeting.

Whether or not you intend to be present at the meeting, you are urged to complete and return your proxy form(s) and/or indicative voting form in accordance with the instructions printed on them so that they are received by the Company's Registrars not later than 24 hours before the time fixed for the meeting (48 hours in the case of the indicative voting form). The return of a proxy form will not prevent a member from attending and voting in person at the meeting.

RECOMMENDATION

Your Directors consider that all the resolutions contained in the Notice of the Annual General Meeting are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. They recommend you to vote in favour of the resolutions to be proposed at the Annual General Meeting, as they intend to do in respect of their beneficial shareholdings.

Yours sincerely



Michael Turner
Chairman



FULLER, SMITH & TURNER P.L.C.

APPENDIX ONE NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Fuller, Smith & Turner P.L.C. will be held in the Hock Cellar at Griffin Brewery, Chiswick Lane South, Chiswick, London W4 2QB on Wednesday 18 July 2012 at 11.00 a.m., to consider the following business:

ORDINARY BUSINESS

The following resolutions will be proposed as ordinary resolutions:

REPORT AND ACCOUNTS

1. That the Accounts and the Reports of the Directors and of the Auditors for the 52 weeks ended 31 March 2012 be received.

DIVIDEND

2. That the final dividend in respect of the 52 weeks ended 31 March 2012 of 7.60p per 40 pence 'A' and 'C' ordinary share and 0.76p per 4p 'B' ordinary share be declared, such dividend to be payable on 24 July 2012 to holders of ordinary shares registered at the close of business on Friday 22 June 2012.

AUDITORS

3. That Ernst & Young LLP be re-appointed as auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting at which Accounts are laid and that the Board of Directors be authorised to set the level of their remuneration for the ensuing year.

DIRECTORS

4. That Michael Turner, who is retiring by rotation, be re-elected as a Director.
5. That Richard Fuller, who is retiring by rotation, be re-elected as a Director.
6. That John Dunsmore, who is retiring by rotation, be re-elected as a Director.
7. That Alastair Kerr be elected as a Director.
8. That Ian Bray be elected as a Director.
9. That Jonathon Swaine be elected as a Director.

APPROVING THE DIRECTORS' REMUNERATION REPORT

10. That the Directors' Remuneration Report contained in the Report & Accounts for 2012 be approved.

SPECIAL BUSINESS

The following resolutions will be proposed as ordinary resolutions:

PROPOSED EXTENSION OF THE SHARE INCENTIVE PLAN ("SIP")

11. That the Fuller, Smith & Turner P.L.C. SIP, a summary of which is set out in Appendix Two to the letter from the Chairman accompanying this notice of meeting, be and is hereby amended as described in the summary and extended for a period of ten years from the date of the meeting and the Directors be and are authorised to do all such acts, matters and things as they may consider appropriate to extend the SIP, including the making of minor amendments in order to confirm or obtain the continued approval of Her Majesty's Revenue and Customs.

AUTHORITY TO ALLOT UNISSUED SHARE CAPITAL

12. That the Directors be generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 and in substitution for any previous authority to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £1,115,704.

This authority will expire at the conclusion of the next Annual General Meeting or on 17 October 2013, whichever is earlier (unless and to the extent that such authority is renewed or varied prior to such date) but so that the Company may before the expiry of such authority make an offer or agreement which would or might require shares to be allotted or Rights to be granted after the expiry of such authority and the Directors may allot shares or grant Rights pursuant to such an offer or agreement as if the authority conferred hereby had not expired.

The following resolutions will be proposed as special resolutions:

DISAPPLICATION OF PRE-EMPTION RIGHTS

13. That subject to the passing of resolution 12 above, the Directors be empowered pursuant to Section 570 of the Companies Act 2006 and in substitution for any previous authority to allot equity securities (as defined by Section 560 of the Companies Act 2006) for cash pursuant to the authority granted by resolution 12 above, as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment up to an aggregate nominal amount of £1,115,704 representing 4.89% of the total issued ordinary share capital of the Company.

This authority will expire at the next Annual General Meeting or on 17 October 2013, whichever is earlier, but so that the Company may before the expiry of such authority make an offer or agreement which would or might require equity securities to be allotted after the expiry of such authority and the Directors may allot equity securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired.

AUTHORITY TO PURCHASE OWN 'A' SHARES

14. That the Company be unconditionally and generally authorised pursuant to and in accordance with Section 701 of the Companies Act 2006 to make market purchases, as defined by Section 693(4) of the Companies Act 2006, of its 'A' ordinary shares, provided that:

- (i) the maximum number of shares that may be acquired under this authority is 4,833,753 'A' ordinary shares of 40p;
- (ii) the minimum price that may be paid for each 'A' ordinary share is 40p;
- (iii) the maximum price (excluding expenses) which may be paid for each 'A' ordinary share is 5% over the average middle market price based on the London Stock Exchange Daily Official List for the five business days immediately preceding the purchase;
- (iv) the 'A' ordinary shares purchased under this authority may be held as treasury shares to be used in connection with, among other purposes, the Company's Long Term Incentive Plan and/or other share option schemes; and
- (v) the authority will expire on the earlier of the date of the next Annual General Meeting and 19 January 2014 except in relation to a purchase of shares contracted before expiry of the authority.

AMENDMENT TO NOTICE PERIOD FOR CALLING OF GENERAL MEETINGS

15. That a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice in writing.

By Order of the Board



Marie Gracie, FCS
Secretary

20 June 2012

Registered Office:
Griffin Brewery
Chiswick Lane South
Chiswick
London W4 2QB

Registered in England
Number 241882

NOTES TO NOTICE OF MEETING

1. (a) Every member entitled to attend and vote at the meeting may appoint a proxy (who need not be a member of the Company) to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A white form of proxy (with a purple bar across it) is enclosed for the use of members who are unable to attend the meeting. The form of proxy for use at the meeting must be deposited at the offices of the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 24 hours before the time fixed for the meeting or adjourned meeting (48 hours in the case of the indicative voting form). A pre-paid envelope is enclosed for this purpose. The completion and return of a form of proxy, or the lodging of a proxy by internet as described in paragraph 2 below, will not preclude a member entitled to attend and vote at the meeting from doing so if he or she wishes.

(b) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
2. Members who wish to appoint a proxy or proxies by internet can do so by going to www.investorcentre.co.uk/eproxy.com and entering the Control Number, Shareholder Reference Number and PIN printed on the enclosed form of proxy. This facility is provided for the Company by Computershare Investor Services PLC and members will be asked to agree to certain terms and conditions of use. The lodging of a proxy by internet must be done not less than 24 hours before the time for holding the meeting.
3. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 ("the Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member 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 member as to the exercise of voting rights.
4. The statement of the rights of members in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
5. Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Act, 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 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 Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 and 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, 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 meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
6. As at 22 May 2012 (being the last practicable date prior to the publication of this notice) the Company's issued share capital (excluding treasury shares) was 32,225,022 'A' ordinary shares of 40 pence each, 89,052,625 'B' ordinary shares of 4 pence each, 14,654,948 'C' ordinary shares of 40 pence each, 400,000 6 per cent. First Cumulative Preference Shares of £1 each and 1,200,000 8 per cent. Second Cumulative Preference Shares of £1 each. Each share carries one vote, save that the holders of both classes of Preference Share are entitled to vote only in certain limited circumstances. Therefore, the total voting rights in the Company as at 22 May 2012 are 137,532,595 including Preference Shares and 135,932,595 excluding Preference Shares.
7. Further explanation of resolutions 3 to 9 and 11 to 15 is given in the letter from the Chairman at the front of this document.
8. Biographies of the Directors seeking election and re-election are on pages 20 and 21 of the Report and Accounts. The Board's reasons for proposing the re-elections of Michael Turner, Richard Fuller and John Dunsmore, and the election of Alastair Kerr, Ian Bray and Jonathon Swaine are given in the Chairman's letter on pages 1 and 2.

9. The Company specifies that only those shareholders on the Register of Members as at 11 a.m. on 16 July 2012 (or, if the meeting is adjourned, 48 hours prior to the adjourned meeting, not including non working days) 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 the entries on the ordinary share register after 11.00am on 16 July 2012 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.
10. In accordance with section 319A of the Act, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
11. A copy of this notice, and other information required by s311A of the Act, can be found at www.fullers.co.uk under the AGM information section of the investors' area.



FULLER, SMITH & TURNER P.L.C.

APPENDIX TWO

SUMMARY OF THE PRINCIPAL TERMS OF THE FULLER, SMITH & TURNER P.L.C. SHARE INCENTIVE PLAN ("SIP")

The SIP is a share incentive plan approved by Her Majesty's Revenue and Customs ("HMRC").

1. Eligibility

All employees of the Company with at least 18 months' service (or such shorter period as the Directors shall determine) are eligible to participate.

2. Grant of Awards

From time to time, the Directors may invite applications from, or determine to make awards to, eligible employees in accordance with the rules of the SIP. Having operated the SIP for ten years, the Directors have concluded that they have no intention of awarding Matching Shares or Dividend Shares and they are proposing to simplify the SIP by removing these elements from the plan.

The Company may make awards of shares ("Free Shares") to all eligible employees on similar terms.

Employees may use money from their gross salary to acquire ordinary shares ("Partnership Shares"). Partnership Shares may be acquired monthly, or money may be accumulated for a period as determined by the Directors, which may be no more than one year. If money is accumulated, the number of Partnership Shares awarded to each employee shall be calculated using lower of the market value of the ordinary shares at the beginning of the accumulation period and the market value of the ordinary shares on the date the Partnership Shares are acquired.

All ordinary shares acquired in accordance with the SIP are held in a trust and may be subject to a retention period determined by the Directors.

If an employee agrees to buy a certain number of Partnership Shares, the Company has been able to make an award of shares ("Matching Shares"), on such basis as is determined by the Directors. This facility will be removed.

Dividends received by the trust may be reinvested (in "Dividend Shares") or paid out to participants. The ability to award Dividend Shares will also be removed.

3. Individual Limits

The number of Free Shares over which awards may be made to an eligible employee under the SIP in any year shall be determined from time to time by the Directors and may be dependent upon performance. The performance may be based on either Group, subsidiary, divisional or personal measures.

The aggregate market value per employee of Free Shares subject to such awards shall not exceed the statutory maximum for HMRC approved share incentive plans (currently £3,000 per annum).

The Directors shall determine the value of Partnership Shares that an eligible employee may acquire from his or her salary under the SIP in any year from time to time. The aggregate market value of those Partnership Shares shall not exceed the statutory maximum for HMRC approved share incentive plans, (currently the lesser of £1,500 per annum and 10% of taxable earnings).

4. Restrictions on Shares and Release of Shares

Partnership Shares may be withdrawn from the SIP at any time. Awards of Free Shares are normally subject to a statutory period of retention of three years. If an employee leaves the Group, other than for a good leaver reason, prior to the end of the three-year retention period for Free Shares then those shares may be forfeited.

Awards of ordinary shares may be released, withdrawn or exchanged for shares in a new company in the event of a sale, takeover, merger, reconstruction, or winding-up of the Company.

5. Non-Transferability of Awards

Awards are not transferable.

6. Amendments to the SIP

Amendments to the rules relating to the SIP may be made at the discretion of the Directors. However, the basic structure and in

particular the limitations on participation, the basis for determining a participant's entitlement to an award of shares, the maximum value of shares that may be awarded to participants and the adjustment that may be made following a rights issue or any other variation of capital cannot be altered to the advantage of participants without prior shareholder approval, except for minor amendments to benefit the administration of the SIP, to take account of a change in legislation or to maintain HMRC approval, or maintain favourable tax, exchange control or regulatory treatment for participants or for the Group.

7. Scheme Limits

The aggregate number of shares which may be issued at any award date when aggregated with shares issued or issuable pursuant to options or awards granted in the preceding ten years under any other employee share plan operated by the Company shall not exceed 10% of the issued ordinary share capital.

8. Allotment and Transfer of Shares

Awards may be satisfied by a new issue of ordinary shares, the transfer of ordinary shares from treasury or by buying ordinary shares in the market. Shares issued under the SIP will only rank for dividends payable by reference to a record date falling on or after the date on which the allottee is entered on the register of members of the Company but will otherwise rank *pari passu* with existing shares of the same class. Application will be made to the UK Listing Authority for admission to the Official List of new shares that are to be issued under the SIP. Only the Company's 'A' ordinary shares may be used to satisfy awards.

9. General

The Company may not make awards under the SIP more than ten years after its adoption without further shareholders' approval. Assuming such further approval is received, the Company may not make awards under the SIP more than ten years after its extension without further shareholders' approval.

Any benefits granted or shares awarded under the SIP will not be pensionable.

