

**THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY AND FORM OF ELECTION ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other professional adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Ordinary Shares, please forward this document (but not any personalised Form of Proxy or Form of Election), at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or have sold part only of your holding of Ordinary Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected. However, this document should not be forwarded to or sent in or into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

This document has been prepared for the purposes of complying with English law and the Listing Rules and the information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside the United Kingdom. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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## **BOOKER GROUP PLC**

(incorporated in England and Wales with registered number 05145685)

### **Notice of Annual General Meeting and**

**Proposed return of capital to Shareholders of 3.2 pence per Ordinary Share  
by way of one B Share for each Ordinary Share**

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This document should be read as a whole and in conjunction with the accompanying Form of Proxy and Form of Election. Your attention is drawn to the Chairman's letter which is set out in Part I of this document. The letter contains a recommendation that you vote in favour of the Resolutions to be proposed at the Annual General Meeting (including the resolution to approve the Return of Capital) and sets out certain information relating to the proposed Return of Capital.

**Notice of the Annual General Meeting of the Company to be held at Booker Branch Wimbledon, Endeavour Way, Durnsford Road, London SW19 8LG at 11.00 a.m. on 6 July 2016 is set out at the end of this document.** The Form of Proxy to be used in connection with the Resolutions is enclosed. Whether or not you intend to attend the Annual General Meeting in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible by post to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, but, in any event, so as to be received by the Company's Registrars, Computershare Investor Services PLC by no later than **11.00 a.m. on 4 July 2016**. Shareholders may also lodge their proxy vote online at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). Shareholders who hold their Ordinary Shares in CREST may appoint a proxy electronically by transmitting a CREST Proxy Instruction to Computershare so that it is received no later than **11.00 a.m. on 4 July 2016**.

**Please read the whole of this document. A summary of the action to be taken by Shareholders is set out in paragraph 7 of Part I of this document and in the notice of Annual General Meeting at the end of this document. Completion and return of a Form of Proxy, the giving of a CREST Proxy Instruction, or the completion of a proxy form online will not preclude Shareholders from attending and voting in person at the Annual General Meeting (in substitution for their proxy vote) if they wish to do so and are so entitled.**

No application will be made to the UK Listing Authority or to the London Stock Exchange for any of the B Shares to be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities, nor will the B Shares be listed or admitted to trading on any other securities or investment exchange.

None of the B Shares have been or will be registered under the US Securities Act or the state securities laws of the United States and none of them may be offered or sold in the United States or to any US persons unless pursuant to a transaction that has been registered under the US Securities Act and the relevant state securities laws or a transaction that is not subject to the registration requirements of the US Securities Act and the state securities laws, either due to an exemption therefrom or otherwise.

Neither the B Shares nor this document have been approved, disapproved or otherwise recommended by any US federal or state securities commission or other regulatory authority or any non US securities commission or regulatory authority, nor have such authorities passed upon or endorsed the merits of the Return of Capital or confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The attention of Overseas Shareholders is drawn to paragraph 5 of Part III of this document.

This document does not constitute an invitation to participate in the B Share Scheme in or from any jurisdiction in or from which, or to or from whom, it is unlawful to make such offer or participate under applicable securities laws or otherwise.

This document is a circular relating to the proposed Return of Capital which has been prepared in accordance with the Listing Rules made under section 73A of FSMA. This document includes statements that are, or may be deemed to be, "forward looking statements". Forward-looking statements can be identified by the use of forward looking terminology, including the terms "believes", "anticipates", "estimates", "expects", "intends", "plans", "may", "might", "will" or "should". Forward-looking statements are based on current expectations, intentions and projections about future events and are subject to risks, uncertainties and assumptions about the Group. Subject to any requirement under the Listing Rules or other applicable legislation or regulation, Booker undertakes no obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on forward looking statements, which speak only as of the date of this document.

Certain terms used in this document, including certain capitalised terms, are defined in Part VIII of this document. Part II of this document contains a number of frequently asked questions with answers in relation to the Return of Capital.

Dated 27 May 2016

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## WHERE TO FIND HELP

You will find answers to some of the questions most often asked by shareholders about a return of capital and the procedure for participating in the B Share Scheme in Part II of this document. If you have further questions on the B Share Scheme, there is a Shareholder Helpline available between the hours of 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays). The Shareholder Helpline will remain open until 5.30 p.m. on 15 July 2016.

The Shareholder Helpline numbers are:

0370 889 3230 (from inside the UK); and

+44 370 889 3230 (from outside the UK).

Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 8.30 a.m. until 5.30 p.m. (London time) Monday to Friday (excluding UK public holidays).

**Please note that for legal reasons the Shareholder Helpline will only be able to provide information contained in this document and the accompanying Form of Election and will be unable to give advice on the merits of the B Share Scheme or the Redemption Alternatives or to provide financial, investment, legal or taxation advice. For legal, financial, investment or taxation advice, you will need to consult an independent adviser.**

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Form of Proxy and CREST Proxy Instructions for Annual General Meeting	11.00 a.m. on 4 July 2016
Annual General Meeting	11.00 a.m. on 6 July 2016
B Share Record Time for entitlement to B Shares	5.00 p.m. on 6 July 2016
CREST accounts credited with "interim CREST entitlements" in respect of Ordinary Shares	7 July 2016
Payment of final dividend for the year ended 25 March 2016	8 July 2016
<b>Election Deadline: latest time and date for receipt of Form of Election or submitting CREST elections</b>	<b>3.00 p.m. on 15 July 2016</b>
B Shares issued, and B Shares in respect of elections made under the Deferred Redemption Option enabled in CREST	18 July 2016
Redemption of B Shares pursuant to the Initial Redemption Option	19 July 2016
Despatch of cheques or, if held in CREST, CREST accounts credited in respect of proceeds under the Initial Redemption Option	by 26 July 2016
Despatch of share certificates for B Shares being redeemed pursuant to the Deferred Redemption Option	by 26 July 2016
Redemption of B Shares pursuant to the Deferred Redemption Option	27 April 2017
Despatch of cheques or, if held in CREST, CREST accounts credited in respect of proceeds under the Deferred Redemption Option	by 4 May 2017

Notes:

- (1) The dates and times given are indicative only and are based on the Company's current expectations and may be subject to change. If any of the times and/or dates above change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.
- (2) All events in the above timetable following the holding of the Annual General Meeting are conditional on the passing of the B Share Resolution at such meeting.
- (3) All references in this document are to London times unless otherwise stated.

# PART I – CHAIRMAN’S LETTER

## Booker Group plc

(incorporated in England and Wales with registered number 05145685)

### Directors

Stewart Gilliland (Non-Executive Chairman)  
Charles Wilson (Chief Executive)  
Jonathan Prentis (Group Finance Director)  
Guy Farrant (Executive Director)  
Helena Andreas (Non-Executive Director)  
Lord Karan Bilimoria (Non-Executive Director)  
Andrew Cripps (Non-Executive Director)  
Gary Hughes (Non-Executive Director)  
Karen Jones CBE (Non-Executive Director)

### Registered Office

Equity House  
Irthingborough Road  
Northants  
Wellingborough  
NN8 1LT

27 May 2016

*To: Booker Group plc Shareholders, persons with information rights and,  
for information only, participants in the Booker Share Plans*

Dear Shareholder,

## NOTICE OF ANNUAL GENERAL MEETING PROPOSED RETURN OF CAPITAL TO SHAREHOLDERS OF 3.2 PENCE PER ORDINARY SHARE

### 1. Introduction

This document contains the notice convening the Company’s Annual General Meeting which is to be held at Booker Branch Wimbledon, Endeavour Way, Durnsford Road, London SW19 8LG at 11.00 a.m. on 6 July 2016 and details of a proposed return of capital to Shareholders.

It was announced with our preliminary results on 19 May 2016 that the Company is proposing to implement a capital return to Shareholders of 3.2 pence per Ordinary Share (at a cost of approximately £57 million based on the current issued share capital of the Company). It is proposed that this is achieved by the issue of a new class of B Shares which Shareholders will be able to redeem for cash. This is in addition to the proposed final ordinary dividend that was also announced at that time and which is subject to approval by Shareholders at the Annual General Meeting. I am writing to you to provide further details of such proposed return of capital (the “Return of Capital”). Under this proposal, referred to as the “B Share Scheme”, for every 1 Ordinary Share held at the B Share Record Time, 3.2 pence per Ordinary Share would be returned to Shareholders through the issue to them of one B Share, which would be redeemed by the Company for 3.2 pence.

If the proposed final ordinary dividend is approved at the Annual General Meeting, Shareholders on the register at the close of business on 10 June 2016 will receive payment of 4.03 pence per Ordinary Share on 8 July 2016.

Our first return of capital to Shareholders was implemented in 2014 (the “2014 Return of Capital”) and involved a return of 3.5 pence per Ordinary Share (amounting to approximately £61 million in aggregate) by way of the issue and redemption of B shares (the “2014 B Shares”). We undertook a further return of capital to Shareholders last summer (the “2015 Return of Capital”) which similarly involved a return of 3.5 pence per Ordinary Share (amounting to approximately £62 million in aggregate) by way of the issue and redemption of B shares (the “2015 B Shares”). The 2014 Return of Capital and the 2015 Return of Capital have been implemented in full and all of the 2014 B Shares and 2015 B Shares have now been redeemed for cash in order to give effect to those returns of capital. At the time of the 2015 Return of Capital, we indicated that our expectation was that we would effect a further return of capital to Shareholders this year in a similar manner and that is what is now being proposed. The structure of the Return of Capital which is being proposed at this year’s Annual General Meeting and the terms of the B Shares are substantially the same as those adopted in connection with the 2015 Return of Capital and the 2015 B Shares.

The purpose of this document is to provide you with information relating to the Return of Capital and to explain the reasons for it and why your Board considers it to be in the best interests of the Company and Shareholders as a whole.

In order to comply with applicable companies legislation, the B Share Scheme and certain related matters require the approval of Shareholders at a general meeting of the Company. This approval will be sought at the Annual General Meeting of the Company which is to be held at Booker Branch Wimbledon, Endeavour Way, Durnsford Road, London SW19 8LG at 11.00 a.m. on 6 July 2016. Notice of the Annual General Meeting is set out in Part IX of this document. As is the Company’s usual practice, explanatory notes to each of the resolutions to be proposed at the Annual General Meeting (including the B Share Resolution) are set out below the relevant resolution in the Notice of Annual General Meeting.

If the B Share Resolution (resolution 18) is not passed at the Annual General Meeting, the Return of Capital by way of B Share Scheme will not proceed.

# PART I – CHAIRMAN’S LETTER CONTINUED

## 2. Background to and reasons for the Return of Capital

In July 2012 the Company issued £124 million of shareholder equity as part of the consideration paid to acquire Makro in the UK. Since then, the Company has continued to generate significant positive cash flow and as a result has built up a net cash position of £127.4 million as at 25 March 2016. The Board would expect the Group’s positive cash position to continue to increase, in the absence of the proposed Return of Capital. In light of this strong cash generation and the successful integration of Makro UK into the Group, the Board has decided that the Company should return a further amount of capital of approximately £57 million to its Shareholders pursuant to the Return of Capital.

As was the case with each of the 2014 Return of Capital and the 2015 Return of Capital, the B Share Scheme structure has been chosen to implement the Return of Capital because:

- it treats all Shareholders equally relative to the size of their existing shareholdings in the Company;
- it gives all Eligible Shareholders a choice as to when they receive their cash, by allowing them to elect between redeeming their B Shares for cash on 19 July 2016 or retaining some or all of their B Shares and redeeming them for cash on 27 April 2017. This is intended to afford UK tax resident Shareholders flexibility in the timing of recognition of their proceeds for tax purposes; and
- it is expected to preserve the cash flow benefits to the Group of using the Group’s unrelieved credits for corporation tax paid in advance, which would in turn benefit all Shareholders.

The Return of Capital is conditional upon the B Share Resolution being passed. The B Share Resolution is a special resolution and will be passed if at least 75 per cent. of votes cast are in favour.

Further details of the Return of Capital are set out in paragraph 4 below and in Part III of this document.

You will find answers to some of the questions most frequently asked by Shareholders about a return of capital and the procedure for participating in the B Share Scheme in Part II of this document. If you have any further questions, you can call the Shareholder Helpline, details of which are set out on page 3 of this document. Please note, however, that for legal reasons the Shareholder Helpline will only be able to provide information contained in this document and the accompanying Form of Election and will be unable to give advice on the merits of the B Share Scheme or the Redemption Alternatives or provide financial, investment, legal or taxation advice.

The Board currently anticipates returning a similar amount to Shareholders in July 2017 and will provide an update on this in the 2017 final results announcement in May 2017 in light of circumstances prevailing at that time.

## 3. Annual General Meeting

Notice of the Annual General Meeting is set out in Part IX of this document. Explanations of the Resolutions to be proposed at the Annual General Meeting are set out in the Notice of Annual General Meeting.

The business at the Annual General Meeting will be familiar to Shareholders. I would, however, draw your attention to the B Share Resolution (resolution 18) which seeks approval for the proposed B Share Scheme. This resolution is substantially the same as the resolutions which were proposed and approved in respect of the 2015 Return of Capital and the 2014 Return of Capital. Further details of this resolution are set out in Part III of this document.

Your attention is also drawn to the 2016 Annual Report and Accounts which contains additional information in respect of the Company and the Directors. Shareholders are advised to read the whole of this document and the 2016 Annual Report and Accounts and not rely solely on the summary information set out in this letter.

## 4. The Return of Capital and the Redemption Alternatives

Each Eligible Shareholder will be able to choose between the Initial Redemption Option and the Deferred Redemption Option, or a combination of the two, as to when they receive their cash proceeds under the B Share Scheme. This is intended to give UK resident Shareholders flexibility from a tax planning perspective. Each Redemption Alternative is expected to return 3.2 pence of cash per B Share as:

- an initial capital payment (the “Initial Redemption Option”);
- a capital payment deferred until after 5 April 2017 (the “Deferred Redemption Option”); or
- any combination of the Initial Redemption Option and the Deferred Redemption Option.

**Shareholders should read Part V of this document which outlines the tax consequences of the B Share Scheme in the UK. Shareholders who are in any doubt as to their tax position, or who are subject to taxation in a jurisdiction other than the UK, should consult an appropriate professional adviser.**

**Eligible Shareholders who do not make a valid election, and all Overseas Shareholders resident, or with a registered address, in a Restricted Territory, will be deemed to have elected for the Initial Redemption Option in respect of ALL of their B Share Entitlement.**

### ***Alternative 1 (Initial Redemption Option)***

All Shareholders will receive one B Share for each corresponding Ordinary Share held at the B Share Record Time. For Shareholders who elect, or are deemed to have elected, for the Initial Redemption Option in respect of all or some of their B Share Entitlement, it is expected that each such B Share will be redeemed by the Company for 3.2 pence on 19 July 2016 and cancelled by the Company on redemption. Redemption proceeds are expected to be paid to relevant Shareholders by 26 July 2016.

### ***Alternative 2 (Deferred Redemption Option)***

All Shareholders will receive one B Share for each corresponding Ordinary Share held at the B Share Record Time. For Eligible Shareholders who validly elect for the Deferred Redemption Option in respect of all or some of their B Share Entitlement, it is expected that each such B Share will be redeemed by the Company for 3.2 pence on 27 April 2017 and cancelled by the Company on redemption. It is expected that the redemption proceeds will be paid to relevant Shareholders by 4 May 2017.

Overseas Shareholders resident, or with a registered address, in a Restricted Territory ("Restricted Overseas Shareholders") will not be eligible for the Deferred Redemption Option and so will be deemed to have elected for the Initial Redemption Option in respect of all of their B Share Entitlement.

### ***Information relating to the B Shares***

The B Shares will have limited rights and will not be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities. The rights and restrictions attached to the B Shares are set out more fully in Part IV of this document.

### ***Further information***

The Redemption Alternatives summarised above, and other information on the Return of Capital are explained in further detail in paragraph 3 of Part III of this document. In addition, Part II of this document sets out some frequently asked questions to help Shareholders understand what is involved in the B Share Scheme.

Shareholders should read the entirety of this document which contains further information about the Company and the Return of Capital.

An expected timetable in respect of the B Share Scheme and Annual General Meeting is set out on page 4 of this document.

## **5. Overseas Shareholders**

Overseas Shareholders' attention is drawn to paragraph 5 of Part III of this document. In particular, it is proposed that the B Share Entitlements of Restricted Overseas Shareholders be issued to a nominee and then redeemed under the Initial Redemption Option with the redemption proceeds then being remitted to such Shareholders. The Deferred Redemption Option is not being made available to Restricted Overseas Shareholders, and all such Shareholders will be deemed to have elected for the Initial Redemption Option in respect of all of their B Share Entitlement. Furthermore, Overseas Shareholders (other than those in Restricted Territories) should note that, by making a valid election for the Deferred Redemption Option, such Shareholders will be deemed to represent, warrant and undertake and/or agree (as applicable) to the terms set out in paragraph 5 of Part III of this document.

## **6. Booker Share Plans**

Participants in the Booker Share Plans only hold options and are not the holders of Ordinary Shares under those plans and as such will not participate in the B Share Scheme in respect of their options. As explained more fully in paragraph 10 of Part III of this document, the Board does not consider that any adjustments are necessary to preserve the value of options that have been granted under the Booker Share Plans.

## **7. Action to be taken**

### ***Annual General Meeting and approval of the Return of Capital***

Shareholders will find enclosed a Form of Proxy for use in connection with the Annual General Meeting including approval of the Return of Capital. Whether or not you intend to be present at the Annual General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and return it by post to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, so as to arrive as soon as possible, but in any event by no later than 11.00 a.m. on 4 July 2016. Shareholders may also lodge their proxy vote online at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). Shareholders who hold their Ordinary Shares in CREST may appoint a proxy electronically by transmitting a CREST Proxy Instruction using the service provided by Euroclear, so that it is received no later than 11.00 a.m. on 4 July 2016.

Completion and return of the Form of Proxy or the transmission of a CREST Proxy Instruction will not preclude Shareholders from attending and voting in person at the Annual General Meeting should they so wish.

### ***Elections under the B Share Scheme***

The procedure for making elections under the B Share Scheme depends on whether your Ordinary Shares are held in certificated or uncertificated form and is summarised below.

## PART I – CHAIRMAN’S LETTER CONTINUED

Eligible Shareholders may elect for any combination of the Redemption Alternatives provided that the total number of Ordinary Shares in respect of which an election is made does not exceed a Shareholder’s total holding as at the B Share Record Time.

Shareholders need to make their own decisions regarding any election(s) they make under the B Share Scheme and are recommended to consult their own independent adviser if they are in any doubt as to the action they should take.

### *(a) Ordinary Shares held in certificated form*

Eligible Shareholders who hold Ordinary Shares in certificated form should make any election for the Redemption Alternatives suitable for them by completing the Form of Election, in accordance with the instructions printed thereon, and returning it as soon as possible and, in any event, so as to be received by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, by no later than 3.00 p.m. on 15 July 2016. **Shareholders who do not complete and return a valid Form of Election by 3.00 p.m. on 15 July 2016 will be deemed to have elected for the Initial Redemption Option in respect of their entire B Share Entitlement. Accordingly, if you wish to have all of your B Share Entitlement redeemed for cash on 19 July 2016 under the Initial Redemption Option, then you do not need to complete and return the Form of Election.**

### *(b) Ordinary Shares held in uncertificated form*

In order to facilitate election under the Return of Capital, Eligible Shareholders who hold their Ordinary Shares in uncertificated form will, for the purposes of allowing an election in CREST only, be credited with one “interim CREST entitlement” for each Ordinary Share held in uncertificated form at the B Share Record Time. These interim CREST entitlements will be enabled in CREST for the period from 8.00 a.m. on 7 July 2016 until 3.00 p.m. on 15 July 2016 (being the Election Deadline), to allow election electronically through the CREST system.

Eligible Shareholders who hold their Ordinary Shares in uncertificated form should refer to the applicable procedures and timings set out in paragraph 2 of Part VII of this document. **Any Shareholder whose USE Instruction does not settle by 3.00 p.m. on 15 July 2016 or who does not make a valid election will be deemed to have elected for the Initial Redemption Option in respect of their entire B Share Entitlement. Accordingly, if you wish to have all of your B Share Entitlement redeemed under the Initial Redemption Option, then you do not need to make an election in CREST.**

The CREST Manual may also assist you in making a USE Instruction.

**Restricted Overseas Shareholders will not be sent a Form of Election, will not be eligible to elect for the Deferred Redemption Option and will be deemed to have elected for the Initial Redemption Option in respect of ALL of their B Share Entitlement.**

## 8. Board Changes

I would also draw your attention to a number of changes to your Board. As announced on 3 December 2015, Bryn Satherley, who was the Group Operations Director, decided to retire and stepped down from the Board effective as of 1 April 2016. Bryn had served as Group Operations Director for 10 years and has done a brilliant job for the Booker Group. Bryn leaves with all the very best wishes for the future from me and the Board.

The appointment of Gary Hughes as a Non-Executive Director was also announced on 3 December 2015, effective immediately. Gary joined the Audit and Remuneration Committees on appointment.

Andrew Cripps, who has been a Non-Executive Director since 2007 and chairs the Audit Committee, will stand down from the Board at the end of 2016. At that time, Gary will become chairman of the Audit Committee.

In addition, Lord Karan Bilimoria intends to stand down as a Non-Executive Director at the conclusion of the Annual General Meeting. On behalf of the Board I would like to thank him for his tremendous contribution. I will replace Karan as Chairman of the Nomination Committee and Karen Jones will become the Senior Independent Director, in each case with effect from the conclusion of the Annual General Meeting.

## 9. Auditor Change

The current external auditor, KPMG LLP (including its predecessor KPMG Audit plc), was first appointed for the financial year ended 1 April 2005 and the external audit has not been tendered since then. We reported last year that we intended to put the external audit out to tender, with the successful audit firm being appointed for the financial year commencing 26 March 2016. During the audit tender process, the Audit Committee concluded that the best means for ensuring a smooth transition, should a decision be made to appoint a new external auditor, during a year in which the Company was engaged in the process of integrating its recent acquisition of Musgrave Retail Partners GB Limited (now re-named Booker Retail Partners (GB) Limited), particularly the Company’s accounting systems, would be to delay the new external audit appointment until the financial year ending 30 March 2018 and for KPMG LLP to be reappointed for the financial year ending 24 March 2017.

The Audit Committee led by Andrew Cripps led a rigorous tender process for the external audit during the Winter of 2015/ Spring of 2016. The Audit Committee considered the range of qualified firms and concluded that three firms should be invited to participate in a formal tender process with each firm being invited to submit a formal audit proposal in January 2016 and to present to the Audit Committee and representatives from management on 1 February 2016. After deliberation and assessment against predetermined objective criteria as well as taking into account the views of the Group Finance Director, Jonathan Prentis, the Audit Committee recommended to the Board that PricewaterhouseCoopers LLP should be appointed as the Company's external auditor for the financial year commencing 25 March 2017, subject to approval by Shareholders at the annual general meeting in July 2017.

Accordingly, and subject to approval by Shareholders at the Annual General Meeting, it is proposed that KPMG LLP be re-appointed as the Company's external auditor (resolution 12) for the financial year ending 24 March 2017. This will be the final financial year for which KPMG LLP holds office as the Company's external auditor.

For further information on the audit tender process, please refer to the 2016 Annual Report and Accounts.

## **10. Adoption of Financial Reporting Standard (FRS) 101 – Reduced Disclosure Framework**

Following the publication of FRS 100 Application of Financial Reporting Requirements by the Financial Reporting Council, the Company is required to change its accounting framework for its entity financial statements for financial years commencing on or after 1 January 2015. The Company is required to make a choice between two alternative sets of accounting standards: FRS 101, which allows UK companies to use the recognition and measurement requirements of IFRS, but with reduced disclosures; or FRS 102, which represents new UK GAAP, based on IFRS for small and medium sized enterprises amended for UK-specific circumstances. The Company has adopted FRS 101 for the accounting year ending 25 March 2016 without taking advantage of any disclosure exemptions. However, the Board considers that it is in the best interests of the Group for the Company to take advantage of the disclosure exemptions available going forward.

Shareholders are not required to vote on the adoption of the FRS 101 Reduced Disclosure Framework. However, a Shareholder or Shareholders holding, in aggregate, five per cent. or more of the total allotted shares in the Company may serve objections to the use of the disclosure exemptions on the Company, in writing, to its registered office (Equity House, Irthlingborough Road, Wellingborough, Northants, NN8 1LT) not later than 30 June 2016.

FRS 101 Reduced Disclosure Framework will apply on an ongoing basis until such time as the Company notifies Shareholders of any change to its chosen accounting framework for the parent company financial statements.

## **11. Recommendations**

**The Board considers the terms of the B Share Scheme and each of the Resolutions (including the B Share Resolution) to be in the best interests of Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the Resolutions (including the B Share Resolution) to be proposed at the Annual General Meeting, as the Directors intend to do for their respective individual beneficial holdings of, in aggregate, 120,666,694 Ordinary Shares, representing approximately 6.8 per cent. of the total issued share capital of the Company as at 26 May 2016 (being the latest practicable date prior to the publication of this document).**

**The Board makes no recommendation to Shareholders in relation to elections between the Redemption Alternatives. Shareholders need to take their own decision in this regard and are recommended to consult their own independent professional adviser.**

Yours faithfully



**Stewart Gilliland**  
Non-Executive Chairman

## PART II – FREQUENTLY ASKED QUESTIONS AND ANSWERS

To help you understand what is involved in the B Share Scheme, the following sets out some frequently asked questions and brief responses.

### 1. What is being proposed?

As announced on 19 May 2016, the Company is proposing to return approximately £57 million of capital to its Shareholders (equivalent to 3.2 pence per Ordinary Share) through an issue of B Shares. This is in addition to the proposed final ordinary dividend. Under the B Share Scheme, for every 1 Ordinary Share held at the B Share Record Time, 3.2 pence per Ordinary Share would be returned to Shareholders through a bonus issue to them of one B Share, which will be redeemed by the Company for 3.2 pence. Further details of the Return of Capital are set out in Part III of this document.

### 2. Is there a meeting to approve the B Share Scheme? How do I vote?

The B Share Scheme requires the approval of Shareholders, which will be sought at the Annual General Meeting convened for 11.00 a.m. on 6 July 2016 at Booker Branch Wimbledon, Endeavour Way, Durnsford Road, London SW19 8LG. A summary explanation of the B Share Resolution is set out at paragraph 8 of Part III of this document. The B Share Resolution will require a majority of 75 per cent. or more of the votes cast to be in favour in order to be passed.

Notice of the Annual General Meeting is set out in Part IX of this document. All Shareholders are entitled to attend and vote at the Annual General Meeting, but are not obliged to do so. If you choose not to attend, we encourage you to exercise your right to vote by signing and returning the enclosed Form of Proxy so that it is received by the Company's Registrars, Computershare, by no later than 11.00 a.m. on 4 July 2016. Alternatively, Shareholders may lodge their proxy vote online at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). If you hold your Ordinary Shares in CREST, you may appoint a proxy by transmitting a CREST Proxy Instruction. Further instructions are contained in the Notice of Annual General Meeting.

### 3. What do I need to do next?

First, whether or not you intend to attend the Annual General Meeting, we would encourage you to vote on the B Share Resolution being proposed in connection with the B Share Scheme by appointing a proxy as described above.

Secondly, you should consider whether or not you are resident in or have a registered address in the United States, Australia, Japan, Canada, the Republic of South Africa or New Zealand or any other Restricted Territory. Restricted Overseas Shareholders will be deemed to have elected for the Initial Redemption Option in respect of all of their B Share Entitlement and so will not be sent Forms of Election. If you are such a Shareholder, you do not need to take any further action.

If your registered address is not in a Restricted Territory and you are not resident in a Restricted Territory, you will be able to choose between the Redemption Alternatives as to when you receive your proceeds from the B Share Scheme. Further details of these choices are set out in paragraph 4 of Part I and paragraph 3 of Part III of this document. You do not have to elect the same Redemption Alternative for all of your Ordinary Shares, you may choose a combination of the two.

Before making any election between the Redemption Alternatives, you are recommended to consult your own independent professional adviser. In particular, Overseas Shareholders should read paragraph 5 of Part III of this document.

### 4. What choices do I have for my B Share Entitlement?

The Return of Capital has been structured with the objective of enabling you, subject to restrictions in respect of Restricted Overseas Shareholders, to choose the timing of recognition for tax purposes of the receipt of your cash proceeds of 3.2 pence per Ordinary Share as:

- an initial capital payment (the “**Initial Redemption Option**”); or
- a capital payment deferred until after 5 April 2017 (the “**Deferred Redemption Option**”).

Please note that (with the exception of Restricted Overseas Shareholders) you can choose to elect all of your B Share Entitlement to one of the Redemption Alternatives, or you can choose to split your election in respect of your B Share Entitlement between the two alternatives.

It is important to note that Shareholders who do not make a valid election, and all Restricted Overseas Shareholders, will be deemed to have chosen the Initial Redemption Option in respect of ALL of their B Share Entitlement.

### **Alternative 1 – Initial Redemption Option**

If you choose the Initial Redemption Option in respect of all or some of your B Share Entitlement, you will receive one B Share for each Ordinary Share held by you at the B Share Record Time in respect of which this option is chosen. The B Shares for which you have elected or are deemed to have elected under the Initial Redemption Option will be redeemed by Booker on the Initial Redemption Date (expected to be 19 July 2016) for 3.2 pence per B Share. If you choose or are deemed to have chosen the Initial Redemption Option, it is expected that you will be sent a cheque (or have your CREST account credited, as applicable) for the amount of proceeds (rounded down in respect of each holding to the nearest penny) by 26 July 2016 (or such other date as the Directors may determine).

### **Alternative 2 – Deferred Redemption Option**

If you choose the Deferred Redemption Option in respect of all or some of your B Share Entitlement, you will receive one B Share for each Ordinary Share held by you at the B Share Record Time in respect of which this option is chosen. The B Shares for which you have elected under the Deferred Redemption Option will be redeemed by Booker on the Deferred Redemption Date (expected to be 27 April 2017) for 3.2 pence per B Share. If you choose the Deferred Redemption Option, it is expected that you will be sent a cheque (or have your CREST account credited, as applicable) for the amount of proceeds (rounded down in respect of each holding to the nearest penny) by 4 May 2017 (or such other date as the Directors may determine).

## **5. How do I elect for my chosen Redemption Alternative(s)?**

Assuming you are not a Restricted Overseas Shareholder and you hold your existing Ordinary Shares in certificated form, you can indicate your choice by completing and signing the enclosed Form of Election and returning it so as to be received by Computershare by no later than 3.00 p.m. on 15 July 2016. Instructions on how to complete the Form of Election are on the form itself and contained in Part VI of this document.

Shareholders who hold their existing shares in CREST will not be sent a Form of Election. They will, however, be able to make their election by way of a USE Instruction through the CREST system to be received by Computershare by no later than 3.00 p.m. on 15 July 2016. Further information for CREST Shareholders is contained in paragraph 2 of Part VII of this document.

Restricted Overseas Shareholders will not be sent a Form of Election and will be deemed to have elected for the Initial Redemption Option in respect of ALL of their B Share Entitlement.

## **6. Do I have to elect for one of the two Redemption Alternatives? What happens if I do nothing?**

Shareholders who do not make a valid election will be deemed to have elected for the Initial Redemption Option in respect of ALL of their B Share Entitlement. It is expected that such Shareholders will receive their cash redemption proceeds by 26 July 2016 (or such other date as the Directors may determine).

## **7. What if I sell or have sold or transferred all or some of my existing shares?**

If you sell or have sold or otherwise transferred all of your existing shares at any time prior to the B Share Record Time, please forward this document (but not any personalised Form of Proxy or Form of Election) at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or have sold only part of your holding of existing shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected. However, this document should not be forwarded to or sent in or into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

## **8. Can I trade my B Shares?**

Although the B Shares are technically transferable (subject to the applicable restrictions set out in the revised Articles of Association), they will not be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities or listed or admitted to trading on any other recognised investment exchange. There will be no formal market for the B Shares and your ability to trade or sell the B Shares is therefore likely to be limited.

Should you wish to transfer some or all of your B Shares (subject to the applicable restrictions set out in the revised Articles of Association) you should send the relevant duly completed instrument(s) of transfer to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY (or, if applicable, by settlement within CREST) so as to be received by Computershare by no later than 3.00 p.m. on the second Business Day prior to the Deferred Redemption Date. If you transfer such shares prior to the Deferred Redemption Date and deliver the relevant instrument(s) of transfer as set out above, you will not be entitled to any proceeds which may become payable on such shares pursuant to the B Share Scheme.

## PART II – FREQUENTLY ASKED QUESTIONS AND ANSWERS CONTINUED

### **9. What if I am a citizen, resident or national of a country other than the UK?**

Shareholders who are not resident in the UK, or who are citizens, residents or nationals of a country other than the UK, should read the additional information set out in paragraph 5 of Part III of this document.

### **10. What is my tax position?**

A guide to certain UK tax consequences of the B Share Scheme under current UK law and HM Revenue & Customs' published practice is set out in Part V of this document. Shareholders subject to tax in a jurisdiction other than the UK, or who are in any doubt as to the potential tax consequences of the B Share Scheme, are strongly recommended to consult their own independent professional adviser.

### **11. Do I get a share certificate for my B Shares?**

Share certificates will be issued in respect of B Shares which are not held in CREST and are to be redeemed on the Deferred Redemption Date. It is expected that such certificates will be despatched on 26 July 2016. Share certificates will not be issued for B Shares in respect of which the Initial Redemption Option is chosen and no value will be attributable to any B Share certificates held after the Deferred Redemption Date.

### **12. What happens if I do not get my Form of Election back in time?**

If you hold your Ordinary Shares in certificated form and do not complete and return a valid Form of Election so that it is received by Computershare by 3.00 p.m. on 15 July 2016 or if you are a CREST Shareholder and you do not send a valid USE Instruction for settlement by 3.00 p.m. on 15 July 2016, you will be deemed to have elected for the Initial Redemption Option in respect of ALL of your B Share Entitlement.

### **13. When will I receive my proceeds from the B Share Scheme and how will these be paid?**

It is expected that Shareholders who have elected for the Initial Redemption Option will be sent cheques for payments in respect of their B Shares, or have their CREST accounts credited (as applicable) by 26 July 2016 (or such other date as the Directors may determine).

It is expected that Shareholders who have elected for the Deferred Redemption Option will be sent cheques for payments in respect of their B Shares, or have their CREST accounts credited (as applicable) by 4 May 2017 (or such other date as the Directors may determine).

All payments will be made in Sterling.

### **14. What is the impact on Booker Share Plans?**

As explained in further detail in paragraph 10 of Part III of this document, the Board does not consider that any adjustments are necessary to preserve the value of the options that have been granted under the Booker Share Plans.

### **15. What if I hold my shares in an ISA?**

The B Shares cannot be retained in an ISA as they will be unlisted and so will not constitute qualifying investments. If you hold your Ordinary Shares in an ISA, you should contact your plan manager for advice on the procedure for voting on the B Share Resolution and making an election in respect of the B Shares that you receive. If you elect for the Deferred Redemption Option and the B Shares issued to you are added to an ISA, under current HM Revenue & Customs practice, your ISA Manager must, within 30 days of the issue of the B Shares, sell such shares or transfer them to you to be held outside of the ISA. Cash proceeds from the redemption of B Shares can, however, be retained in an ISA. Shareholders who hold their Ordinary Shares in an ISA should contact their plan manager before making an election.

## **16. What will be the impact on the price of my Ordinary Shares?**

Based on the closing middle market price of 179.3 pence per Ordinary Share on 26 May 2016 (the latest practicable date prior to publication of this document), the proposed Return of Capital equates to 1.78 per cent. of Booker's market capitalisation at that date of £3.18 billion.

Given, *inter alia*, the size of the Return of Capital relative to Booker's market capitalisation, the Board does not expect the proposed Return of Capital to have a significant impact on the market price of the Ordinary Shares. Investors should, however, note that the market value of shares can fluctuate as a result of many factors.

Where other listed companies have returned capital using similar mechanisms to the proposed Return of Capital, there has sometimes been a consolidation of their shares at the same time in order that the share price after the return of capital is approximately equal to the share price before the return of capital. The Board has decided that this is unnecessary, given, *inter alia*, the size of the Return of Capital relative to Booker's market capitalisation.

## **17. Will the Return of Capital affect the dividends per share that I receive on my Ordinary Shares in the future?**

There will be no change to Booker's existing dividend policy as a result of giving effect to the Return of Capital.

## **18. Why have I been sent so much paperwork?**

We are required by law to provide all Shareholders with full details of the Return of Capital. This document contains important information and we recommend that you read it carefully. This document also contains the formal notice convening the Company's Annual General Meeting to be held on 6 July 2016.

While the technical aspects of the B Share Scheme may appear complicated, it is substantially the same as the B share scheme used to implement the 2014 Return of Capital and the 2015 Return of Capital and is similar in many aspects to that used by other listed companies to return capital to shareholders. The intention is simple – to return approximately £57 million of capital to Shareholders (equivalent to a payment of 3.2 pence per Ordinary Share held on 6 July 2016) and to give Shareholders a choice as to the timing for receipt of this payment.

## **19. What if I have any more questions?**

If you have read this document and have any further questions, please telephone the Shareholder Helpline, details of which are provided on page 3 of this document.

# PART III – DETAILS OF THE RETURN OF CAPITAL

## 1. Conditions to the implementation of the Return of Capital

The Return of Capital is conditional on the approval by Shareholders of the B Share Resolution to be proposed at the Annual General Meeting. If the B Share Resolution is not passed then the issue of the B Shares and the Return of Capital will not proceed.

## 2. Issue of B Shares and rights attached to the B Shares

It is proposed that the Company capitalise a sum not exceeding £57 million in aggregate comprising £14.0 million standing to the credit of the “other reserve” (representing the premium over the nominal value of shares issued by the Company from time to time) and up to £43.0 million standing to the credit of the Company’s share premium account. This amount will be used to pay up in full B Shares with a nominal value of 3.2 pence each, on the basis that the aggregate nominal value of the B Shares so issued shall not exceed £57 million.

The B Shares will be allotted and issued to Shareholders on the basis of one B Share for each Ordinary Share held at the B Share Record Time, which is expected to be 5.00 p.m. on 6 July 2016.

The total number of B Shares to be allotted and issued will be equal to the number of Ordinary Shares in issue at the B Share Record Time. As at 26 May 2016 (the latest practicable date prior to the publication of this document) there were 1,773,160,233 Ordinary Shares in issue. The Company does not currently hold any shares in treasury. The Company is expected to announce the exact number of B Shares issued under the proposed B Share Scheme on 18 July 2016 (or such other date as the Directors may determine).

The B Shares will have only very limited rights and the rights and restrictions to be attached to the B Shares are more fully set out in Part IV of this document.

No share certificates will be issued for any B Shares issued pursuant to the Initial Redemption Option and no CREST accounts will be credited with any such shares.

No application has been, or will be, made for the B Shares to be admitted to listing on the Official List or admitted to trading on the London Stock Exchange’s main market for listed securities, nor will the B Shares be listed or admitted to trading on any other recognised investment exchange.

## 3. Redemption Alternatives

Eligible Shareholders may choose between the Initial Redemption Option and the Deferred Redemption Option, or a combination of the two. Details of how to make an election are set out in Part VI of this document and on the Form of Election enclosed with this document. If you elect for more than one Redemption Alternative, you will need to specify a whole number of your B Share Entitlement for each Redemption Alternative you choose. If you hold your Ordinary Shares through CREST, you will not be sent a Form of Election and Shareholders electing through CREST should refer to paragraph 2 of Part VII of this document.

**Overseas Shareholders with a registered address in a Restricted Territory will not be sent Forms of Election and will be deemed to have elected for the Initial Redemption Option in respect of their entire B Share Entitlement and the Deferred Redemption Option will not be available to them.**

Shareholders who do not complete and return a valid Form of Election or USE Instruction by 3.00 p.m. on 15 July 2016 will be deemed to have elected for the Initial Redemption Option in respect of all of their B Share Entitlement. Shareholders who complete a valid Form of Election or USE Instruction in respect of less than their entire B Share Entitlement will be deemed to have elected for the Initial Redemption Option for those Ordinary Shares in respect of which no election has been made.

Shareholders who elect for the Deferred Redemption Option in respect of more than their total B Share Entitlement will be deemed to have elected for the Deferred Redemption Option in respect of the whole of their B Share Entitlement.

Shareholders should read the general guidance on certain aspects of the UK tax consequences of the proposed Return of Capital set out in Part V of this document. Shareholders who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom, should consult an appropriate professional adviser.

### **Alternative 1 (Initial Redemption Option)**

All Shareholders will receive one B Share for each corresponding Ordinary Share held at the B Share Record Time. For Shareholders who elect, or are deemed to have elected, for the Initial Redemption Option in respect of all or some of their B Share Entitlement, it is expected that each such B Share will be redeemed by the Company for 3.2 pence on the Initial Redemption Date and cancelled by the Company on redemption. No share certificates will be issued in respect of these B Shares and no CREST accounts will be credited with such shares.

It is expected that Shareholders, who are entitled thereto, will be sent cheques in respect of the proceeds from the redemption of B Shares issued pursuant to the Initial Redemption Option, rounded down in respect of each holding to the nearest penny, by 26 July 2016. If Shareholders hold their Ordinary Shares in CREST, it is expected that they will have their CREST accounts credited on 26 July 2016.

Restricted Overseas Shareholders will not be eligible for the Deferred Redemption Option and so will be deemed to have elected for the Initial Redemption Option in respect of all of the B Shares to which they are entitled, which will be issued to a nominee and redeemed, with the redemption proceeds then being remitted to such Shareholders. The attention of Overseas Shareholders (and, in particular, Restricted Overseas Shareholders) is generally drawn to paragraph 5 of this Part III.

#### **Alternative 2 (Deferred Redemption Option)**

All Shareholders will receive one B Share for each corresponding Ordinary Share held at the B Share Record Time. For Eligible Shareholders who validly elect for the Deferred Redemption Option in respect of all or some of their B Share Entitlement, it is expected that each such B Share will be redeemed by the Company for 3.2 pence on the Deferred Redemption Date and cancelled by the Company on redemption. Such Shareholders will either be sent a B Share certificate on 26 July 2016, or will have their CREST accounts credited with B Shares on 18 July 2016, depending on whether they hold their Ordinary Shares in certificated form or in CREST. No value will be attributable to any B Share certificates held after the Deferred Redemption Date.

It is expected that Shareholders, who are entitled thereto, will be sent cheques in respect of the proceeds from the redemption of B Shares issued pursuant to the Deferred Redemption Option, rounded down in respect of each holding to the nearest penny, by 4 May 2017. If Shareholders hold their Ordinary Shares in CREST, they will have their CREST accounts credited on 4 May 2017.

The attention of Overseas Shareholders (and, in particular, Restricted Overseas Shareholders) is generally drawn to paragraph 5 of this Part III.

#### **4. Withdrawal rights**

Any election for a Redemption Alternative, whether made by the signing of a Form of Election or the giving of a USE Instruction where Ordinary Shares are held in CREST, may be withdrawn by a Shareholder at any time up to 3.00 p.m. on 14 July 2016. Thereafter, such election will be irrevocable. If an election is validly withdrawn, the Shareholder may make a new election during the Election Period, but if a new valid election is not made by the Election Deadline, the Shareholder will be deemed to have elected for the Initial Redemption Option to the extent the Shareholder has not otherwise made a valid election. After the end of the Election Period, any election made will be irrevocable. If the Election Period is extended, withdrawal rights will be correspondingly extended.

Shareholders wishing to withdraw their election must send written notice of such withdrawal to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH to be received by 3.00 p.m. on 14 July 2016 and Shareholders will need to take account of the postal time necessary to achieve this. If such Shareholders wish to re-elect in respect of the Redemption Alternatives, they can request a replacement Form of Election or receive instructions on how to re-elect through CREST from the Shareholder Helpline. Shareholders will need to take into account the postal time necessary for a replacement Form of Election to reach Computershare by the Election Deadline (3.00 p.m. on 15 July 2016).

For a withdrawal of any election to be effective, a written notice of withdrawal signed by the person(s) who signed the relevant Form of Election or who gave the relevant USE Instruction must:

- (i) specify the name(s) and address(es) of the person(s) who tendered the election to be withdrawn, the account number (which, for Shareholders who hold their Ordinary Shares in certificated form, appears on the front page of the relevant Form of Election) and the exact number of their B Share Entitlement to be withdrawn; and
- (ii) in the case of an election originally made by a USE Instruction, be accompanied by the Shareholder's participant ID, the Member Account ID and the CREST transaction ID given by the person(s) who gave the relevant USE Instruction,

and be received by Computershare no later than 3.00 p.m. on 14 July 2016.

Withdrawals may not be rescinded, but re-elections may be made at any time prior to the Election Deadline. Any re-elections that are received by Computershare after the Election Deadline will be deemed invalid for the purposes of the Redemption Alternatives.

Telex, facsimile, electronic mail or other electronic means of transmission or any form of copy of written notice will not constitute a written instruction of withdrawal. The Directors shall determine all questions as to the form and validity (including time and place of receipt) of any notice of withdrawal, in their absolute discretion, which determination shall be final and binding. The Directors also reserve the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any withdrawal by any Shareholder, and such determination will be binding on such Shareholder. None of the Company, any other member of the Group, Computershare or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification or for any reason with regard to withdrawals and re elections.

### 5. Overseas Shareholders

Shareholders who are not resident in the United Kingdom or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the Return of Capital (including, as may be relevant in each case, the issue, holding, redemption or disposal of the B Shares) will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Overseas Shareholder to satisfy himself/herself as to full observance of the laws of each relevant jurisdiction in connection with the B Share Scheme, including the obtaining of any government, exchange control or other consents which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this document in certain jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the B Share Scheme constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

The Deferred Redemption Option is not being made available to Shareholders who are resident, or have a registered address, in any of the Restricted Territories. Any purported election by a Restricted Overseas Shareholder for the Deferred Redemption Option will be deemed by the Company to be an election for the Initial Redemption Option in respect of the entirety of that Shareholder's B Share Entitlement. It is also proposed that the B Shares to which Restricted Overseas Shareholders are entitled will nevertheless be allotted to such Shareholders but will be issued to a nominee and then redeemed on behalf of such Shareholders under the Initial Redemption Option with the redemption proceeds being remitted to such Shareholders. Any remittance of the redemption proceeds shall be at the risk of the relevant Shareholder.

Each Shareholder by whom, or on whose behalf, a Form of Election is executed or USE Instruction is given, irrevocably represents, warrants, undertakes and agrees to and with the Company that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in any territory in connection with the B Share Scheme (or any transaction resulting therefrom) and such Shareholder has not taken or omitted to take any action which may result in the Company, or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the B Share Scheme (or any transaction resulting therefrom).

In the event that the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or the Company would or might be required to make filings or take any other action in any jurisdiction as a result of an election made pursuant to a Form of Election or USE Instruction by an Overseas Shareholder, such Overseas Shareholder shall be deemed to have elected for the Initial Redemption Option. The Company will also have the right to issue the B Shares to which such Overseas Shareholder is entitled, to a nominee on behalf of such Shareholder, which B Shares will then be redeemed on behalf of such Shareholders under the Initial Redemption Option with the redemption proceeds being remitted to such Shareholders. Any remittance of the redemption proceeds shall be at the risk of the relevant Shareholder.

The provisions of this paragraph 5 relating to Overseas Shareholders may be waived, varied or modified as regards specific Overseas Shareholders or on a general basis by the Company in its absolute discretion.

### 6. Securities law considerations in the United States

None of the B Shares have been or will be registered under the US Securities Act or the state securities laws of the United States and none of them may be offered or sold in the United States or to any US persons unless pursuant to a transaction that has been registered under the US Securities Act and the relevant state securities laws or a transaction that is not subject to the registration requirements of the US Securities Act and the state securities laws, either due to an exemption therefrom or otherwise.

### 7. Approval of the Return of Capital

The Return of Capital requires Shareholder approval of the B Share Resolution at the Annual General Meeting which will be held at Booker Branch Wimbledon, Endeavour Way, Durnsford Road, London SW19 8LG at 11.00 a.m. on 6 July 2016. A notice convening the Annual General Meeting is set out at the end of this document and a summary explanation of the B Share Resolution is set out in paragraph 8 below.

Shareholders will find enclosed with this document a Form of Proxy for use at the Annual General Meeting (including approval of the B Share Resolution).

Whether or not you intend to attend the Annual General Meeting in person, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and return it to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, so as to arrive as soon as possible, but in any event by no later than 11.00 a.m. on 4 July 2016. The Form of Proxy is pre paid and can be posted free of charge from inside the United Kingdom. Shareholders may also lodge their proxy vote online at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) so that it is received by Computershare no later than 11.00 a.m. on 4 July 2016.

Shareholders who hold their Ordinary Shares in CREST may appoint a proxy electronically by transmitting a CREST Proxy Instruction to Computershare (under CREST participant ID number 3RA50) using the service provided by Euroclear, so that it is received no later than 11.00 a.m. on 4 July 2016.

Completion and return of a Form of Proxy, the giving of a CREST Proxy Instruction, or the completion of a proxy form online will not prevent you from attending the Annual General Meeting and voting in person (in substitution for your proxy vote) if you wish to do so (and are so entitled).

## 8. Summary explanation of the B Share Resolution

The B Share Resolution will be proposed as resolution 18 at the Annual General Meeting, as a special resolution (the passing of which requires at least 75 per cent. of the votes cast (whether in person or by proxy) to be in favour).

A summary of the paragraphs comprising the B Share Resolution follows below:

- (a) this paragraph proposes the adoption of new Articles of Association incorporating the rights and restrictions to be attached to the B Shares (as set out in Part IV of this document);
- (b) this paragraph proposes to authorise the Directors to:
  - (i) capitalise a sum not exceeding £57 million in aggregate comprising £14.1 million standing to the credit of the "other reserve" (representing the premium over the nominal value of shares issued by the Company from time to time) and up to £42.9 million standing to the credit of the Company's share premium account to pay up in full the B Shares that may be allotted pursuant to the authority given by sub-paragraph (ii) below; and
  - (ii) allot and issue B Shares up to an aggregate nominal amount of £57 million, on the basis of one B Share for each Ordinary Share held at the B Share Record Time. The authority granted to the Directors by this resolution will expire at the conclusion of the next annual general meeting of the Company.

## 9. Amendments to the Articles of Association

Amendments to the Articles of Association are required in order to implement the B Share Scheme and require approval at the Annual General Meeting. These amendments involve the insertion into the Articles of Association of the rights and restrictions attaching to the B Shares, as set out in Part IV of this document.

## 10. Booker Share Plans

Under the Booker Share Plans, the Company has granted options over Ordinary Shares at varying exercise prices and expiry dates. Participants in the Booker Share Plans only hold options and are not the holders of Ordinary Shares under those plans. They will not participate in the B Share Scheme in respect of their options.

At the closing middle market price of 179.3 pence per Ordinary Share on 26 May 2016 (being the latest practicable date prior to the publication of this document), the proposed Return of Capital represents only approximately 1.78 per cent of Booker's market capitalisation at that date and 3.2 pence per Ordinary Share. Accordingly, the Board does not consider that any adjustments are necessary to preserve the value of the options that have been granted under the Booker Share Plans following the Return of Capital.

### **11. Dealings and despatch of documents**

The Return of Capital will be made by reference to holdings of Ordinary Shares on the Company's register of members as at the B Share Record Time.

No share certificates will be issued in respect of B Shares issued pursuant to the Initial Redemption Option. Shareholders whose Ordinary Shares are registered in CREST will automatically have any B Shares to be redeemed on the Deferred Redemption Date credited to their CREST account. The Company will apply for these B Shares to be admitted to CREST with effect from 18 July 2016 so that transfers of such B Shares may be settled within the CREST system. It is expected that share certificates in respect of B Shares which are not held in CREST and are issued pursuant to the Deferred Redemption Option will be despatched on 26 July 2016.

It is expected that Shareholders, who are entitled thereto, will be sent cheques in respect of the proceeds from the redemption of B Shares issued pursuant to the Initial Redemption Option by 26 July 2016. If Shareholders hold their Ordinary Shares in CREST, it is expected that they will have their CREST accounts credited on 26 July 2016.

It is expected that Shareholders, who are entitled thereto, will be sent cheques in respect of the proceeds from the redemption of B Shares issued pursuant to the Deferred Redemption Option by 4 May 2017. If Shareholders hold their Ordinary Shares in CREST, it is expected that they will have their CREST accounts credited on 4 May 2017.

All cheques will be sent by post, at the risk of the Shareholder(s) entitled thereto, to the registered address of the relevant Shareholder (or, in the case of joint Shareholders, to the address of the joint Shareholder whose name stands first in the register of members in respect of such joint shareholding) and are expected to be despatched within seven calendar days of the relevant redemption date.

## PART IV – RIGHTS AND RESTRICTIONS ATTACHED TO THE B SHARES

*The following sets out the rights of the B Shares and the restrictions to which they are subject. These are included in the revised Articles of Association proposed to be adopted at the Annual General Meeting.*

*The following new Article 139 is to be inserted into the existing Articles of Association of the Company immediately following the existing Article 138:*

### 139. Rights and restrictions attaching to the B shares

139.1 Notwithstanding the provisions in these articles which relate to shares, this article 139 comprises all the rights and restrictions relating to the redeemable preference shares of the Company of 3.2 pence nominal value (“B Shares”).

### 139.2 Income

The B Shares shall confer no right to participate in the profits of the Company, save for the right to redemption under article 139.4 below.

### 139.3 Capital

Except as provided in article 139.6 below, on a return of capital on winding-up (excluding any intra-group reorganisation on a solvent basis) but not otherwise, the holders of the B Shares shall be entitled, in priority to any payment to the holders of ordinary shares of the Company, to 3.2 pence per B Share (which shall be the nominal capital paid up or credited as paid up on the B Shares) held by them, rounded down in respect of each holding to the nearest whole penny.

The holders of the B Shares shall not be entitled to any further right of participation in the assets of the Company in excess of that specified in this article 139.3. If on such a winding-up the amounts available for payment are insufficient to cover in full the amounts payable on the B Shares, the holders of such B Shares will share rateably in the distribution of assets (if any) in proportion to the full preferential amounts to which they are entitled, rounded down to the nearest whole penny.

### 139.4 Redemption

Subject to the Act and to the provisions of these articles, the B Shares will be redeemed in accordance with the following provisions:

139.4.1 holders of B Shares who elect, or are deemed to elect, in accordance with the terms of the circular to shareholders of the Company dated 27 May 2016, to have all or some of their B Shares redeemed on 19 July 2016, will have those B Shares redeemed (without the Company providing any notice) at 9 a.m. on that date (unless determined otherwise by the directors);

139.4.2 holders of B Shares who elect, in accordance with the terms of the circular to shareholders of the Company dated 27 May 2016, to have all or some of their B Shares redeemed on 27 April 2017, will have those B Shares redeemed (without the Company providing any notice) at 9 a.m. on that date (unless determined otherwise by the directors);

139.4.3 on each B Share that is redeemed, there will be paid to the holder thereof a sum equal to the nominal value of that B Share, rounded down in respect of each holding to the nearest penny;

139.4.4 all B Shares which are redeemed will immediately and automatically following such redemption be cancelled and will not be reissued;

139.4.5 payment in respect of B Shares being redeemed may be made by cheque or by the crediting of accounts in a relevant system (e.g. CREST) (or otherwise as the directors may determine) within 25 days of the relevant date of redemption; and

139.4.6 in the absence of bad faith or wilful default neither the Company nor any of its directors shall have any liability to any person for any loss or damage arising as a result of a determination of a redemption date in accordance with this article 139.4.

## PART IV – RIGHTS AND RESTRICTIONS ATTACHED TO THE B SHARES CONTINUED

### 139.5 Attendance and voting at general meetings

The holders of B Shares shall not be entitled, in their capacity as holders of such B Shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting unless the business of the meeting includes the consideration of a resolution for the winding-up (excluding any intra-group reorganisation on a solvent basis) of the Company, in which case the holders of the B Shares shall have the right to attend the general meeting and shall be entitled to speak and vote only on any such resolution. Where the holders of B Shares are entitled to vote at a general meeting of the Company, on a show of hands every holder thereof who (being an individual) is present in person or (being a corporation) by a duly authorised representative not being himself a member shall have one vote, and on a poll every such holder shall have one vote for every B Share which he or she holds.

### 139.6 Class rights

The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with, or in priority to, the B Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares) shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of B Shares.

A reduction by the Company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of B Shares.

Without prejudice to the generality of the foregoing, the Company is authorised to reduce (or purchase shares in) its capital of any class or classes at any time (subject to the confirmation of the Court in accordance with the Act) and without obtaining the consent of the holders of the B Shares.

### 139.7 Form, transferability and listing

No share certificates or other documents of title shall be issued in relation to B Shares which are elected for redemption by the Company on 19 July 2016.

The B Shares are not renounceable and all transfers of B Shares shall be effected by instrument of transfer in usual or common form or in any other form which the directors may approve. Every transfer of uncertificated B Shares must be carried out using a relevant system (e.g. CREST). For the avoidance of doubt, B Shares will be redeemed in accordance with article 139.4 above.

No application has been, or will be, made to the Financial Conduct Authority ("FCA") (being the relevant competent authority for the purposes of the official listing of the Company's securities) or the London Stock Exchange for the B Shares to be admitted to the official list maintained by the FCA for the purposes of Part V of the Financial Services and Markets Act 2000 or to trading on the main market for listed securities of the London Stock Exchange.

The B Shares may be settled through a relevant system (e.g. CREST).

### 139.8 Transmission

The B Shares will be capable of transmission in the event of the death of a holder of B Shares or otherwise by operation of law.

### 139.9 Deletion of articles when no B Shares in existence

Article 139 shall remain in force until there are no longer any B Shares in existence whether by way of redemption, cancellation or reclassification, whichever is earlier, notwithstanding any provision in these articles to the contrary. Thereafter article 139 shall be deemed to be of no effect and shall be deleted and the separate register for the holders of B Shares shall no longer be required to be maintained by the Company; but the validity of anything done under article 139 before that date shall not otherwise be affected and any actions taken under article 139 before that date shall be conclusive and shall not be open to challenge on any grounds whatsoever.

# PART V – UNITED KINGDOM TAXATION

## United Kingdom taxation

*The following comments do not constitute tax advice and are intended only as a guide to current United Kingdom law and HM Revenue & Customs' published practice (which are both subject to change at any time, possibly with retrospective effect). The following comments also assume that the Finance (No.2 Bill) (24 March 2016) (the "Finance Bill") is enacted in its current form. They relate only to certain limited aspects of the United Kingdom taxation treatment of Shareholders and are intended to apply only to Shareholders who are resident in the United Kingdom for United Kingdom tax purposes and who are and will be the absolute beneficial owners of their Ordinary Shares and B Shares and who hold, and will hold, them as investments (and not as securities to be realised in the course of a trade) other than under an ISA. They may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes and Shareholders who are exempt from taxation. The comments below do not address the position of participants in the Booker Share Plans who hold options over Ordinary Shares. Such persons may be subject to special rules. The position may be different for future transactions and may alter between the date of this document and the implementation of the B Share Scheme and/or the Initial Redemption Date and/or the Deferred Redemption Date.*

**Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate professional adviser.**

## Receipt of B Shares

For the purposes of United Kingdom taxation of capital gains and corporation tax on chargeable gains ("CGT"), the receipt of the B Shares will constitute a reorganisation of the share capital of the Company. Accordingly, the B Shares will be treated as the same asset as the Shareholder's holding of existing Ordinary Shares, and as having been acquired at the same time as the Shareholder's holding of existing Ordinary Shares was acquired. A Shareholder's combined holding of Ordinary Shares and B Shares will have the same aggregate base cost as the Shareholder's holding of Ordinary Shares immediately before the issue of B Shares. The aggregate base cost will be apportioned between the B Shares and the Ordinary Shares held by the Shareholder by reference to their respective market values on the first day of trading after the issue of B Shares. The apportionment ratio between the B Shares and Ordinary Shares will be published on the Company's website at the earliest practicable time following a quotation or publication of a price or market valuation in respect of the Ordinary Shares following the issue of the B Shares.

On the basis that the B Shares will be treated, for United Kingdom tax purposes, as being paid up for "new consideration" received by the Company, the issue of the B Shares should not give rise to any liability to United Kingdom income tax or corporation tax in a Shareholder's hands.

## Redemption of the B Shares

On redemption of all or any of the B Shares, an individual Shareholder may, depending on his or her individual circumstances, be subject to CGT on the amount of any chargeable gain realised. Any gain will be measured by reference to the excess of the redemption price above the Shareholder's allowable expenditure for the B Shares redeemed. The Shareholder's allowable expenditure in relation to his or her existing Ordinary Shares will be apportioned between the Ordinary Shares and the B Shares in the manner described above.

The amount of CGT, if any, payable by an individual Shareholder in relation to the chargeable gain will depend on his or her personal tax position. No tax will be payable on any gain realised on the redemption if the amount of the chargeable gain, when aggregated with other chargeable gains realised by the Shareholder in the year of assessment in question, does not exceed the annual allowance of tax-free gains (£11,100 for the tax year ending 5 April 2017). Broadly, any gains in excess of this amount will be taxed at the individual's relevant capital gains tax rate. Assuming the Finance Bill is enacted in its current form, the rates of capital gains tax for chargeable gains accruing on or after 6 April 2016 will be 20 or 10 per cent. The net gain will be taxable at 10 per cent. if the individual is a basic rate income taxpayer only. If the gain exceeds the unused part of an individual's basic rate band for income tax the gain will be taxed at 10 per cent. to the extent of the unused element and 20 per cent. for the excess. If an individual is subject to income tax at a rate in excess of the basic rate then the net gain will be taxable at 20 per cent.

Redemptions under the Initial Redemption Option and the Deferred Redemption Option will be recognised for CGT purposes in the tax year in which they occur.

A corporate Shareholder is normally taxable on all of its chargeable gains, subject to any reliefs and exemptions. Corporate shareholders should be entitled to indexation allowance up to the date the chargeable gain is realised.

The proceeds received by a Shareholder on redemption of the B Shares for an amount equal to their nominal value will not be an income distribution in the Shareholder's hands.

The Finance Act 2015 enacted legislation which, broadly, treats amounts paid on the redemption of shares as income in the hands of an individual shareholder, rather than a capital gain, where a company gives the shareholder a choice of whether to receive either a distribution or an "alternative receipt" of broadly the same value but which is not charged to income tax. The Company is of the view that this legislation does not apply to the Return of Capital on the basis that it does not provide Shareholders with a choice as to the form of any amounts they are entitled to receive.

### **Other disposals**

On any subsequent disposal (otherwise than by way of redemption) of the whole or part of a Shareholder's holding of Ordinary Shares or B Shares, a Shareholder may, depending on his or her circumstances, be subject to CGT on the amount of any chargeable gain realised. Please refer to the paragraphs above for details of the manner in which a Shareholder's allowable expenditure will be apportioned between Ordinary Shares and B Shares and for details of how a gain will be taxed.

### **Stamp duty and stamp duty reserve tax ("SDRT")**

No stamp duty or SDRT will be payable by Shareholders on the issue of the B Shares or the redemption of the B Shares.

### **Transactions in securities**

Under the provisions of Part 15 of the Corporation Tax Act 2010 (for companies) and Chapter 1 of Part 13 of the Income Tax Act 2007 (for individuals), HM Revenue & Customs can in certain circumstances counteract tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by HM Revenue & Customs to the proposed B Share Scheme, in broad terms, Shareholders might be liable to taxation as if they had received an income amount rather than a capital amount. However, these provisions only apply in the case of close company transactions. The Directors do not consider that the Company is a close company, and consequently these provisions should not be relevant.

## PART VI – COMPLETING THE FORM OF ELECTION

To make an election, Eligible Shareholders who hold their Ordinary Shares in certificated form must complete the Form of Election sent to them with this document. **Eligible Shareholders who hold their Ordinary Shares in CREST will not be sent a Form of Election and instead should make their election by means of a USE Instruction and should refer to paragraph 2 of Part VII of this document for further information.**

**It is important that Shareholders note that if they do nothing or no valid election is made then they will automatically be deemed to have elected for the Initial Redemption Option. Therefore, Shareholders wishing to choose the Initial Redemption Option for all of their B Share Entitlement DO NOT need to complete or return the Form of Election.**

Restricted Overseas Shareholders will be deemed to have elected for the Initial Redemption Option in respect of all of their B Share Entitlement. The Deferred Redemption Option is not being offered to such Overseas Shareholders. Accordingly, the Form of Election is not being and must not be mailed or otherwise forwarded, distributed or sent in or into any Restricted Territories. The attention of Overseas Shareholders is drawn to paragraph 5 of Part III of this document. **Restricted Overseas Shareholders should NOT complete or return the Form of Election or make an election through CREST.**

The following instructions describe what Eligible Shareholders should do when completing a Form of Election. Shareholders need to take their own decision regarding any election(s) they make under the B Share Scheme and are recommended to consult their own independent professional adviser.

References to “Boxes” are to the boxes on the Form of Election.

### **Number of Ordinary Shares held**

Box 1B shows the number of Ordinary Shares registered in the name(s) of the Shareholder(s) at 5.00 p.m. on 23 May 2016 (being the latest practicable time prior to the printing of the Form of Election) and is for information purposes only. If Shareholders do not sell or transfer any Ordinary Shares registered in their name(s) or purchase additional Ordinary Shares between that date and the B Share Record Time (expected to be 5.00 p.m. on 6 July 2016), then this number will also be the same as their B Share Entitlement in respect of which they may make an election. If Shareholders sell or transfer any Ordinary Shares registered in their name(s) and/or purchase additional Ordinary Shares, they should ensure that their election corresponds to the number of Ordinary Shares that will be registered in their name(s) at the B Share Record Time.

### **How Shareholders may elect for one Redemption Alternative in respect of all of their B Share Entitlement**

To elect for the Initial Redemption Option in respect of ALL of their B Share Entitlement, Shareholders should take no further action.

To elect for the **Deferred Redemption Option** in respect of ALL of their B Share Entitlement, Shareholders should insert “ALL” where indicated in Box 2B.

Regardless of the choice they make, all Shareholders are encouraged to vote on the B Share Resolution to approve the Return of Capital at the Annual General Meeting by completing and returning the Form of Proxy in accordance with the instructions printed on it. Please note that no B Shares will be created and the Return of Capital will not take effect unless the B Share Resolution is passed.

### **How Shareholders may split their B Share Entitlement between the Initial Redemption Option and the Deferred Redemption Option**

To split their B Share Entitlement between the Initial Redemption Option and the Deferred Redemption Option, a Shareholder should enter (in numbers) the number of their B Share Entitlement they wish to elect for the Deferred Redemption Option in Box 2B. The balance will automatically be defaulted to the Initial Redemption Option.

### **The default position where a Shareholder makes an election which is less than their total B Share Entitlement**

If a Shareholder enters a number in Box 2B of the Form of Election which is less than their total B Share Entitlement, they will be deemed to have elected for the Initial Redemption Option in respect of the balance of their holding.

## PART VI – COMPLETING THE FORM OF ELECTION CONTINUED

### **The default position where a Shareholder makes an election which is greater than their total B Share Entitlement**

If a Shareholder enters a number in Box 2B of the Form of Election which is greater than their total B Share Entitlement, they will be deemed to have elected for the Deferred Redemption Option in respect of the whole of their B Share Entitlement.

### **Dematerialisation of Ordinary Shares following election**

If the Ordinary Shares to which any election made on the enclosed Form of Election relates are currently held in certificated form and are “dematerialised” into uncertificated form (i.e. held in CREST) after the relevant Form of Election has been submitted but before the Election Deadline, such election will become invalid. Shareholders who subsequently hold such Ordinary Shares in uncertificated form in CREST will need to give a valid USE Instruction in place of the submitted Form of Election by the Election Deadline.

### **Overseas Shareholders**

Each Shareholder by whom, or on whose behalf, a Form of Election is executed or USE Instruction is given, irrevocably represents, warrants, undertakes and agrees to and with the Company in the terms set out in paragraph 5 of Part III of this document.

### **Names of Shareholders and Signing the Form of Election**

The Form of Election shows the name of the Shareholder, or names of joint Shareholders, of Ordinary Shares by reference to which an election can be made in respect of the corresponding B Share Entitlement. The Shareholder, or all joint Shareholders, must sign the Form of Election (in Box 3). Shareholders who are individuals should sign Box 3A and Shareholders who are companies should sign Box 3B. Signatures of Shareholders who are individuals signing in Box 3A need to be witnessed (the witness must be over 18 years of age and cannot be the Shareholder or one of the joint Shareholders or otherwise have any financial interest in the relevant shares or in the proceeds resulting from the execution of the Form of Election although one person may separately witness the signature of all joint Shareholders). If the Form of Election is signed under a power of attorney, the original power of attorney should be sent to Computershare with the Form of Election.

### **General**

Notwithstanding the instructions and default provisions set out above, the Company reserves the right, in its sole discretion, to accept completed Forms of Election received after the due date for receipt of such Forms of Election by Computershare and/or to accept incomplete or incorrectly completed Forms of Election. The Company further reserves the right in its sole discretion to reject any Forms of Election if to act on the election would in its opinion be illegal or in violation of applicable regulatory requirements.

A guide to the general tax position of Shareholders resident in the United Kingdom for tax purposes as at the date of this document is set out in Part V of this document. Shareholders are strongly advised to read that part of this document or seek their own independent advice before completing and returning the Form of Election.

The Directors shall have absolute discretion to determine all questions as to the form and validity (including time and place of receipt) of any USE Instruction or Form of Election which determination shall be final and binding. The Directors also reserve the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any USE Instruction or Form of Election completed by or on behalf of any Shareholder, and such determination will be binding on such Shareholder. The Directors shall not be liable to Shareholders for any loss arising from the determination of questions as to the form and validity (including time and place of receipt) of any USE Instruction or Form of Election, unless attributable to their own wilful default, fraud or negligence and the Directors shall not be under any duty to give notification of any defect or irregularity in any USE Instruction or Form of Election or incur any liability for failure to give any such notice.

After the end of the Election Period, any election made is irrevocable. If the Election Period is extended, withdrawal rights will also be extended (withdrawal rights are described more fully in paragraph 4 of Part III of this document). No authority conferred by or agreed to by the giving of a USE Instruction or the signing of a Form of Election will be affected by, and all such authority will survive, the death or incapacity of the relevant Shareholder executing such form giving such instruction. All obligations of such Shareholder will be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

B Shares which are transferred or otherwise disposed of shall remain subject to the relevant Shareholder’s election (or deemed election) for any Redemption Alternatives made in respect of such B Shares.

### **Final instructions on completing a Form of Election**

All Shareholders named on a Form of Election must sign the Form of Election. Once completed and signed the Form of Election should be returned in the reply-paid envelope provided (for use in the UK only). No stamps will be needed if posted in the United Kingdom. To be valid, Forms of Election must be returned so as to be received by Computershare by the Election Deadline (3.00 p.m. on 15 July 2016). If Shareholders do not use the envelope provided, postage will be payable and the Form of Election should be sent to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or delivered by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE.

Shareholders should not return their Ordinary Share certificates with their Form of Election.

**Shareholders who do not validly complete and return their Form of Election will be deemed to have elected for the Initial Redemption Option in respect of ALL of their B Share Entitlement.**

Shareholders who need assistance in completing the Form of Election or have any queries relating to it should telephone the Shareholder Helpline on 0370 889 3230 (from inside the UK) and +44 370 889 3230 (if calling from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) until 5.30 p.m. on 15 July 2016. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 8.30 a.m. until 5.30 p.m. (London time) Monday to Friday (excluding UK public holidays).

**Please note that the Shareholder Helpline will not give advice on the merits of the B Share Scheme or the Redemption Alternatives or provide financial, investment, legal or taxation advice. For legal, financial or taxation advice, Shareholders will need to consult an independent adviser.**

# PART VII – ADDITIONAL INFORMATION

## 1. Form

The B Shares are not renounceable and will be transferable by an instrument of transfer in usual or common form. The B Shares will be in registered form.

## 2. Electing in CREST

Shareholders holding their Ordinary Shares in CREST will not be sent a Form of Election with this document. Their election will be by means of a USE Instruction.

In order to facilitate elections under the Return of Capital, Eligible Shareholders who hold their Ordinary Shares in uncertificated form will, for the purposes of allowing an election in CREST only, be credited with one interim CREST entitlement under the ISIN GB00BZB13M92 for each Ordinary Share held in uncertificated form at the B Share Record Time. These interim CREST entitlements will be enabled in CREST for the period from 8.00 a.m. on 7 July 2016 until 3.00 p.m. on 15 July 2016 (being the Election Deadline) when the security will expire. During this period those CREST holders will have their accounts credited with the interim CREST entitlement security to allow them to elect electronically through the CREST system.

The interim CREST entitlements will neither be admitted to the Official List nor to trading on the London Stock Exchange's main market for listed securities nor will they be admitted to trading on any recognised investment exchange. Share certificates will not be issued in respect of the CREST entitlements.

Eligible Shareholders who hold their Ordinary Shares in uncertificated form should take (or procure to be taken) the action set out below to transfer by means of a USE Instruction the number of interim CREST entitlements in respect of which they are making an election. In order for an uncertificated election to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle by 3.00 p.m. on 15 July 2016.

If Shareholders are CREST personal members, they should refer to their CREST sponsor before taking any action. CREST sponsors will be able to confirm details of Shareholders' participant ID and the Member Account ID under which their Ordinary Shares are held. In addition, only CREST sponsors will be able to give the USE Instruction to Euroclear by which Shareholders are making their election.

To make a valid election, Shareholders should give (or, if they are a CREST personal member, procure that their CREST sponsor gives) a USE Instruction, which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for the USE Instruction to settle in CREST, the following details:

- the number(s) of interim CREST entitlements being elected to the Deferred Redemption Option;
- the Member Account ID;
- the Shareholder's participant ID;
- the member account ID of Computershare. This is BOOKDEF;
- the participant ID of Computershare. This is 3RA14;
- the corporate action ISIN. This is GB00BZB13M92;
- the corporate action number of the B Share Scheme. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- the intended settlement date for the USE Instruction, which should be as soon as possible and in any event not later than the Election Deadline;
- the standard delivery instruction priority of 80; and
- the name and contact number inserted in the shared note field.

### ***Electing for the Initial Redemption Option***

Shareholders who hold their Ordinary Shares in CREST and who wish to elect for the Initial Redemption Option in respect of all of their B Share Entitlement need not take any action. Shareholders who do not give a USE Instruction will be deemed to have elected for the Initial Redemption Option in respect of their entire B Share Entitlement.

***Electing for the Deferred Redemption Option, or for a combination of the Initial Redemption Option and the Deferred Redemption Option***

Shareholders who hold their Ordinary Shares in CREST and who wish to elect for the Deferred Redemption Option in respect of some or all of their B Share Entitlement, should give (or, if they are a CREST personal member, procure that their CREST sponsor gives) a USE Instruction with the information listed above.

***Overseas Shareholders and Shareholders resident or with a registered address in a Restricted Territory***

Overseas Shareholders should note that, by making a valid election for the Deferred Redemption Option, such Shareholders will be deemed to represent, warrant, undertake and/or agree (as applicable) to the terms set out in paragraph 5 of Part III of this document. Furthermore, Restricted Overseas Shareholders will only be eligible to receive B Shares under the Initial Redemption Option (as discussed in paragraph 5 of Part III), and as a result do not need to take any action.

***Validity of elections***

Shareholders who do not make a valid election will be deemed to have elected for the Initial Redemption Option in respect of ALL of their B Share Entitlement.

***Withdrawal rights in CREST***

Eligible Shareholders who hold Ordinary Shares in CREST who wish to withdraw their elections may do so in the manner set forth in paragraph 4 of Part III of this document.

***The default position where a Shareholder makes an election which in total is less than their holding of Ordinary Shares at the B Share Record Time***

If Shareholders send a USE Instruction which details, or USE Instructions which together detail, a number of interim CREST entitlements which in total is less than their holding of Ordinary Shares at the B Share Record Time, they will be deemed to have elected for the Initial Redemption Option in respect of the balance of their holding.

***Dematerialisation of Ordinary Shares following election***

If the Ordinary Shares to which any election made on the enclosed Form of Election relates are currently held in certificated form and are “dematerialised” into uncertificated form (i.e. held in CREST) after the relevant Form of Election has been submitted but before the Election Deadline, such election will become invalid. Shareholders who subsequently hold such Ordinary Shares in uncertificated form in CREST will need to give a valid USE Instruction in place of the submitted Form of Election by the Election Deadline.

**3. Documents available for inspection**

Copies of the following documents may be inspected at the offices of Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ, during usual business hours on any weekday (public holidays excepted), up to and including the date of the Annual General Meeting and will also be available for inspection at the Annual General Meeting itself for at least 15 minutes before the Annual General Meeting until the Annual General Meeting ends:

- (a) the existing Articles of Association of the Company;
- (b) the new Articles of Association of the Company proposed to be adopted at the Annual General Meeting, showing the amendments proposed to the Company’s existing Articles of Association; and
- (c) a copy of this document.

A copy of this document can also be found on the Company’s website.

Dated 27 May 2016

## PART VIII – DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

<b>2016 Annual Report and Accounts</b>	the annual report and accounts of the Company for the financial year ended 25 March 2016;
<b>Annual General Meeting</b>	the annual general meeting of the Company, to be held at Booker Branch Wimbledon, Endeavour Way, Durnsford Road, London SW19 8LG at 11.00 a.m. on 6 July 2016, or any adjournment thereof, notice of which is set out at the end of this document;
<b>Articles or Articles of Association</b>	the articles of association of the Company;
<b>B Share Entitlement</b>	the entitlement of Shareholders to receive one B Share for each Ordinary Share held at the B Share Record Time and, where the context requires, the aggregate entitlement of a Shareholder to receive B Shares;
<b>B Share Record Time</b>	5.00 p.m. on 6 July 2016 (or such other time and date as the Directors may determine);
<b>B Share Resolution</b>	the resolution to be proposed at the Annual General Meeting to approve the Return of Capital (as set out in resolution 18 of the Notice of Annual General Meeting at the end of this document);
<b>B Share Scheme or Return of Capital</b>	the return of approximately £57 million of capital by way of the proposed transactions comprising the issuance of the B Shares;
<b>B Shares</b>	the unlisted redeemable shares of 3.2 pence each in the capital of the Company carrying the rights and restrictions set out in Part IV of this document;
<b>Board or Directors</b>	the board of directors of Booker Group plc;
<b>Booker Share Plans</b>	The Booker Group plc Performance Share Plan 2008 and The Booker Group plc Savings Related Share Option Plan 2008;
<b>Business Day</b>	a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business;
<b>Company or Booker</b>	Booker Group plc, a company incorporated under the laws of England and Wales (registered number 05145685), having its registered office at Equity House, Irthlingborough Road, Wellingborough, Northants, NN8 1LT;
<b>Computershare or Registrars</b>	Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol, BS13 8AE;
<b>CREST</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
<b>CREST Manual</b>	the CREST manual issued by Euroclear;
<b>CREST member</b>	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
<b>CREST participant</b>	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
<b>CREST Proxy Instruction</b>	the instruction whereby CREST members send a CREST message appointing a proxy for the Annual General Meeting (as the context requires), and instructing the proxy how to vote and containing the information set out in the CREST Manual;
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
<b>CREST sponsor</b>	a CREST participant admitted to CREST as a CREST sponsor being a sponsoring system participant (as defined in the CREST Regulations);
<b>CREST sponsored member</b>	a CREST member admitted to CREST as a sponsored member;
<b>Deferred Redemption Date</b>	27 April 2017, or such other date as the Directors in their absolute discretion may determine;
<b>Deferred Redemption Option</b>	the allotment and issue of B Shares to be redeemed by the Company on the Deferred Redemption Date;
<b>Directors</b>	the directors of the Company from time to time;
<b>Election Deadline</b>	3.00 p.m. on 15 July 2016 (or such other time and/or date as the Directors may in their absolute discretion determine);
<b>Election Period</b>	such period from the date of this document until the Election Deadline as specified in this document during which time Eligible Shareholders may make elections for one or both of the Redemption Alternatives;

<b>Eligible Shareholder(s)</b>	all Shareholders other than Restricted Overseas Shareholders;
<b>Euroclear</b>	Euroclear UK & Ireland Limited;
<b>FCA</b>	the UK Financial Conduct Authority or its successor from time to time;
<b>Form of Election</b>	the form enclosed with this document by which Shareholders (other than Restricted Overseas Shareholders) holding Ordinary Shares in certificated form may choose one or more of the Redemption Alternatives;
<b>Form of Proxy</b>	the form of proxy enclosed with this document for use by Shareholders in connection with the Annual General Meeting (including the B Share Resolution);
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended;
<b>Group</b>	Booker and its subsidiaries and subsidiary undertakings from time to time;
<b>Initial Redemption Date</b>	19 July 2016 or such other date as the Directors in their absolute discretion may determine;
<b>Initial Redemption Option</b>	the allotment and issue of B Shares to be redeemed by the Company on the Initial Redemption Date;
<b>ISIN</b>	International Security Identification Number;
<b>ISA</b>	individual savings account;
<b>Listing Rules</b>	the rules and regulations made by the FCA under Part VI of FSMA;
<b>London Stock Exchange</b>	London Stock Exchange plc;
<b>Member Account ID</b>	the identification code or number attached to any member account in CREST;
<b>Notice of Annual General Meeting</b>	the notice of the Annual General Meeting which appears at the end of this document;
<b>Official List</b>	the Official List of the FCA;
<b>Ordinary Shares</b>	the ordinary shares of 1 pence each in the capital of the Company;
<b>Overseas Shareholders</b>	Shareholders who are not resident in the United Kingdom or who are citizens, residents or nationals of a country other than the United Kingdom or who have a registered address which is not in the United Kingdom. For the avoidance of doubt, Shareholders who are not resident in the United Kingdom include Shareholders who are resident in the Channel Islands or the Isle of Man;
<b>participant ID</b>	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
<b>Redemption Alternatives</b>	the Initial Redemption Option and the Deferred Redemption Option, or either of them as the context may require;
<b>Regulatory Information Service</b>	any of the services set out in Appendix 3 to the Listing Rules;
<b>Resolutions</b>	resolutions 1 to 18 (which includes the B Share Resolution) to be proposed at the Annual General Meeting as set out in the Notice of Annual General Meeting at the end of this document;
<b>Restricted Overseas Shareholders</b>	Overseas Shareholders resident, or with a registered address, in a Restricted Territory;
<b>Restricted Territories</b>	the United States, Australia, Japan, Canada, the Republic of South Africa or New Zealand and any other territory where the invitation to participate in the B Share Scheme would violate the laws of that jurisdiction or would require registration of the B Shares;
<b>Shareholders</b>	holders of Ordinary Shares and, where the context so requires, holders of B Shares;
<b>Sterling or £</b>	the lawful currency of the United Kingdom;
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>UK Listing Authority</b>	the FCA in its capacity as competent authority under FSMA as amended;
<b>Uncertificated or uncertificated form</b>	Ordinary Shares which are recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>United States or US</b>	the United States of America, its territories, possessions, any state of the United States of America or the District of Columbia;
<b>USE Instruction(s)</b>	an unmatched stock event instruction to be used by CREST account holders; and
<b>US Securities Act</b>	the United States Securities Act of 1933 (as amended) and the rules and regulations promulgated thereunder.

# PART IX – NOTICE OF ANNUAL GENERAL MEETING

Company Number: 05145685

# BOOKER

## NOTICE OF ANNUAL GENERAL MEETING OF BOOKER GROUP PLC

For ease of reference, explanatory notes are set out in italics below the relevant formal resolutions.

Notice is hereby given that the Annual General Meeting of Booker Group plc (the “Company”) will be held at Booker Branch Wimbledon, Endeavour Way, Durnsford Road, London SW19 8LG on 6 July 2016 at 11.00 a.m. to consider and, if thought fit, pass resolutions 1 to 14 (inclusive), which will be proposed as ordinary resolutions, and resolutions 15 to 18 (inclusive), which will be proposed as special resolutions.

### THE RESOLUTIONS

1. To receive the audited accounts of the Company for the financial year ended 25 March 2016, together with the directors’ and the auditors’ reports on those accounts.

*The directors are required to present to the shareholders at the Annual General Meeting the Company’s audited annual accounts and related directors’ and auditors’ reports for the financial year ended 25 March 2016.*

12. To approve the Annual Remuneration Report for the financial year ended 25 March 2016 in the form set out on pages 54 to 62 of the 2016 Annual Report and Accounts.

*Note: In accordance with section 439 of the Companies Act 2006 (the “Act”), the Board has presented its directors’ remuneration report in the form set out on pages 54 to 62 of the 2016 Annual Report and Accounts (the “Report”) to shareholders. The Report gives details of the directors’ remuneration payments measured against their performance and that of the Company during the year ended 25 March 2016. The Company’s auditors, KPMG LLP, have audited those parts of the Report capable of being audited and their report may be found on pages 64 to 65 of the Report. In accordance with the Act, this resolution is advisory only in order to provide shareholder feedback to the Board. The directors’ remuneration policy was approved at the 2014 Annual General Meeting and remains in effect. The directors’ remuneration policy is set out on pages 42 to 53 of the Report.*

3. To declare a final dividend for the year ended 25 March 2016 of 4.03 pence per share as recommended by the directors to be paid on 8 July 2016 to all shareholders registered on the register of members of the Company at the close of business on 10 June 2016.

*If resolution 3 is approved by shareholders, the final dividend for the year ended 25 March 2016 will be paid on 8 July 2016 to shareholders whose names are in the register of members at the close of business on 10 June 2016.*

4. To re-elect Stewart Gilliland as a director.
5. To re-elect Charles Wilson as a director.
6. To re-elect Jonathan Prentis as a director.
7. To re-elect Guy Farrant as a director.
8. To re-elect Helena Andreas as a director.
9. To re-elect Andrew Cripps as a director.
10. To elect Gary Hughes as a director.
11. To re-elect Karen Jones as a director.

Under the Articles of Association, one-third of the Board are obliged to retire by rotation at each annual general meeting of the Company and no director may serve for more than three years without being re-elected by shareholders. However, in accordance with the recommendations of the UK Corporate Governance Code, all of the directors have confirmed that they will retire and offer themselves for re-election at this meeting, other than Lord Bilimoria who is retiring from the Board at the end of the Annual General Meeting. Having undertaken a performance evaluation, the Board considers that the performance of each director who is seeking re-election continues to be effective and that they have each demonstrated a strong commitment to their role and therefore recommends that each of them be re-elected as a director.

As announced on 3 December 2015, Gary Hughes was elected to the Board and therefore stands for election by the shareholders for the first time. A detailed search by Zygos Partnership and recommendation by the Nomination Committee resulted in the appointment of Gary Hughes, as announced on 3 December 2015. Gary has considerable experience of financial and operational issues across a range of industries.

As Gary was only appointed to the Board on 3 December 2015, he was not subject to the directors' performance evaluation carried out for the year ended 25 March 2016.

As also announced on 3 December 2015, Andrew Cripps intends to resign at the end of 2016.

Biographical details of each of the directors standing for re-election are as follows:

**Stewart Gilliland (Age 59) Non-Executive Chairman**

Stewart is currently a Senior Independent Director of Mitchells & Butlers plc and a Non-Executive Director of C&C Group plc, and Curious Drinks Ltd. He is also a director of Nature's Way Foods Ltd. Stewart was formerly Chief Executive of Muller Dairies UK and Ireland and has held senior roles with leading consumer facing companies, including Whitbread and Interbrew. If re-elected, Stewart will take up the position of Chairman of the Nomination Committee of the Company with effect from the conclusion of the Annual General Meeting.

**Charles Wilson (Age 50) Chief Executive**

Charles started his career in 1986 with Procter & Gamble following which he was a consultant with OC&C Strategy Consultants and a Director of Abberton Associates. In 1998 he became an Executive Director of Booker plc which merged with Iceland plc in 2000. In 2001 he became an Executive Director of Arcadia Group plc and in 2004 he became an Executive Director of Marks and Spencer plc. In 2005 he was appointed as Chief Executive of Booker.

**Jonathan Prentis (Age 54) Group Finance Director**

Jonathan qualified as a chartered accountant with Deloitte. He was appointed as Group Finance Director of Booker in 2005. Prior to this appointment, Jonathan was Finance Director of Group Logistics within The Big Food Group plc. Prior to 2003, he was with TDG plc.

**Guy Farrant (Age 54) Chief Operating Officer**

Guy is the Group's Chief Operating Officer. Guy has a wealth of food experience having worked in the food industry for 25 years rising to be Director of Food and, latterly, Operations and Retail Director at Marks and Spencer plc.

**Helena Andreas (Age 41) Non-Executive Director**

Helena was appointed as Head of Group Marketing and Communications for Nordea Bank in 2014. Formerly she was Group Head of Retail & Distribution at Vodafone Group. Prior to joining Vodafone Helena held senior positions in marketing and operations at Tesco Group plc and previously was a business consultant at Accenture. Helena holds an MBA from INSEAD.

**Andrew Cripps (Age 58) Non-Executive Director and Chairman of Audit Committee**

Andrew is currently Non-Executive Deputy Chairman of Swedish Match AB. He is also the Senior Independent Director and Chairman of the Audit Committee of Boparan Holdings Limited and Chairman of the Audit Committee of Stock Spirits Group plc and a Non-Executive Director of Howden Joinery Group plc. Andrew spent 20 years with Rothmans International and British American Tobacco plc. He read Economics at the University of Cambridge prior to qualifying as a Chartered Accountant with KPMG.

**Gary Hughes (Age 54) Non-Executive Director**

Gary is a senior member of the Operational Excellence team at Apax Partners, the global private equity firm, where he also sits on the boards of two portfolio companies, Smart Technologies Inc and General Healthcare Group Limited. Gary is also a Non-Executive Director of Premier Farnell plc, Majid Al Futtaim Retail LLP, SECC Limited and the Scottish Football Association. Gary's previous roles include Chief Financial Officer of Gala Coral Group, Chief Executive Officer of the largest operating division of United Business Media plc and Group Finance Director of Emap plc. Gary was formerly Chairman of the Audit Committee at J Sainsbury plc. Gary qualified as a Chartered Accountant with Ernst & Whinney, now Ernst & Young.

**Karen Jones, CBE (Age 59) Non-Executive Director and Chairman of Remuneration Committee**

Karen is a founder and Chairman of Food and Fuel Ltd, a hospitality company. She is also a Non-Executive Director of Cofra AG, Corbin and King Ltd, Firmenich International and Chairman of Hawksmoor Ltd. She is also on the board of RNTE (Royal National Theatre Enterprises). Karen was formerly CEO of Spirit Group Ltd, a private equity-backed 2000 strong pub and restaurant group. Prior to Spirit, Karen founded, grew and floated The Pelican Group Plc, owner of a number of restaurant chains including Café Rouge. Karen was awarded a CBE in 2006 for services to hospitality and an honorary doctorate from the University of East Anglia in July 2013. Karen will take up the position of Senior Independent Director of the Company with effect from the conclusion of the Annual General Meeting.

12. To re-appoint KPMG LLP as auditors to the Company to act as such from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which accounts are laid.

Auditors are required to be appointed at each general meeting at which accounts are presented to shareholders. Following a formal and rigorous tender process, the Audit Committee recommended to the Board that PricewaterhouseCoopers LLP should be appointed as the Company's external auditor for the financial year commencing 25 March 2017, such appointment to be subject to approval by shareholders at the annual general meeting in July 2017, and that KPMG LLP, the current external auditor should be proposed for re-appointment for the financial year ending 24 March 2017. Accordingly, having received confirmation from KPMG LLP of its willingness to stand for re-appointment for the financial year ending 24 March 2017, this resolution proposes the re-appointment of KPMG LLP as the Company's auditors.

Further information on the audit tender process, is set out on page 32 of the Report.

13. To authorise the directors to determine the fees paid to the auditors to the Company.

The remuneration of auditors must be fixed by the Company in a general meeting or in such manner as the Company may determine in a general meeting. The usual practice is for shareholders to resolve that the directors be authorised to agree the auditors' fees.

14. That the directors be generally and unconditionally authorised, in accordance with section 551 of the Act, to exercise all powers of the Company to allot shares (as defined in section 540 of the Act) or grant rights to subscribe for or to convert any security into shares in the Company:

- (a) up to a maximum nominal amount of £5,910,534, representing approximately one-third of the issued share capital of the Company as at 26 May 2016 (such amount to be reduced by the aggregate nominal amount allotted or granted under paragraph (b) of this resolution in excess of £5,910,534; and
- (b) comprising equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount of £11,821,068 (such amount to be reduced by the aggregate nominal amount of shares allotted or rights to subscribe for or to convert any security into shares in the Company granted under paragraph (a) of this resolution) 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, subject to such rights, 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.

- (c) The authorities set out in paragraphs (a) and (b) above shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, on 7 September 2017 (unless previously renewed, varied or revoked by the Company in general meeting).
- (d) The Company may, before these authorities expire, make an offer or enter into an agreement which would or might require relevant securities to be allotted after they expire and the directors may allot relevant securities in pursuance of that offer or agreement as if the power conferred by this resolution had not expired.

- (e) References in this resolution to the nominal amount of rights to subscribe for or to convert any security into shares (including where such rights are referred to as equity securities as defined in Section 560(1) of the Act) are to the nominal amount of shares that may be allotted pursuant to the rights.
- (f) All previous unutilised authorities shall cease to have effect but without prejudice to previous allotments, offers or agreements made under such authorities.

*This resolution and resolution 15 provide flexibility enabling the directors to act in shareholders' interests to allot securities (for example, in order to raise capital and make acquisitions) if the directors determine that it is appropriate to do so. The proposed resolutions are consistent with current market practice and the allotment of securities above these limits would require specific shareholder approval. Both resolutions are in line with institutional investor guidelines.*

*At the annual general meeting last year, the directors were given the authority to allot shares in the Company until the next annual general meeting. The Board recommends that this authority be renewed and paragraph (a) of this resolution will, if passed, authorise the directors to allot the Company's shares up to a maximum nominal value of £5,910,534 or 591,053,411 ordinary shares of 1 pence each, which represents an amount that is approximately one-third of the aggregate nominal value of the issued and unconditionally allotted ordinary share capital of the Company as at 26 May 2016 (excluding treasury shares). As at 26 May 2016, the Company did not hold any treasury shares. The directors wish to renew this authority so that the Board can allot securities at short notice and without the need to hold a general meeting if the need arises.*

*Paragraph (b) of this resolution proposes that, consistent with guidelines issued by the Investment Association concerning directors' powers to allot share capital in the context of a rights issue, a further authority be conferred on the directors to allot unissued shares in connection with a rights issue in favour of holders of equity securities (which would include ordinary shareholders) as required by the rights of those securities or as the directors may otherwise consider necessary, up to a maximum aggregate nominal amount of £11,821,068 which represents an amount that is approximately two-thirds of the aggregate nominal value of the issued and unconditionally allotted ordinary share capital of the Company as at close of business on 26 May 2016 (such amount to be reduced by the nominal amount of any relevant securities issued under the authority conferred by paragraph (a) of this resolution).*

*The directors have no present intention of exercising these authorities other than in relation to the Company's employee share plans.*

*These authorities will only be valid until the conclusion of the next annual general meeting after the passing of this resolution or 7 September 2017, whichever is the earlier.*

15. That the directors be given power pursuant to section 570 of the Act (subject to the passing of resolution 14) to allot for cash equity securities (as defined in section 560(1) of the Act) pursuant to the general authority conferred on them by that resolution and/or pursuant to section 573 of the Act to sell ordinary shares held by the Company as treasury shares for cash, and in either case free of the restriction in section 561 of the Act, but this power shall be limited:
- (a) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or an invitation to apply for, equity securities (but in the case of an allotment pursuant to the authority granted under paragraph (b) of resolution 14, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only) to or in favour of ordinary shareholders on the register on a date fixed by the directors where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as practicable) to the respective numbers of ordinary shares held by them on that date or, as the case may be, to or in favour of holders of other equity securities (as defined in section 560(1) of the Act) of any class in the capital of the Company, as required by the rights of those securities or, subject to such rights as the directors otherwise consider necessary, but in each case so that the directors may make such exclusions or other arrangements as they consider expedient in relation to fractional entitlements, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange; and
  - (b) to the allotment of equity securities pursuant to the authority granted under paragraph (a) of resolution 14 and/or sale of treasury shares (in each case other than under paragraph (a) above) having a nominal amount not exceeding in aggregate £886,580 (representing approximately 5 per cent. of the issued ordinary share capital of the Company as at 26 May 2016) calculated, in the case of equity securities which are rights to subscribe for, or to convert securities into, ordinary shares by reference to the aggregate nominal amount of relevant shares which may be allotted pursuant to such right.

## PART IX – NOTICE OF ANNUAL GENERAL MEETING CONTINUED

This power shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, on 7 September 2017.

The Company may, before this power expires, make an offer or enter into an agreement which would or might require equity securities to be allotted after it expires and the directors may allot equity securities under any such offer or agreement as if the power conferred hereby had not expired.

All previous unutilised powers under section 570 of the Act shall cease to have effect but without prejudice to previous allotments, offers or agreements made under such powers.

*At the annual general meeting last year, the directors were given similar powers to issue equity securities of the Company for cash without the application of the pre-emption rights provided by section 561 of the Act until the next annual general meeting. This resolution, which is proposed as a special resolution, seeks to renew this power. Equity securities include ordinary shares in the Company (other than ordinary shares which are allotted under employee share schemes and shares held in treasury).*

*This resolution allows the directors to issue up to 88,658,011 ordinary shares of 1 pence each in exchange for cash without first having to offer the shares to existing shareholders. This number represented approximately 5 per cent. of the issued share capital as at 26 May 2016 (the latest practicable date before publication of this notice). In any rolling three-year period it is intended that no more than 7.5 per cent. of the issued share capital will be issued for cash on a non pre-emptive basis.*

*The directors have no present intention of exercising this power but believe that this resolution will assist them to take advantage of business opportunities as they arise.*

*The authority sought and the limits set by this resolution will also disapply the application of section 561 of the Act from a sale of treasury shares to the extent also specified in this resolution.*

16. That a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice, **provided that** this authority expires at the conclusion of the next annual general meeting of the Company after the date of the passing of this resolution.

*This resolution, which is proposed as a special resolution, is proposed to allow the Company to continue to call general meetings other than an annual general meeting on 14 clear days' notice. The Act provides that the minimum notice period for general meetings is 21 clear days unless the Company (a) has passed a special resolution in general meeting approving the holding of a general meeting on 14 clear days' notice; and (b) offers the facility for all shareholders to vote by electronic means.*

*At the last annual general meeting, shareholders approved the calling of meetings other than an annual general meeting on 14 clear days' notice. This resolution is proposed as the Company would like to continue to preserve this ability. In the event that this authority is to be exercised, the directors will ensure that it is not used as a matter of routine, but only when time-sensitive matters are to be discussed and where merited in the interests of shareholders as a whole, and intend to follow other best practice recommendations as regards its use. The approval will be effective until the next annual general meeting of the Company, when it is intended that a similar resolution will be proposed in order to renew this power.*

17. That the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of the Company **provided that**:
- (a) the maximum aggregate number of ordinary shares authorised to be purchased is 177,316,023 (representing less than 10 per cent. of the issued ordinary share capital);
  - (b) the minimum price (excluding expenses) which may be paid for an ordinary share is 1 pence;
  - (c) the maximum price (excluding expenses) which may be paid for an ordinary share shall be the higher of (1) an amount equal to 105 per cent. of the average of the 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 purchased and (2) the higher of the price of the last independent trade and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out; and
  - (d) this authority shall expire at the conclusion of the next annual general meeting of the Company after the date of the passing of this resolution or, if earlier, 7 September 2017, save that the Company may make a contract to purchase ordinary shares under this authority before the expiry of the authority, which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of ordinary shares in pursuance of any such contract.

*This resolution, which is proposed as a special resolution, gives the Company authority to buy back its own ordinary shares in the market as permitted by the Act. The authority limits the number of shares that could be purchased to a maximum of 177,316,023 (representing less than 10 per cent. of the issued share capital of the Company as at close of business on 26 May 2016) and sets minimum and maximum prices. This authority will expire no later than 7 September 2017.*

*The directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account other investment opportunities. The authority will be exercised only if the directors believe that to do so would result in an increase in earnings per share and would be in the best interests of shareholders generally.*

*Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange.*

*Any ordinary shares purchased pursuant to this authority may either be held as treasury shares or cancelled by the Company, depending on which course of action is considered by the directors to be in the best interests of the shareholders at the time.*

*As at close of business on 26 May 2016, there were options and awards over 37,816,292 ordinary shares in the capital of the Company, which represented 2.13 per cent. of the Company's issued ordinary share capital (excluding treasury shares) as at that date. As at close of business on 26 May 2016, the Company did not hold any treasury shares and no warrants over ordinary shares in the capital of the Company existed.*

18. That:
- (a) the draft articles of association produced to the meeting, marked "A" and signed by the Chairman of the meeting for identification purposes (the "New Articles of Association") be approved and adopted as the articles of association of the Company in substitution for, and to the exclusion of, all existing articles of association of the Company;
  - (b) the directors be generally and unconditionally authorised:
    - (i) to capitalise a sum not exceeding £57 million in aggregate comprising £14.1 million standing to the credit of the "other reserve" (representing the premium over the nominal value of shares issued by the Company from time to time) and up to £42.9 million standing to the credit of the Company's share premium account, and to apply such sum in paying up in full up to the maximum number of redeemable shares of 3.2 pence each in the capital of the Company carrying the rights and restrictions set out in article 139 of the New Articles of Association (the "B Shares") that may be allotted pursuant to the authority given by sub paragraph (b) (ii) below; and
    - (ii) pursuant to section 551 of the Act, and in addition to the authority granted at resolution 14, to exercise all powers of the Company to allot and issue credited as fully paid up (**provided that** the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company) B Shares up to an aggregate nominal amount of £57 million to the holders of the ordinary shares of 1 pence in the capital of the Company (the "Ordinary Shares") on the basis of one B Share for each Ordinary Share held and recorded on the register of members of the Company at 5.00 p.m. on 6 July 2016 (or such other time and/or date as the directors may determine) (the "B Share Record Time"), in accordance with the terms of the circular sent by the Company to its shareholders.

## PART IX – NOTICE OF ANNUAL GENERAL MEETING CONTINUED

*This resolution is proposed as a special resolution. Implementation of the B Share Scheme requires the approval of shareholders at a general meeting of the Company. Paragraph (a) of this resolution proposes the adoption of new Articles of Association incorporating the rights and restrictions to be attached to the B Shares (as set out in Part IV of the accompanying circular). A copy of the existing Articles of Association (marked to show the proposed changes) together with a copy of the proposed new Articles of Association will be available on the Company's website, [www.bookergroup.com](http://www.bookergroup.com), and for inspection at the address set out in Note 13 below during normal business hours (Saturdays, Sundays and English public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting. Copies will also be available for inspection at the Annual General Meeting venue from 10.45 a.m. on 6 July 2016 until the conclusion of the Annual General Meeting.*

*Paragraph (b) of this resolution proposes to authorise the directors to capitalise a sum not exceeding £57 million in aggregate comprising £14.1 million standing to the credit of the "other reserve" and up to £42.9 million standing to the credit of the Company's share premium account, and to allot and issue B Shares up to an aggregate nominal amount of £57 million, on the basis of one B Share for each Ordinary Share held at the B Share Record Time. The authority granted to the directors by this resolution will expire at the conclusion of the next annual general meeting of the Company. The B Share Scheme is more fully described in the accompanying circular.*

Registered office:  
Booker Group plc  
Equity House  
Irthlingborough Road  
Wellingborough  
Northants  
NN8 1LT

By Order of the Board

**Mark Chilton**  
Company Secretary

27 May 2016

## Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 360B of the Act, the Company specifies that only persons on the register of members as at 6.00 p.m. (UK time) on 4 July 2016 shall be entitled to attend the Annual General Meeting either in person or by proxy and the number of shares then registered in their respective names shall determine the number of votes such persons are entitled to cast on a poll at the meeting. Changes to entries on the register after 6.00 p.m. (UK time) on 4 July 2016 shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
2. A shareholder is entitled to appoint a proxy to exercise all or any of his rights to attend and to speak and vote instead of him at the Annual General Meeting. A form of proxy is enclosed with this notice for use in relation to the Annual General 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 him. A proxy need not be a shareholder of the Company. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's registrars, Computershare Investor Services PLC.
3. A person who is not a shareholder of the Company, but has been nominated by a shareholder to enjoy information rights in accordance with section 146 of the Act (a "Nominated Person") does not have a right to appoint a proxy. Nominated Persons may have a right, under an agreement with the shareholder, to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under an agreement with the relevant shareholder to give instructions as to the exercise of voting rights.
4. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains the registered shareholder or custodian or broker who administers the investment on your behalf. Therefore, any changes or queries relating to your personal details and holding (including any administration) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to them in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.
5. To be valid, the form of proxy must be executed by or on behalf of the shareholder or, if the shareholder is a corporate, under the hand of a duly authorised officer or attorney.
6. If two or more valid but differing appointments of proxy are delivered or received in respect of the same share, the one which is last validly delivered or received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which instrument was last validly delivered or received, none of them shall be treated as valid in respect of that share.
7. The form of proxy and power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of such power or authority must be received by the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 11.00 a.m. on 4 July 2016, or if the Annual General Meeting is adjourned, 48 hours prior to the adjourned meeting. Shareholders may also lodge their proxy vote online at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). In order to access the voting system, shareholders will need their Shareholder Reference Number, PIN and Control Number found on their proxy card. Return of the form of proxy or any CREST Proxy Instruction (as described in paragraph 8 below) will not prevent you from attending and voting at the meeting instead of the proxy, if you wish. If you do this and there is a poll vote, your proxy votes will be ignored.
8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting 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.

In order for a proxy appointment made by means of CREST 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 instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Computershare Investor Services PLC (ID 3RA50) not later than 11:00 a.m. on 4 July 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare Investor Services PLC is able to retrieve the message by enquiry to CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

## PART IX – NOTICE OF ANNUAL GENERAL MEETING CONTINUED

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 messages. 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(s), 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.

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.

9. 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.
10. Under section 527 of the Act, 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 auditors' report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with section 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditors 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 to publish on a website under section 527 of the Act.
11. Shareholders attending the meeting have the right to ask questions. The Company has an obligation to answer such questions relating to the business being dealt with at the meeting, but no such answer need be given if: (i) it is undesirable in the interest of the Company or the good order of the meeting; (ii) to do so would unduly interfere with the preparation for the meeting or involve the disclosure of confidential information; or (iii) the answer has already been given on a website in the form of an answer to a question.
12. As at 26 May 2016 (being the last practicable date prior to publication of this notice) the Company's issued share capital consisted of 1,773,160,233 Ordinary Shares, carrying one vote each. The Company does not currently hold any shares in treasury. Therefore, the total number of voting rights in the Company as at 26 May 2016 was 1,773,160,233.
13. Copies of the following documents will be available for inspection at the offices of Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ during usual business hours (excluding weekends and English public holidays) from the date of this notice until the conclusion of the Annual General Meeting and at the Annual General Meeting itself for at least 15 minutes prior to the Annual General Meeting until the meeting ends:
  - (a) a copy of the circular to shareholders dated 27 May 2016;
  - (b) a copy of the proposed new articles of association of the Company marked to show the changes being proposed, together with a copy of the existing articles of association of the Company;
  - (c) the service agreements of each of the executive directors of the Company;
  - (d) the letters of appointment of the Chairman and each of the non-executive directors of the Company; and
  - (e) the terms of reference of the audit, nomination and remuneration committees of the board of directors of the Company.
14. Except as provided above, shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted): call our general shareholder helpline on 0370 889 3230; or write to the Company's Registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. Shareholders may not use any electronic address provided either in this notice or any related documents (including the chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.
15. A copy of this notice of meeting and other information required by section 311A of the Act can be found at [www.bookergroup.com](http://www.bookergroup.com).



