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Inchcape plc

# Notice of Annual General Meeting

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

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

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

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**Notice of the Annual General Meeting of the Company to be held at 11.00 a.m. on Thursday, 12 May 2011 at J.P.Morgan, 20 Moorgate, London EC2R 6DA is set out on pages 4 and 5 of this Circular.**

**Whether or not you propose to attend the Annual General Meeting, please complete and submit a Form of Proxy in accordance with the instructions printed on the enclosed form. The Form of Proxy must be received by no later than 11.00 a.m. on Tuesday, 10 May 2011. Completion of the Form of Proxy will not preclude you from attending and voting at the Annual General Meeting should you choose to do so. Alternatively, you may register your appointment of a proxy electronically by logging on to the Registrar's website ([www.eproxyappointment.com](http://www.eproxyappointment.com)) or, if you hold your shares via CREST, by using the CREST electronic proxy appointment service. Further details are set out in the Explanatory Notes on pages 6 to 7 of this Circular and the Form of Proxy.**

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Ken Hanna\* (Chairman)  
Will Samuel\* (Deputy Chairman and Senior Independent Non-Executive Director)  
André Lacroix (Group Chief Executive)  
John McConnell (Group Finance Director)  
Simon Borrows\*  
Alison Cooper\*  
Nigel Northridge\*  
David Scotland\*  
Michael Wemms\*

\*Non-Executive Director

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**7 April 2011**

## **Notice of Annual General Meeting**

Dear Shareholder,

I am pleased to be writing to you with details of this year's Annual General Meeting ("AGM") which we are holding at J.P. Morgan, 20 Moorgate, London EC2R 6DA on Thursday, 12 May 2011 at 11.00 a.m. The formal Notice of the AGM is set out on pages 4 and 5 of this document.

I thought it might be helpful for me to write a few words on the resolutions to be proposed at the AGM.

### **Resolutions 1 to 8**

These resolutions deal with: the Company's annual report and accounts for the financial year ended 31 December 2010 (resolution 1); the directors' report on remuneration (resolution 2); the declaration of a final dividend for the year ended 31 December 2010 (resolution 3); the election or re-election of directors (resolutions 4 to 6); and the re-appointment and remuneration of the Company's auditors (resolutions 7 and 8). Each of these resolutions will be proposed as an ordinary resolution.

Shareholders are being asked to approve a final dividend of 6.6 pence per ordinary share for the year ended 31 December 2010. If you approve the recommended final dividend, this will be paid on 14 June 2011 to all ordinary shareholders who were on the register of members on 20 May 2011.

### **Resolutions 9 and 10**

Resolution 9 deals with the establishment of a new long-term incentive plan to be called the Inchcape Performance Share Plan as part of an overall re-design of the remuneration package.

Resolution 10 deals with an amendment to the rules of the Inchcape Co-Investment Plan to allow share awards to be granted for a further 10 years.

Each of these resolutions will be proposed as an ordinary resolution.

### **Resolutions 11 to 13**

Resolutions 11 to 13 deal with: the directors' authority to allot shares (resolution 11); authority to dis-apply pre-emption rights (resolution 12); and authority for the Company to make market purchases of its own shares (resolution 13). Resolution 11 will be proposed as an ordinary resolution and resolutions 12 and 13 will be proposed as special resolutions.

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## Resolution 14

The Companies (Shareholders' Rights) Regulations 2009 require that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period. At our 2010 AGM, a resolution was passed enabling us to preserve our ability to call general meetings (other than annual general meetings) on 14 days' notice. We will be proposing a resolution at this year's AGM to renew the authority, which will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

The Company confirms that it will give as much notice as is practicable when calling a general meeting. The 14 day notice period will not be used as a matter of routine, but only in circumstances where it would clearly be to the advantage of shareholders as a whole, the business of the meeting is time-sensitive or flexibility is merited by the nature of the business of the meeting. Resolution 14 will be proposed as a special resolution.

## Explanation of business

Explanatory notes on all the business to be considered at this year's AGM appear on pages 8 to 10 of this document.

## Recommendation

Your directors consider that each resolution to be proposed at the AGM 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.

## Action to be taken

If you would like to vote on the resolutions but cannot come to the AGM, please fill in the enclosed Form of Proxy and return it to our Registrars, Computershare, as soon as possible. They must receive it by 11.00 a.m. on Tuesday, 10 May 2011. If you prefer, you can submit your proxy electronically either by logging on to the Registrar's website ([www.eproxyappointment.com](http://www.eproxyappointment.com)) or, if you are a CREST member, through the CREST system by completing and transmitting a CREST proxy instruction as described in the Explanatory Notes on pages 6 and 7 and in the Form of Proxy.

Yours faithfully



**Ken Hanna**

Chairman

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Inchcape plc (the "Company") will be held at J.P.Morgan, 20 Moorgate, London EC2R 6DA on Thursday, 12 May 2011 at 11.00 a.m.

You will be asked to consider and, if thought fit, to pass the resolutions below. Resolutions 12 to 14 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

### Ordinary Resolutions

1. To receive the financial statements of the Company for the financial year ended 31 December 2010 together with the reports of the directors and auditors thereon.
2. To approve the directors' report on remuneration set out on pages 41 to 48 of the Company's annual report and accounts for the financial year ended 31 December 2010.
3. To declare a final dividend of 6.6 pence per ordinary share of 10 pence in the capital of the Company for the year ended 31 December 2010 to be paid to shareholders on the register at the close of business on 20 May 2011.
4. To elect Simon Borrows, who has been appointed as a director of the Company since the last Annual General Meeting of the Company, as a director of the Company.
5. To re-elect André Lacroix, who retires by rotation, as a director of the Company.
6. To re-elect Will Samuel, who retires by rotation, as a director of the Company.
7. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
8. To authorise the directors of the Company to determine the auditors' remuneration.
9. To approve the establishment of the Inchcape Performance Share Plan, the principal provisions of which are set out in the Appendix to this Notice, and to authorise the directors of the Company to do all acts and things necessary to establish and carry it into effect.
10. To approve the amendment to the Inchcape Co-investment Plan described on page 9 of the Explanatory Notes, and to authorise the directors of the Company to do all acts and things necessary to establish and carry it into effect.
11. To authorise the Board generally and unconditionally in substitution for all subsisting authorities 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 £15,352,464 (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 £30,704,928 (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 12 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.

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## Special Resolutions

12. To empower the Board, subject to the passing of resolution 11, 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 11, 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

(B) in the case of the authority granted under paragraph (A) of resolution 11 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 £2,316,307;

such power to apply until the end of next year's Annual General Meeting (or, if earlier, until the close of business on 12 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.

13. To authorise the Company 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 the ordinary shares in the Company ("Ordinary Shares"), such power to be limited:

(A) to a maximum number of 46,057,393 Ordinary Shares of ten pence each;

(B) by the condition that the minimum price which may be paid for an Ordinary Share is the nominal amount of that share and the maximum price which may be paid for an Ordinary Share is the highest of:

- (i) an amount equal to 5 per cent 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, until the close of business on 12 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.

14. To approve 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



**Claire Chapman**

General Counsel and Group Company Secretary

Date: 7 April 2011

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**EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL 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 meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Computershare Investor Services PLC, on 0870 707 1076.
2. To be valid any proxy form or other instrument appointing a proxy must be received:
  - (i) by post or (during normal business hours only) by hand at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY; or
  - (ii) electronically by logging on to the Registrar's website ([www.eproxyappointment.com](http://www.eproxyappointment.com)),in each case no later than 11.00 a.m. on Tuesday 10 May 2011.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
4. 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. Such persons should direct any communications and enquiries to the registered holder of the shares by whom they were nominated and not to the Company or its Registrar.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. 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 5.00 p.m. on 10 May 2011 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Shareholders then on the Register of Members 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 the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. As at 28 March 2011 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 463,261,490 ordinary shares, carrying one vote each, of which 2,687,560 were held in treasury. Therefore, the total voting rights in the Company as at 28 March 2011 are 460,573,930.
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 (ID 3RA50) by 11.00 a.m. on 10 May 2011. For this purpose, the time of receipt will be taken to

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- be the time (as determined by the time stamp 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. 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.
  13. 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.
  14. Any member attending the 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 meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.
  15. A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found at [www.inchcape.com](http://www.inchcape.com).
  16. The Company will continue its practice of calling a poll on all resolutions at the meeting. The voting results, which will include all votes cast for and against each resolution at the meeting, and all proxies lodged prior to the meeting, will be published on the Company's website as soon as practicable after the meeting. The Company will also disclose the number of votes withheld on its website. This practice provides shareholders with sufficient information regarding the level of support and opposition to each resolution, and ensures all votes cast either at the meeting or through proxies are included in the result.

## EXPLANATORY NOTES TO THE RESOLUTIONS

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

Resolutions 1 to 11 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 12 to 14 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### Ordinary Resolutions

#### Resolution 1: Accounts

English company law requires the directors to lay the annual accounts of the Company for the year ended 31 December 2010, and the reports of the directors and auditors, before a general meeting of the Company.

#### Resolution 2: Directors' report on remuneration

In accordance with section 439 of the Companies Act 2006, the directors are required to present the directors' report on remuneration for approval to a general meeting of shareholders. The report is on pages 41 to 48 of the Company's annual report and accounts for the financial year ended 31 December 2010.

#### Resolution 3: Final Dividend

A final dividend can only be paid by the Company after it has been approved by shareholders. The directors are recommending a final dividend of 6.6 pence per ordinary share of 10 pence for the year ended 31 December 2010 payable on 14 June 2011 to shareholders on the register at the close of business on 20 May 2011. The dividend payable to each shareholder will be rounded down to the nearest whole penny.

#### Resolutions 4 to 6: Election of directors

In accordance with the provisions of the Combined Code on Corporate Governance, all directors of the Company must retire every three years and in addition, the Company's Articles of Association provide that any director appointed since the previous Annual General Meeting shall stand for election by the members at the next Annual General Meeting. Accordingly, André Lacroix and Will Samuel will seek re-election and Simon Borrows will seek election by the members, as unanimously recommended by the Board. Brief biographical details of directors standing for re-election or election are set out on page 30 of the Company's annual report and accounts for the financial year ended 31 December 2010.

The Board has noted the provisions on annual re-election of all directors introduced by the UK Corporate Governance Code (the "New Code") which applies to financial years beginning on or after 29 June 2010. In view of the very recent introduction of this requirement the Company has concluded it will not submit all of the directors for re-election at this Annual General Meeting. However, the Company intends to fully comply with the provisions of the New Code at its Annual General Meeting in 2012.

#### Resolutions 7 and 8: Re-appointment of auditors

In accordance with English company law, the Company is required to appoint auditors at each general meeting at which accounts are laid before the shareholders. The directors of the Company recommend retaining PricewaterhouseCoopers LLP as the Company's auditors and seek authority for the directors to determine the remuneration of the auditors.

#### Resolution 9: Adoption of long-term incentive plan

Resolution 9 seeks your approval for the adoption of a new long-term incentive plan to be called the Inchcape Performance Share Plan (the "PSP"). The rationale for the introduction of the PSP is explained below.

Following a comprehensive review of remuneration during 2010, the Remuneration Committee (the "Committee") is proposing to replace the current Executive Share Option Plan with the PSP. This is part of an overall re-design of the remuneration package. It is intended to more closely align incentives with the Group's strategy and strengthen the relationship between pay and performance.

The Committee believes the PSP will provide a more robust and motivating long-term incentive as well as reflect changes in market practice since the introduction of the Executive Share Option Plan. The Committee proposes that 2011 grants to Executive Directors under the PSP will be as follows:

- 'Normal' performance shares, vesting 75 per cent on 3-year Earnings Per Share ("EPS") growth (25 per cent of this part of the award vests for EPS growth of 7 per cent per annum, rising on a straight-line basis to full vesting for EPS growth of 15 per cent per annum), and 25 per cent on 3-year average Return on Capital Employed ("ROCE") (25 per cent of this part of the award vests for ROCE of 18 per cent, rising on a straight-line basis to full vesting for 21 per cent). Awards will be 150 per cent of salary for the CEO and 125 per cent of salary for the CFO.

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- ‘Enhanced’ performance shares vesting on stretch EPS targets: no part of this award would vest for EPS growth of 15 per cent per annum or below; full vesting occurs for EPS growth of 20 per cent per annum over 3 years, with straight-line vesting (from 0 per cent to 100 per cent) between the two. Initial awards will be 50 per cent of salary for the CEO and 25 per cent of salary for the CFO.

The Committee has retained EPS as the primary long-term incentive measure as this is felt to be the best measure of long-term performance for the Group. It provides strong line-of-sight for executives, who are familiar with the existing basis of EPS performance measurement and it is consistent with the Company’s long-term strategy focusing on sustainable profit growth. The introduction of ROCE is intended to provide a balance between growth and returns. The proposed targets have been set taking into account a range of reference points including the Group’s strategic plan and broker forecasts both for the Group and other sector peers. The Committee believes that these targets are very stretching, and that the maximum award of 200 per cent of salary for the CEO (150 per cent of salary for the CFO) will only be available for truly outstanding performance.

The proposal to adopt the PSP has the full support of the Committee and the Board as a whole and the Committee intends to make grants pursuant to this plan following the 2011 Annual General Meeting if shareholders approve resolution 9.

A summary of the principal terms of the PSP can be found in the Appendix.

#### **Resolution 10: Amendment of the Inchcape Co-investment Plan (the “COIP”)**

The COIP was established in 1999. Under this plan, participants may elect to use their salary, bonus or other personal funds to purchase shares in the Company and, in return for agreeing not to dispose of those shares for three years, are granted awards over additional shares. The awards are subject to one or more performance targets measured over a three-year period. Resolution 10 seeks your approval to extend the duration of this plan until 12 May 2021.

The Committee has decided to continue to use the COIP as it believes that such plans provide good alignment with shareholder interests by encouraging share ownership and supporting retention. The performance conditions proposed for 2011 awards under the COIP mirror those for the ‘normal’ awards under the new PSP. The maximum investment opportunity for Executive Directors will be 50 per cent of salary, with a maximum potential match of 2:1 subject to achieving the EPS and ROCE performance targets.

#### **Resolution 11: Authority to allot**

At last year’s Annual General Meeting, shareholders passed a resolution giving the directors authority to allot ordinary shares in the Company. That power will expire at the conclusion of this year’s Annual General Meeting. Accordingly, this Notice includes a resolution to renew this authority.

In line with previous annual authorities to allot ordinary 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 £15,352,464 (representing 153,524,643 Ordinary Shares of ten pence each). This amount represents approximately one-third of the issued ordinary share capital (excluding treasury shares) of the Company as at 28 March 2011, the latest practicable date prior to publication of this Notice.

In line with guidance issued by the Association of British Insurers (“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 £30,704,928 (representing 307,049,286 Ordinary Shares of ten pence each), 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 28 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 close of business on 12 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. However, if they do exercise the authorities, the directors intend to follow ABI recommendations concerning their use.

As at the date of this Notice, 2,687,560 ordinary shares are held by the Company in treasury.

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## Special Resolutions

### Resolution 12: Dis-application of pre-emption rights

This resolution would renew the existing authority of the directors 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, similar to previous years, 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 £2,316,307 (representing 23,163,074 Ordinary Shares of ten pence each). This aggregate nominal amount represents approximately 5 per cent of the issued ordinary share capital of the Company as at 28 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 ("Principles") regarding cumulative usage of authorities within a rolling 3-year period where the Principles provide that usage in excess of 7.5 per cent should not take place without prior consultation with shareholders.

The authority would also enable the directors in the event of a rights issue, open offer or other pre-emptive offer to make adjustments to deal with overseas shareholders, fractional entitlements and other legal or practical problems. The authority will expire at the earlier of 12 August 2012 and the conclusion of the Annual General Meeting of the Company held in 2012.

### Resolution 13: Authority to make market purchases of own shares

Authority is sought for the Company to purchase up to 10 per cent of its issued ordinary shares (excluding any treasury shares), renewing the authority granted by the shareholders at previous Annual General Meetings.

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, should it become appropriate in light of prevailing market conditions for the Company to recommence a buy-back programme. 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 share 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 2,687,560 ordinary shares in treasury. The minimum price, exclusive of expenses, which may be paid for an ordinary share is its nominal value. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of (i) an amount equal to 105 per cent of 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 total number of options to subscribe for ordinary shares in the Company outstanding as at the close of business on 28 March 2011, the latest practicable date prior to publication of this Notice, was 13,469,497 representing approximately 2.9 per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at that date and approximately 3.25 per cent of the Company's issued ordinary share capital following any exercise in full of this authority to make market purchases.

This authority will last until the conclusion of the Company's Annual General Meeting in 2012 or, if earlier, 12 August 2012.

### Resolution 14: Notice of general meetings

The Companies (Shareholders' Rights) Regulations 2009 require that all general meetings be held on 21 days' notice unless shareholders agree to a shorter notice period. This resolution seeks to renew the authority granted by shareholders at the Company's Annual General Meeting in 2010 which preserved the Company's ability to call general meetings (other than annual general meetings) on 14 days' notice. This authority will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

The Company confirms that it will give as much notice as is practicable when calling a general meeting. The 14 day notice period will not be used as a matter of routine, but only in circumstances where it would clearly be to the advantage of shareholders as a whole, the business of the meeting is time-sensitive or flexibility is merited by the nature of the business of the meeting.

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## APPENDIX

Summary of the main provisions of the Inchcape Performance Share Plan (the "Plan")

### 1. Administration of the Plan

The Plan will be administered by the Remuneration Committee of the Board (the "Committee"). All of the members of the Committee are Non-Executive Directors and will not be eligible to participate in the Plan.

### 2. Eligibility

Participants in the Plan will be selected by the Committee. Participants will be limited to employees and Executive Directors of the Company and its subsidiaries (together the "Group").

### 3. Awards

Awards may normally take one of three forms:

- (i) a conditional award, which is a deferred right to receive ordinary shares in the Company ("Shares");
- (ii) a restricted award, which is an immediate transfer to the participant of Shares but on terms that they may be forfeited; or
- (iii) an option to acquire Shares for no cost.

Awards may be satisfied by the issue of new Shares, the transfer of Shares held in treasury or the purchase of Shares in the market. Awards may be granted either by the Company or by the trustees of an employee benefit trust.

In such circumstances as the Committee considers appropriate, including where the grant of an award might cause exchange control or securities laws difficulties, participants may instead be granted a phantom award entitling them to be paid a cash sum equal to the value of a specified number of Shares. The terms of such awards are based on the terms of conditional awards or options. Such awards may, at the discretion of the Committee, be settled wholly or partly in Shares.

Awards will be personal to the participant and may not be transferred. No payment will be required for the grant of an award.

### 4. Timing

Awards may be granted in the six weeks following the date on which the Plan is approved by shareholders. Thereafter, awards may be granted in the six weeks following the announcement of the Company's results for any period, when or shortly after an individual is recruited or promoted and at other times if the Committee considers that exceptional circumstances exist.

### 5. Individual limit

There is a limit on the market value (measured at the time of grant) of Shares over which awards may be granted to an individual in any financial year of the Company of 300 per cent of the annual rate of the individual's basic pay.

### 6. Plan limits

The Plan will be subject to the following limits:

- on any date, the aggregate nominal amount of Shares that may be allocated under the Plan may not, when added to the nominal amount of Shares allocated in the previous 10 years under all employee share plans of the Group, exceed 10 per cent of the then equity share capital of the Company; and
- on any date, the aggregate nominal amount of Shares that may be allocated under the Plan may not, when added to the nominal amount of Shares allocated in the previous 10 years under all employee share plans of the Group established for the benefit for selected employees, exceed 5 per cent of the then equity share capital of the Company.

For these purposes, Shares will be treated as allocated when rights to acquire or obtain them are granted and otherwise when they are issued or transferred. Rights which lapse, by reason of non-exercise or otherwise, cease to count. No account will be taken of (a) Shares which are acquired by purchase in the market (rather than by subscription or from treasury) and (b) Shares which an employee purchases at market value using his own funds.

No further awards may be granted under the Plan after 12 May 2021.

## **7. Performance targets**

Each award will be subject to one or more performance targets which will determine whether and to what extent the participant will receive Shares. Performance targets will normally be measured over a period of not less than three years. The performance targets will be measured on one occasion only; there will be no re-testing.

The Committee may change a performance target from time to time if events occur as a result of which the Committee considers it fair and reasonable to make the change or to take account of changes in the law or to obtain or keep favourable tax, exchange control or regulatory treatment for participants or any member of the Group. Any change to an existing performance target must not have the effect, in the opinion of the Committee, of making the target materially easier or materially more difficult to achieve than it was when originally set.

The Committee may set different performance targets from year to year and for different awards. Until such time as it decides otherwise, the Committee intends that awards will be subject to the performance targets described in the Explanatory Notes to this Circular.

The Committee may decide that an award may not become a vested award or that the number of award shares that would otherwise become vested shares will be reduced in the exceptional circumstance of a material restatement of the Group's financial statements or gross misconduct.

## **8. Vesting of awards**

Awards will normally only vest in accordance with the performance targets at the end of the performance period or, if later, three years after the date of grant.

Each award may, to the extent that it vests, be adjusted by the Committee to reflect the dividends paid on the vested shares during the period starting with the date of grant or, if the Committee so decides, with the start of the performance period and ending with the date on which the award vests or the Shares are transferred or the award (if it is an option) could first be exercised. The adjustment will be made, as the Committee may decide, either by paying an amount equal to the dividends (and the associated tax credits) or by applying that amount in purchasing additional Shares or by assuming that the dividends (and the associated tax credits) had been reinvested in purchasing additional Shares on each dividend payment date.

In the case of conditional awards, the Shares will be released automatically upon vesting whilst Shares subject to restricted awards will cease to be subject to forfeiture on vesting. In the case of options, the award will become exercisable on vesting and may be exercised during such period as the Committee may have specified at the time of grant.

## **9. Termination of employment**

If a participant ceases to be employed within the Group for any reason other than one justifying summary dismissal, he will be entitled to retain any awards which have vested.

If a participant ceases to be employed within the Group, his unvested awards will lapse unless he leaves for a permitted reason. A permitted reason is death; injury; ill-health; disability; redundancy; the sale of the company or business in which the participant works; and such other reason as the Committee may decide.

Where a participant leaves for a permitted reason, his award will be reduced on a time-apportioned basis by reference to the proportion of the performance period or the period since the date of grant (as the Committee may decide) during which the participant was in employment unless the Committee decides to make a smaller or larger reduction (including no reduction at all) having regard to such factors as it considers relevant.

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The award will then vest (if at all) according to the performance targets measured over the normal performance period unless the Committee decides to measure the targets over a shorter period. In the case of death, the Committee may waive performance targets.

Options that have already vested, or which vest following termination of employment, may be exercised within the 12 months following termination or, if later, vesting.

For these purposes, the Committee may decide to treat as a member of the Group for these purposes any company of which the Group beneficially owns at least 20 per cent of the equity share capital.

#### **10. Change of control etc**

Special rules apply in the event of a change of control, including a change of control resulting from a restructuring, a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 or a takeover or a voluntary winding up of the Company.

Awards will vest (if at all) by measuring the performance targets up to the date of the relevant event (or such other convenient date as the Committee may select) and then reducing them on a time-apportioned basis by reference to the proportion of the performance period or the period since grant prior to the date of the relevant event. The Committee may, however, decide that the award will vest to a greater or lesser extent having regard to the underlying financial performance of the Company and such other factors as it considers relevant.

In the event of a change of control, participants may surrender their awards in return for substitute awards over shares in the acquiring company or another company. If, immediately following the change of control, not less than 75 per cent of the shareholders of the acquiring company are the same as the shareholders of the Company before the change of control and the participants are offered or granted substitute awards, the Committee may decide that unvested awards will not vest.

#### **11. Listing**

The Company will apply for any new Shares issued under the Plan to be admitted to the Official List and for permission to trade in those Shares. Shares issued under the Plan will rank equally in all respects with existing ordinary shares except for any rights attaching to the shares by reference to a record date prior to the date of allotment.

#### **12. Variation of capital**

In the event of any variation in the share capital of the Company or in such other circumstances as the Committee considers appropriate, awards may be adjusted in such manner as the Committee considers appropriate.

#### **13. Benefits**

Benefits under the Plan will not form part of a participant's remuneration for pension purposes.

#### **14. Amendments**

The Committee may amend the Plan, or the terms of awards, to take account of changes to any applicable legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group including, if appropriate, setting up separate sub-plans.

Except as described above or for amendments designed to ease the administration of the Plan or to correct clerical errors, no amendment which is to the advantage of existing or future participants may be made, without the prior approval of the Company in general meeting, to those provisions dealing with eligibility, individual or Plan limits, the terms of awards, the adjustment of awards or the power of amendment.

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## 15. Employee trust

It is expected that awards will normally be satisfied by the transfer of shares to participants by the trustee of The Inchcape Employee Benefit Trust or another trust established for this purpose.

The principal purpose of any such trust will be to encourage and facilitate the holding of shares in the Company by or for the benefit of employees of the Group. This will be achieved by the trust acquiring shares in the Company and distributing them in accordance with the Plan or other employee share schemes of the Group.

The trust may acquire shares by market purchase or by subscription at a price not less than the par value. The funds for the acquisition of the shares will be provided by a combination of loans and/or contributions by the Company and/or other Group companies. Alternatively funds may be obtained from third party sources and guaranteed by the Company and/or other Group companies.

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## **Inspection of documents**

The following documents will be available for inspection at 22a St. James's Square, London, SW1Y 5LP, the registered office of the Company, Monday to Friday (except for public holidays) from the date of this Circular until the time of the AGM and at J.P. Morgan, 20 Moorgate, London EC2R 6DA from 15 minutes before the AGM until it ends:

- copies of the Executive Directors' service contracts;
- copies of letters of appointment of the Non-Executive Directors;
- a copy of the Inchcape Performance Share Plan rules; and
- a copy of the Inchcape Co-investment Plan rules, as amended.

