

# Notice of Annual General Meeting Punch Taverns plc (the "Company")



**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 advice from a stockbroker, solicitor, accountant, or other independent professional adviser.**

**If you have sold or otherwise transferred all of your shares 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.**

Notice is hereby given that the Annual General Meeting of the Company (the 'Meeting') will be held at 9.30 am on 16 December 2011 at One Bunhill Row, London EC1Y 8YY. The business of the Meeting will be to consider and, if thought fit, to pass the following resolutions of which resolutions 1 to 12 are proposed as ordinary resolutions and resolutions 13 to 15 as special resolutions:

## **1. Ordinary Resolution – Annual Report and Financial Statements**

TO receive and consider the Annual Report and Financial Statements of the Company for the year ended 20 August 2011.

## **2. Ordinary Resolution – Re-appointment of Auditors**

TO re-appoint KPMG Audit Plc as auditors of the Company to hold office from the conclusion of the Meeting until the conclusion of the next general meeting at which accounts are laid before the Company.

## **3. Ordinary Resolution – Determining Auditors' Remuneration**

TO authorise that the remuneration of the auditors of the Company be determined by the Directors.

## **4. Ordinary Resolution – Report on Directors' Remuneration**

TO approve the Report on Directors' Remuneration for the year ended 20 August 2011.

## **5. Ordinary Resolution – Political donations**

THAT in accordance with section 366 and section 367 of the Companies Act 2006 (the '2006 Act') the Company and its subsidiaries (as defined in the 2006 Act) at any time during the period for which this resolution has effect be and are hereby authorised to:

- (a) make political donations (as defined in section 364 of the 2006 Act) to political parties and/or independent electoral candidates (as defined in section 363 of the 2006 Act) in aggregate not exceeding £50,000;
- (b) make political donations (as defined in section 364 of the 2006 Act) to political organisations other than political parties (as defined in section 363 of the 2006 Act) in aggregate not exceeding £50,000; and
- (c) to incur political expenditure (as defined in section 365 of the 2006 Act) in aggregate not exceeding £50,000, in each case during the period beginning with the date of the passing of this resolution and ending at the conclusion of the next Annual General Meeting of the Company or on 15 March 2013 (whichever is earlier). In any event, the aggregate amount of political donations and political expenditure made or incurred by the Company and its subsidiaries pursuant to this resolution shall not exceed £150,000.

## **6. Ordinary Resolution – Elect Director**

THAT Stephen Billingham be elected as a Director of the Company.

## **7. Ordinary Resolution – Elect Director**

THAT Steve Dando be elected as a Director of the Company.

## **8. Ordinary Resolution – Re-elect Director**

THAT Roger Whiteside be re-elected as a Director of the Company.

## **9. Ordinary Resolution – Re-elect Director**

THAT Mark Pain be re-elected as a Director of the Company.

## **10. Ordinary Resolution – Re-elect Director**

THAT Ian Dyson be re-elected as a Director of the Company.

## **11. Ordinary Resolution – Re-elect Director**

THAT Ian Fraser be re-elected as a Director of the Company.

## **12. Ordinary Resolution – Authority to allot shares**

THAT the Directors be and are generally and unconditionally authorised, in substitution for any existing authorities and powers granted to the Directors prior to the passing of this resolution (but without prejudice to any allotments made pursuant to such authorities) to exercise all powers of the Company to allot shares and to grant rights to subscribe for or to convert any security into shares in the Company:

- (a) up to an aggregate nominal amount of £105,281 (representing approximately one-third of the Company's issued share capital (excluding treasury shares) as at 31 October 2011) (such amount to be reduced by the nominal amount of any equity securities (as defined in the 2006 Act) allotted under paragraph (b) below in excess of £105,281); and
- (b) comprising equity securities (as defined in the 2006 Act) up to a nominal amount of £210,562 (representing approximately two-thirds of the Company's issued share capital (excluding treasury shares) as at 31 October 2011) (including within any such limit any shares and rights to subscribe for or convert any security into shares allotted 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 Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider 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 expire at the conclusion of the next Annual General Meeting of the Company or the close of business on 15 March 2013 (whichever is earlier), save that, in each case, the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert into shares to be granted after such expiry and the Directors may allot shares or grant rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

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#### 13. Special Resolution – Disapplication of pre-emption rights

THAT, if resolution 12 is passed, in substitution for any existing authorities and powers granted to Directors prior to the passing of this resolution 13, the Directors be authorised to allot equity securities (as defined in the 2006 Act) 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 2006 Act did not apply to any such allotment or sale, such authority to be limited:

- (a) to the allotment of equity securities in connection with an offer of equity securities:
  - (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 Directors otherwise consider necessary, and so that the Directors may impose any limits or restrictions and make any arrangements which they consider 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 12 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 £15,792 (representing approximately 5% of the nominal value of the existing issued share capital as at 31 October 2011), provided further that this power shall expire at the conclusion of the next Annual General Meeting of the Company or the close of business on 15 March 2013 (whichever is earlier), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

#### 14. Special resolution – Authority for market purchases

THAT the Company be and is generally and unconditionally authorised for the purposes of section 701 of the 2006 Act to make one or more market purchases (within the meaning of section 693(4) of the 2006 Act) of its ordinary shares provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is 65,993,084 and the minimum price, exclusive of expenses, to be paid for each ordinary share shall not be less than the nominal value of such share;
- (b) the maximum price, exclusive of expenses, which may be paid for an ordinary share is the higher of: (i) an amount equal to 105% of the average of the closing middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) 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 London Stock Exchange at the time the purchase is carried out; and
- (c) this authority shall expire at the conclusion of the next Annual General Meeting of the Company or the close of business on 15 March 2013 (whichever is earlier), save that the Company may before such expiry make an offer or agreement to purchase its ordinary shares, which would or might be executed wholly or partly after such expiry and the Company may purchase the ordinary shares pursuant to such offer or agreement as if the authority conferred hereby had not expired.

#### 15. Special resolution – Reduced notice of a general meeting other than an Annual General Meeting

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

31 October 2011  
By order of the Board

**Punch Taverns plc**  
**Ed Bashforth**  
Company Secretary

Registered Office  
Jubilee House  
Second Avenue  
Burton-upon-Trent  
Staffordshire  
DE14 2WF  
Registered no. 3752645

#### Notes

1. The following documents are available for inspection during normal business hours at the Company's registered office on any business day and will be available at the place where the Meeting is being held from 15 minutes prior to and during the meeting:
  - (a) copies of the Executive Directors' service contracts; and
  - (b) copies of the Non-executive Directors' letters of appointment
 The documents noted at (a) and (b) above will also be available for inspection at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY during normal business hours from the date of this notice until the close of the Meeting.
2. Shareholders 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 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. To appoint more than one proxy you may photocopy the form accompanying this notice. Please indicate the proxy holder's name and the number of shares in relation to which he or she is authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by you may result in the appointment being invalid. 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 1248 (UK only) or +44 (0)870 703 6101 (Fax).
3. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or at the electronic address provided in the proxy form, in each case no later than 9.30am on 14 December 2011.
4. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 10 below) will not prevent a shareholder attending the Meeting and voting in person if he/she wishes to do so.
5. Any person to whom this notice is sent who is a person nominated under section 146 of the 2006 Act to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
6. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 2 and 3 above do not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

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7. To be entitled to attend and vote at the 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 by 6:00pm on 14 December 2011 (or, in the event of any adjournment, by 6:00pm on the date which is two working days before the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
8. As at 31 October 2011 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 659,930,841 ordinary shares, carrying one vote each. As at 31 October 2011, the Company held no ordinary shares as treasury shares. Therefore, the total voting rights in the Company as at 31 October 2011 were 659,930,841.
9. 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.
10. 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 9.30am on 14 December 2011. For this purpose, the time of receipt will be taken to 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.
11. 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. 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.
13. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
14. A corporation must execute the form of proxy under its common seal or the hand of a duly authorised officer or attorney. Any power of attorney or authority under which the form of proxy is signed (or a duly certified copy of such power or authority) should be returned with the form of proxy.
15. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
16. Under section 527 of the 2006 Act shareholders 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 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 2006 Act. 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 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 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 2006 Act to publish on a website.
17. Any shareholder 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.
18. A copy of this notice, and other information required by section 311A of the 2006 Act, can be found at [www.punchtaverns.com](http://www.punchtaverns.com).

#### EXPLANATORY NOTES TO THE RESOLUTIONS

At the Meeting there are 15 resolutions which the shareholders will be asked to approve. An explanation of these resolutions is given below. More than one-half of the votes cast must support resolutions 1 to 12 inclusive in order for them to be passed. Resolutions 13 to 15 inclusive require three-quarters or more of the votes cast to support them for those resolutions to be passed.

**Resolution 1** The Directors must lay the Company's financial statements, the Directors' Report and the Auditors' Report before shareholders at a general meeting. This is a legal requirement after the Directors have approved the financial statements and the Directors' Report and the auditors have prepared their report.

**Resolution 2** KPMG Audit Plc have expressed their willingness to continue to act as auditors of the Company. This resolution also authorises the Board to determine the remuneration of the Company's auditors.

**Resolution 3** This resolution authorises the Board to determine the remuneration of the Company's auditors.

**Resolution 4** The Report on Directors' Remuneration is set out on pages 32 to 43 of the 2011 Annual Report.

**Resolution 5** The 2006 Act requires companies to seek shareholder approval for donations to, or expenditure on, independent election candidates or organisations within the European Union which are, or could be, categorised as EU political organisations or parties. Although the Company does not intend to make such donations or incur such expenditure, within the normal meaning of those expressions, the legislation is very broadly drafted and can extend to bodies such as those concerned with policy review, law reform, the representation of the business community and special interest groups such as those concerned with the environment, which the Company and its subsidiaries may wish to support.

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**Resolutions 6 and 7** Under the Company's Articles of Association, any Director appointed by the Board (other than at a general meeting) holds office only until the next Annual General Meeting, at which he or she may be re-appointed or 'elected' if willing to continue to act. Stephen Billingham and Steve Dando were appointed by the Board other than at a general meeting and are therefore required to retire at the Meeting. They are eligible for, and are seeking, re-appointment. Their biographical details are set out on pages 22 and 23 of the 2011 Annual Report.

**Resolutions 8 and 11** Under the Company's Articles of Association, any Director who held office at the time of the two preceding Annual General Meetings, and who did not retire at either of them, shall retire from office and stand for re-election by the shareholders. This requirement will be satisfied as the Company has decided to comply with the 2010 UK Corporate Governance Code's recommendation on annual re-election and accordingly Roger Whiteside, Mark Pain, Ian Dyson and Ian Fraser are all retiring at the Meeting and are seeking re-appointment. Their biographical details are set out on pages 22 and 23 of the 2011 Annual Report.

In relation to the re-election of Mark Pain, Ian Dyson and Ian Fraser as Non-executive Directors, it is confirmed that following formal performance evaluation, their performance continues to be effective and they continue to demonstrate commitment to their roles as Non-executive Directors, including commitment of the necessary time for Board and committee meetings and other duties.

**Resolution 12** Paragraph (a) 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 up to an aggregate nominal amount of £105,281 (representing 219,976,947 ordinary shares of 0.04786 pence each). This amount represents approximately one-third of the issued ordinary share capital (excluding treasury shares) of the Company as at 31 October 2011, being the latest practicable date prior to publication of this notice. In line with guidance issued by the Association of British Insurers, paragraph (b) of this resolution would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount of £210,562 (representing 439,953,894 ordinary shares of 0.04786 pence each), as reduced by the nominal amount of any shares issued under paragraph (a). This amount (before any reductions) represent approximately two-thirds of the issued ordinary share capital (excluding treasury shares) of the Company as at 31 October 2011, being the latest practicable date prior to publication of this notice.

**Resolution 13** If a company proposes to allot ordinary shares or other equity securities wholly for cash it has a statutory obligation (subject to certain exemptions) to offer those shares to holders of similar shares in proportion to their holdings. Resolution 13 seeks to remove this statutory right of first refusal for up to 32,996,542 shares (representing approximately 5% of the Company's ordinary shares in issue as at 31 October 2011) to give the Directors some flexibility to raise capital through an issue of shares. In respect of this aggregate nominal amount, the Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three year period where the Principles provide that usage in excess of 7.5% should not take place without consultation with shareholders. The resolution also applies to the sale and re-issue of ordinary shares held as treasury stock by the Company.

The authorities conferred by both resolutions 12 and 13 will expire at the conclusion of the next Annual General Meeting or 15 March 2013, whichever is sooner. The Directors have no present intention to exercise either of the authorities sought under these resolutions, except under paragraph (a) of resolution 12 to satisfy the Company's employee share incentive plans.

**Resolution 14** This resolution seeks authority for the Company to make market purchases of its own ordinary shares, which would otherwise be prohibited by the 2006 Act. Purchases of the Company's own shares will be made if the Directors consider that this will result in an increase in earnings per share and will benefit shareholders generally. You are asked to consent to the purchase by the Company of up to 65,993,084 shares (representing approximately 10% of the Company's ordinary shares in issue as at 31 October 2011). This authority will expire at the end of the next Annual General Meeting of the Company or close of business on 15 March 2013 (whichever is earlier). In the period between 18 December 2010 and 16 December 2011 no ordinary shares have been purchased and held as treasury shares or cancelled under the existing authority.

The maximum price exclusive of expenses which may be paid for an ordinary share is 105% of the average middle market quotations for the five business days preceding the purchase and the minimum price exclusive of expenses which may be paid for any ordinary share is its nominal value of 0.04786 pence.

The total number of options and warrants to subscribe for ordinary shares outstanding as at 31 October 2011 was 12,131,768 options representing 1.84% of the Company's ordinary shares in issue as at that date. If the authority to buy back shares under this resolution was exercised in full, the total number of options to subscribe for ordinary shares outstanding as at 31 October 2011 would, assuming no further ordinary shares are issued after that date, represent 2.04% of the Company's ordinary shares in issue. As at the date of this notice there are no warrants to subscribe for ordinary shares in the Company.

Companies are permitted to retain any of their own shares which they have purchased as treasury stock with a view to possible re-issue at a future date, rather than cancelling them. The Company will consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury stock. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively, and would provide the Company with additional flexibility in the management of its capital base.

**Resolution 15** Changes made to the 2006 Act by The Companies (Shareholders' Rights) Regulations 2009 (the 'Shareholders' Rights Regulations') increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days (Annual General Meetings will continue to be held on at least 21 clear days' notice).

Before the coming into force of the Shareholders' Rights Regulations on 3 August 2009, the Company was able to call general meetings other than an Annual General Meeting on 14 clear days' notice without obtaining such shareholder approval. At the 2010 AGM approval was sought to preserve this ability and to continue with this, resolution 15 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

Note that the changes to the 2006 Act mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. The Company confirms that it will give as much notice as 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.

#### DIRECTORS' RECOMMENDATION

The Directors believe that the proposals in resolutions 1 to 15 are in the best interests of the Company and shareholders as a whole. Accordingly, they unanimously recommend that shareholders vote in favour of each resolution as they intend to do in respect of their beneficial holdings.