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If you have sold or transferred all of your Ordinary Shares in the Company, please forward this document and the accompanying documents immediately 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. If you have sold or otherwise transferred some of your Ordinary Shares in the Company, you should immediately consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.



**QXL ricardo plc**

(incorporated and registered in England and Wales  
under the Companies Act 1985 with registered no. 3430894)

## **Proposals to increase the authorised share capital and the directors' authority to allot shares, to amend the Option Schemes and notice of Annual General Meeting**

Notice of the Annual General Meeting of the Company at which resolutions regarding the Proposals will be considered is set out at the end of this document. The meeting is to be held at 2.00 pm on Thursday, 1 August 2002 at the offices of Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB.

A form of proxy for use in connection with the Annual General Meeting is enclosed with this document. To be valid, the form of proxy must be returned, duly completed and signed, in accordance with the instructions printed thereon, so as to be received by the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL, no later than 2.00 pm on Tuesday, 30 July 2002.

## Definitions

In this document, except where the context requires otherwise, the following definitions shall apply:

“Act”	the Companies Act 1985, as amended
“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held on Thursday, 1 August 2002 (or any adjournment of such meeting), notice of which is set out at the end of this document
“Bond Issue”	together, the Convertible Bonds, the Warrants and the Equity Commitment, as described in the Company’s circular to Shareholders dated 19 January 2001
“Convertible Bonds” or “Bonds”	the 2 per cent convertible bonds due 2004 of the Company
“Directors” or “Board”	the directors of the Company
“Equity Commitment”	the commitment by the subscribers of the Convertible Bonds to subscribe for ordinary shares in the Company
“Group”	QXL and its subsidiary undertakings
“Ordinary Shares”	ordinary shares of 0.1p nominal value each in the capital of the Company
“Optionholders”	holders of options under the Option Schemes
“Option Schemes”	the Company’s 1999 Approved Employee Share Option Scheme (the “Approved Scheme”) and the Company’s 1999 Unapproved Employee Share Option Scheme (the “Unapproved Scheme”)
“Proposals”	the proposals referred to in Part I of this document
“QXL” or “Company”	QXL ricardo plc
“Resolutions”	the resolutions to be proposed at the Annual General Meeting, as set out in the notice of AGM at the end of this document
“Shareholder”	a holder of Ordinary Shares
“UK”	the United Kingdom of Great Britain and Northern Ireland
“Warrants”	the warrants for ordinary shares in the Company that may be exercised in respect of each series of Convertible Bond

# Part I

## Letter from the Chairman

### QXL ricardo plc

(incorporated and registered in England and Wales under the Companies Act 1985 with registered no. 3430894)

#### Directors:

**Jonathan Brereton Bulkeley**, Chairman  
**Mark Xavier Zaleski**, Chief Executive Officer  
**Robert Simon Dighero**, Chief Financial Officer  
**James Malcolm Rose**  
**Thomas Peter Power**  
**Jan Gesmar-Larsen**

#### Registered Office:

Landmark House  
Hammersmith Bridge Road  
London W6 9EJ  
United Kingdom

26 June 2002

To: Shareholders and, for information only, to holders of options under the Option Schemes

Dear Shareholder

#### **Proposals to increase the authorised share capital and the directors' authority to allot shares and to amend the Option Schemes**

You will find enclosed with this letter a notice of the Company's Annual General Meeting to be held on Thursday, 1 August 2002 at which resolutions regarding these Proposals are to be put to Shareholders. The purpose of this document is to explain the background to and the reasons for the Proposals and to explain the Resolutions to be put to Shareholders at the AGM.

#### **Increase in authorised share capital and directors' authority to allot shares**

Under the terms of the Bond Issue, the Company is obliged to use all reasonable endeavours to obtain the shareholder consents required to provide the Directors with authority to allot a sufficient number of Ordinary Shares to satisfy the obligations of the Company in relation to the Convertible Bonds, the Warrants and the Equity Commitment.

The increase in authorised share capital and the allotment authorities granted to Directors at the 2001 annual general meeting assumed a conversion price and/or exercise price and/or issue price under the Bond Issue of 4p per Ordinary Share. The further increases to the authorised share capital and these allotment authorities to be proposed at the AGM will provide the Company with greater certainty that its commitments under the Bond Issue can be met in the context of the Company's current share price.

The Board is well aware of the significant potential dilution for Shareholders of the Bond Issue at the current market price of the Ordinary Shares and consequently intends to minimise the amount of funds drawn down under the Equity Commitment as much as is possible bearing in mind the Company's general financing needs.

A more detailed explanation of the proposed changes is set out in Part II of this document.

## **Amendments to the Option Schemes**

The Option Schemes were introduced in 1999, since which time the Group has undergone significant changes. As the Approved Scheme is only effectively open to UK employees of the Group, the Board is concerned to ensure that the rules of the Option Schemes are, as far as possible, the same. The Board also recognises that due to legislative and market changes since the Option Schemes were introduced the rules of the Option Schemes should be amended and updated to reflect current practice. Most of the changes proposed do not require shareholder approval but the Board believes it appropriate that all the proposed changes should be put to Shareholders.

A more detailed explanation of the proposed changes is set out in Part II of this document.

## **AGM and action to be taken**

You are entitled to attend and vote on all resolutions at the Annual General Meeting and implementation of the Proposals is conditional upon, and requires the passing of, Resolutions 7, 10, 11, 12 and 13.

You will also find enclosed a Form of Proxy for use at the Annual General Meeting.

Whether or not you propose to attend the Annual General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed on it as soon as possible. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at the AGM if you wish to do so. The Form of Proxy should be returned to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL so as to arrive as soon as possible and in any event before 2.00 pm on Tuesday, 30 July 2002.

In view of the voting and quorum requirements for the Annual General Meeting, Shareholders are particularly requested to complete and return their Form of Proxy whether or not they intend to be present at the meeting.

## **Recommendation and voting intentions**

Your Directors consider that the Proposals are in the best interests of the Company and Shareholders as a whole. Accordingly the Directors unanimously recommend all Shareholders to vote in favour of Resolutions 7, 10, 11, 12 and 13, as they intend to do in respect of their own beneficial holdings of Ordinary Shares, amounting in aggregate to 3,754,080 Ordinary Shares (representing approximately 0.45 per cent of the issued share capital of the Company).

Yours faithfully

**Jonathan Bulkeley**

Chairman

## **Part II**

# **Explanation of the Resolutions**

### **Annual report and accounts (Resolution 1)**

The Directors of the Company are required by the Act to lay the accounts of the Company for the financial year ended 31 March 2002, the report of the Directors on those accounts and the report of the auditors of the Company on those accounts, before Shareholders at the Annual General Meeting.

### **Approval of Remuneration Report (Resolution 2)**

In the interests of good corporate governance, the Directors are inviting Shareholders to approve the policy as set out in the "Report of the Remuneration Committee" contained in the accounts of the Company for the financial year ended 31 March 2002.

### **Election of directors (Resolutions 3, 4 and 5)**

As Messrs. Zaleski, Power and Gesmar-Larsen have all been appointed Directors since the previous annual general meeting, in accordance with the Company's Articles of Association (the "Articles") they only hold office until the Annual General Meeting and therefore stand for election under Resolutions 3, 4 and 5 respectively.

Biographies and the ages of each of the Directors are set out on pages 12 and 13 of the Company's Annual Report for the year ended 31 March 2002.

### **Reappointment and remuneration of auditors (Resolution 6)**

The Company is required to appoint auditors at each general meeting at which accounts are laid, to hold office until the conclusion of the next such meeting. Resolution 6 proposes the reappointment of PricewaterhouseCoopers as auditors of the Company and authorises the Directors to fix the auditors' remuneration for such period.

### **Increase in authorised share capital (Resolution 7)**

The increase in the Company's authorised share capital at the 2001 annual general meeting in connection with the Bond Issue assumed a conversion price and/or exercise price and/or subscription price under those transactions of 4p per share. In the event that the conversion price and/or exercise price and/or subscription price is less than 4p per share, the Company's authorised share capital and the Directors' authority to issue shares may be insufficient to permit the issue of all the Ordinary Shares required by those transactions. Given the Company's current share price, the Directors consider it prudent to increase the Company's authorised share capital by a further £1,000,000 to provide the Company with greater certainty that its commitments can be met. This would represent an increase of approximately 45 per cent to the Company's current authorised share capital.

## **Authority to allot ordinary shares (Resolutions 8 and 10)**

Under Section 80 of the Act, the Directors require Shareholders' authority for the allotment of shares. Shareholders last granted that authority to the Directors at the 2001 annual general meeting, extending the initial authority granted at an extraordinary general meeting held on 13 February 2001. Resolution 8 seeks to renew the Directors' general authority to allot shares and Resolution 10 seeks to increase the Directors' authority to allot shares in relation to the Bond Issue.

Resolution 8 will authorise the Directors to allot relevant securities up to a maximum aggregate nominal value of £278,850. This figure represents approximately one-third of the total issued ordinary share capital of the Company as at the date of this document. This authority will expire on the earlier of 15 months after the passing of the resolution or on the conclusion of the annual general meeting of the Company to be held in 2003.

Resolution 10 will authorise the Directors to allot additional shares pursuant to the Bond Issue. It will be in addition to the specific authorities granted at the extraordinary general meeting held on 13 February 2001 and the 2001 annual general meeting, under which the Directors were authorised to issue in aggregate up to £862,000 nominal value of Ordinary Shares. Ordinary Shares with a nominal value of approximately £121,500 have already been issued under this authority and the new authority will authorise the Directors to issue up to £1,310,000 nominal value of Ordinary Shares in addition to the remaining £740,500 nominal value of Ordinary Shares for which authority has already been granted. The aggregate figure of £2,050,500 represents the maximum nominal value of additional shares that the Directors currently anticipate may be issued in connection with the Bond Issue and is based on a conversion price and/or exercise price and/or subscription price (where such price is not already fixed) of 0.6p per share. The additional authority, like the existing authority, will expire on 31 December 2004.

Other than in respect of the grant of options pursuant to the Company's share option arrangements and the allotment of shares in relation to the Bond Issue, the Directors have no present intention of allotting shares or of using the authority proposed to be granted by Resolutions 8 and 10.

## **Authority to allot ordinary shares for cash (Resolutions 9 and 11)**

Under Section 89 of the Act, if the Directors wish to allot any of the unissued Ordinary Shares in the Company for cash they must in the first instance offer them to existing Shareholders in proportion to their ordinary shareholdings. There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of Ordinary Shares for cash without a pre-emption offer to existing Shareholders. Shareholders last granted such authority at the 2001 annual general meeting extending the initial authority granted in relation to the Bond Issue at the extraordinary general meeting of 13 February 2001. Resolution 9 seeks to renew this general authority and Resolution 11 seeks additional authority in respect of the Bond Issue.

Resolution 9 seeks a disapplication of the pre-emption rights on a rights issue where the Directors consider it appropriate to make exclusions from the Act's pre-emption requirements to resolve legal or practical problems that, for example, might arise with overseas Shareholders. In addition, the Directors are seeking a general disapplication of the statutory pre-emption requirements for the issue of shares with a nominal value of £41,828. This figure represents approximately 5 per cent of the total issued ordinary share capital of the Company as at the date of this document. This authority will expire on the earlier of 15 months after the passing of the resolution or on the conclusion of the annual general meeting of the Company to be held in 2003.

Resolution 11 seeks to disapply Shareholders' pre-emption rights in relation to shares issued in connection with the Bond Issue. This authority will be in addition to the authorities granted at the extraordinary general meeting held on 13 February 2001 and the 2001 annual general meeting and will be in respect of shares with a nominal value of £1,310,000. This increase mirrors the increased Section 80 authority to be proposed under Resolution 10 and is also based on a conversion price and/or exercise price and/or subscription price (where such price is not already fixed) of 0.6p per share. This additional authority, like the existing authority, will expire on 31 December 2004.

## **Amendments to 1999 Approved Employee Share Option Scheme (Resolution 12)**

The proposed changes to the Approved Scheme comprise the following:

- Currently options must be granted using the middle market price of the Company's shares on the last dealing day before the date of grant. It is proposed to provide for the option price to be calculated by reference to this price or the average share price over the three dealing days immediately prior to the grant.
- The scheme currently only permits the grant of options to subscribe for shares. It is proposed to allow options over existing shares to be granted as well.
- The rules do not currently allow any conditions (e.g. performance targets) to be imposed on the exercise of options. It is proposed to include a provision to allow conditions to be imposed (although such conditions will not necessarily be imposed on future grants).
- The scheme currently provides that options generally vest over a four year period from the date of grant with 25 per cent of the options granted vesting at the end of the first year of employment and an additional 6.25 per cent vesting every calendar quarter thereafter (provided the Optionholder continues to be employed by the Company). It is also proposed to include a provision that would permit alternative vesting schedules for future option grants, if the Board considered this to be appropriate.
- It is proposed to amend the rules to make clear (and to ensure consistency with the rules of the Unapproved Scheme) that options do not continue to vest during any period following cessation of employment in which the option may be exercised.
- The rules of the scheme relating to a change of control do not distinguish between internal reorganisations (for example where a new holding company is simply imposed on the Group) and a genuine takeover. It is proposed to amend the rules so that an internal reorganisation has no impact on options. It is also proposed to make the acceleration of options following a genuine change of control subject to the approval of the Remuneration Committee of the Board (or the Board itself).

## **Amendments to 1999 Unapproved Employee Share Option Scheme (Resolution 13)**

It is proposed to make similar changes to the Unapproved Scheme to those described above in relation to the Approved Scheme in respect of the calculation of the option price, the grant of options over existing shares and the ability to permit alternative vesting arrangements and impose performance conditions. In addition, the following changes are proposed:

- The scheme currently enables options to be granted to officers or consultants, i.e. non-employees. A number of important exemptions from certain company law and financial services restrictions only apply to “employees’ share schemes” as defined. It is proposed explicitly to limit the scheme to employees (including executive directors) to ensure that the scheme can take advantage of these exemptions.
- The rules currently provide that in certain circumstances, for example redundancy or ill-health, an Optionholder who ceases to be employed in the Group may exercise his options during the month immediately following such cessation of employment but that the Board may extend this period to up to three months. In order to achieve consistency with the Approved Scheme, it is proposed to enable the Board to allow options to continue to be exercised up to the longer of three years and six months from the date on which the option was granted or three years and six months from the last time an unapproved option was exercised by the relevant Optionholder.
- Unlike the Approved Scheme, there is currently no provision for the vesting of options to accelerate in the event of a change of control of the Company. It is proposed to amend the rules to make them consistent with the rules of the Approved Scheme so that following a change of control (other than an internal reorganisation) options may be exercised in full, subject to the approval of the Remuneration Committee of the Board (or the Board itself).
- It is now permissible to make arrangements for employees to be responsible for any employer national insurance contributions which may arise in relation to share options. It is proposed to include power in the rules to enable options to be granted subject to the employee agreeing to meet any employer national insurance contributions arising on the exercise of options.

## **Authority for the Company to purchase its own shares (Resolution 14)**

In certain circumstances it may be advantageous for the Company to purchase its own shares. Resolution 14 seeks authority from Shareholders to do so up to a maximum of approximately 5 per cent of the Company's issued ordinary share capital as at the date of this document. The price for shares purchased will not exceed 5 per cent above the average of the middle market quotations for an Ordinary Share as derived from the Daily Official List) for the five business days immediately preceding the day of purchase, nor will it be less than the nominal value of the shares. If granted the authority will expire on the earlier of 15 months after the passing of this Resolution or at the conclusion of the annual general meeting of the Company to be held in 2003.

The Directors intend to seek renewal of these powers at subsequent annual general meetings. The Directors do not currently intend to utilise such power, if granted, and only intend to exercise this power in the future when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and is in the best interests of Shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account before deciding upon this course of action. Any shares purchased in this way will be cancelled and the number of shares in issue will be accordingly reduced.

As at 30 May 2002, there were options over 91,510,881 Ordinary Shares and Warrants over 129,272,193 Ordinary Shares, representing, in aggregate, 26.4 per cent of the issued share capital of the Company. If the authority sought by Resolution 14 were exercised in full, these options and Warrants would represent 27.8 per cent of the issued share capital of the Company as at 30 May 2002.

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of QXL ricardo plc (the "Company") will be held at the offices of Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB on Thursday, 1 August 2002 at 2.00 pm for the following purposes:

## Ordinary business

1. To receive the Company's accounts for the year ended 31 March 2002, and the reports of the Directors and auditors thereon (the "Accounts").
2. To approve the policy set out in the "Report of the Remuneration Committee" contained in the Accounts.
3. To reappoint Mr M X Zaleski (who was appointed a Director since the previous annual general meeting of the Company) as a Director of the Company (a "Director").
4. To reappoint Mr T P Power (who was appointed a Director since the previous annual general meeting of the Company) as a Director.
5. To reappoint Mr J Gesmar-Larsen (who was appointed a Director since the previous annual general meeting of the Company) as a Director.
6. To reappoint PricewaterhouseCoopers as auditors for the period prescribed by Section 385(2) of the Companies Act 1985 and to authorise the Directors to determine their remuneration for such period.

## Special business

To consider and, if thought fit, to pass the following resolutions, of which Resolutions 7, 8, 10, 12 and 13 will be proposed as ordinary resolutions of the Company and Resolutions 9, 11 and 14 will be proposed as special resolutions of the Company:

7. That the authorised share capital of the Company be and it is hereby increased from £2,200,006 to £3,200,006 by the creation of an additional 1,000,000,000 Ordinary Shares.
8. For the purposes of Section 80 of the Companies Act 1985 (the "Act"), the Directors be and they are hereby generally and unconditionally authorised (in addition to the existing authority pursuant to Section 80 of the Act given to Directors by ordinary resolutions passed by Shareholders on 13 February 2001 and 6 September 2001 insofar as such authority relates to the issue of Ordinary Shares resulting from the conversion of the convertible bonds, the exercise of the Warrants and the subscription of Ordinary Shares pursuant to the arrangements described in the Company's circular to Shareholders dated 19 January 2001 (the "Bond Issue") but otherwise in substitution for all other existing authorities pursuant to Section 80 of the Act to the extent not utilised at the date this resolution is passed) to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) of the Company up to an aggregate nominal amount of £278,850, such authority to expire (unless previously revoked, varied or renewed) on the earlier of 15 months after the passing of this resolution or the conclusion of the annual general meeting of the Company to be held in 2003, provided that the Company may before such expiry make any offer, agreement or other arrangement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer, agreement or other arrangement as if the authority conferred hereby had not expired.

9. That subject to the passing of Resolution 8 above, the Directors be and they are hereby empowered to allot equity securities (within the meaning of Section 94(2) of the Act) of the Company (in addition to the existing authority pursuant to Section 95 of the Act given to Directors by special resolutions passed by Shareholders on 13 February 2001 and 6 September 2001 but otherwise in substitution for all other existing authorities pursuant to Section 95 or otherwise to the extent not utilised at the date this resolution is passed) for cash pursuant to the authority conferred on the Directors pursuant to Resolution 8 above as if Section 89(1) of the Act or any pre-emption provisions contained in the Articles of Association of the Company or otherwise did not apply to such allotment, provided that this power shall be limited to:

- i) any allotment of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of equity securities in proportion (as nearly as practicable) to their then holdings of such securities but subject to such exclusions or other arrangements as the Directors may deem necessary or desirable in relation to fractional entitlements or legal or practical problems arising in, or pursuant to, the laws of any territory, or the requirements of any regulatory body or stock exchange in any territory or otherwise howsoever; and
- ii) any other allotment (otherwise than pursuant to sub-paragraph (i) of this resolution) of equity securities up to an aggregate nominal amount of £41,828,

such power to expire (unless previously revoked, varied or renewed) on the earlier of 15 months after the passing of this resolution or the conclusion of the annual general meeting of the Company to be held in 2003, provided that the Company may before such expiry make any offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer, agreement or other arrangement as if the power conferred hereby had not expired.

10. For the purposes of Section 80 of the Act, the Directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) of the Company in connection with the Bond Issue (and in addition to the existing authority given to Directors in relation thereto by ordinary resolutions passed by Shareholders on 13 February 2001 and 6 September 2001 and Resolution 8 above) up to an aggregate nominal value of £1,310,000, such power to expire (unless previously revoked, varied or renewed) on 31 December 2004, provided that the Company may before such expiry make any offer, agreement or other arrangement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer, agreement or other arrangement as if the authority conferred hereby had not expired.

11. That subject to the passing of Resolution 10 above, the Directors be and they are hereby empowered to allot equity securities (within the meaning of Section 94(2) of the Act) of the Company (in addition to the existing authority pursuant to Section 95 of the Act given to Directors by a special resolutions passed by Shareholders on 13 February 2001 and 6 September 2001 and Resolution 9 above) for cash up to an aggregate nominal value of £1,310,000 pursuant to the authority conferred on the Directors pursuant to Resolution 10 above as if Section 89(1) of the Act or any pre-emption provisions contained in the Articles of Association of the Company or otherwise did not apply to such allotment, such power to expire (unless previously revoked, varied or renewed) on 31 December 2004, provided that the Company may before such expiry make any offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer, agreement or other arrangement as if the power conferred hereby had not expired.

12. That the Rules of the Company's 1999 Approved Employee Share Option Scheme be amended (subject to the Company receiving Inland Revenue approval) by making the changes highlighted in the copy of the rules presented to the Meeting by the Chairman and marked "A" for the purposes of identification and summarised in the notice of this Meeting and that the directors of the Company be authorised to make such further amendments as are appropriate to ensure that Inland Revenue approval of the Approved Scheme is maintained.
13. That the Rules of the Company's 1999 Unapproved Employee Share Option Scheme be amended by making the changes highlighted in the copy of the rules presented to the Meeting by the Chairman and marked "B" for the purposes of identification and summarised in the notice of this Meeting.
14. That the Company is generally and unconditionally hereby authorised to make market purchases (within the meaning of Section 163(3) of the Act) of any of its Ordinary Shares on such terms and in such manner as the Directors may from time to time determine provided that:
  - i) the maximum nominal value of Ordinary Shares hereby authorised to be purchased is £41,828, representing approximately 5 per cent of the issued share capital of the Company as at 30 May 2002;
  - ii) the minimum price which may be paid for any Ordinary Share is 0.1p, in each case exclusive of the expenses of purchase (if any) payable by the Company;
  - iii) the maximum price, exclusive of the expenses of purchase (if any) payable by the Company, which may be paid for any such Ordinary Share under this authority is an amount equal to 105 per cent of the average of the middle market quotations for such an Ordinary Share as derived from the Daily Official List of the United Kingdom Listing Authority for the five business days immediately preceding the day of purchase; and
  - iv) unless previously renewed, revoked or varied, the authority hereby conferred shall expire on the earlier of 15 months after the passing of this resolution or at the conclusion of the annual general meeting of the Company to be held in 2003, but a contract for purchase may be made before such expiry which will or may be executed wholly or partly thereafter, and a purchase of Ordinary Shares may be made in pursuance of any such contract.

By order of the Board

**Tom Parkinson**  
Company Secretary

**Registered Office**  
Landmark House  
Hammersmith Bridge Road  
London W6 9EJ

26 June 2002

#### Notes

1. As provided by Regulation 41 of the Uncertificated Securities Regulations 2001, only those Shareholders registered in the register of members of the Company as at 6.00 pm on 30 July 2002 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 6.00 pm on 30 July 2002 shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
2. A form of proxy is enclosed for use in connection with the Annual General Meeting to which this notice relates and any adjournment thereof. A Shareholder entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a Shareholder of the Company. The appointment of a proxy will not prevent a Shareholder from subsequently attending and voting at the Annual General Meeting in person.
3. To be effective the form of proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power of authority), must be received at the offices of the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZL, 48 hours before the time for holding the Meeting or any adjournment thereof or (in the case of a poll taken otherwise than at the Annual General Meeting or any adjournment thereof) for the taking of the poll at which it is to be used.
4. The following documents will be available for inspection at the registered office of the Company and at the offices of Shaw Pittman at Tower 42, Level 23, 25 Old Broad Street, London EC2N 1HQ during normal business hours on any weekday, excluding Saturdays and Public Holidays, from the date of this notice until the date of the Meeting and, on the date of the Meeting, at the place of the Meeting from 1.45 pm until the conclusion of the Meeting:
  - (a) rules of the 1999 Approved Employee Share Option Scheme, as proposed to be amended; and
  - (b) rules of the 1999 Unapproved Employee Share Option Scheme, as proposed to be amended.

