

# Chairman's letter to shareholders and Notice of Annual General Meeting

# J Sainsbury plc

Registered Office:  
33 Holborn, London EC1N 2HT  
Registered number: 185647

12 June 2003

**To the ordinary shareholders and, for information only, to the holders of 8% Irredeemable Unsecured Loan Stock and beneficial owners of shares under the Share Trust of the Employee Profit Sharing Scheme and the Sainsbury's Share Purchase Plan Trust.**

Dear Shareholder

## **Annual General Meeting 2003**

This year's Annual General Meeting will be held at 11.30am on Wednesday 23 July 2003 at The Queen Elizabeth II Conference Centre in London. Full details of the meeting and the resolutions that will be put to shareholders are set out in the enclosed Notice of Meeting. As usual, our Directors will be pleased to meet with shareholders prior to the meeting from 10.45am.

If you are not able to come to the meeting in person, your vote is still important and I would urge you to complete, sign and return the accompanying proxy card by 11.30am on Monday 21 July 2003. You may also register your proxy appointment electronically by accessing our Registrar's website at ([www.computershare.com/voting/uk](http://www.computershare.com/voting/uk)).

If you are intending to come to the meeting, please sign your attendance card and bring it with you to the meeting.

## **Recommendation**

Your Directors are of the opinion that all resolutions which are to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders and, accordingly, unanimously recommend that you vote in favour of the resolutions.

Yours sincerely



**Sir George Bull**  
Chairman

# Notice of Annual General Meeting

NOTICE IS HEREBY given that the Annual General Meeting of J Sainsbury plc will be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW 1P 3EE on Wednesday, 23 July 2003 at 11.30 am for the following purposes:

## Ordinary business

- 1 To receive and adopt the audited accounts for the 52 weeks to 29 March 2003 together with the Reports of the Directors and Auditors.
- 2 To approve the Directors' Remuneration Report for the 52 weeks to 29 March 2003.
- 3 To declare a final dividend of 11.36 pence per ordinary share.
- 4 To re-elect Sir George Bull as a Director.
- 5 To re-elect Sir Peter Davis as a Director.
- 6 To re-elect Roger Matthews as a Director.
- 7 To re-elect Keith Butler-Wheelhouse as a Director.
- 8 To re-elect June de Moller as a Director.
- 9 To re-appoint PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to agree their remuneration.

## Special business

To consider and, if thought fit, to pass the following Resolutions. Resolutions 10 and 11 will be proposed as Ordinary Resolutions and Resolutions 12 and 13 as Special Resolutions.

## Ordinary resolution

- 10 THAT, the Authorised Share Capital of the Company be increased from £550,000,000 to £700,000,000 by the creation of 600,000,000 additional ordinary shares of 25 pence each ranking pari passu with the existing ordinary shares.

- 11 THAT the Directors be generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985, in substitution for any other authority previously conferred upon them under that section, to exercise until the Section 80 Expiry Date all the powers of the Company to allot relevant securities (within the meaning of Section 80) up to the Section 80 Limit. By this authority the Directors may, prior to its expiry, make offers or agreements which would or might require allotment of relevant securities after its expiry. In this Resolution, the Section 80 Expiry Date is the date of the Annual General Meeting in 2008 or 22 July 2008, whichever is the earlier, and the Section 80 Limit is £161,000,000 in nominal amount (being approximately one third of the issued share capital of the Company), and upon any variation or renewal of this authority they shall be the date and amount respectively specified as such in the relevant Resolution.

## Special resolution

- 12 THAT:

- (a) subject to Resolution 11 being passed by the Meeting and subject to the variation contained in paragraph (b) of this Resolution, the power conferred on the Directors by Article 9(C) of the Articles of Association (being the power to allot equity securities pursuant to the authority contained in Article 9(A) as if the statutory pre-emption rights did not apply to such allotment), be and is hereby renewed for a period ending on the date of the Annual General Meeting in 2008 or on 22 July 2008, whichever is the earlier, and by this authority the Directors may, prior to its expiry, make offers or agreements which would or might require allotment of equity securities after its expiry; and
- (b) the maximum aggregate nominal value of equity securities which may be so allotted on or after the passing of this Resolution otherwise than pursuant to sub-paragraphs (i) and (ii) of Article 9(C) of the Articles of Association of the Company (being the provisions for allotments in connection with a rights issue or an option, incentive or profit sharing scheme) be £24,218,000 (being approximately 5 per cent of the issued share capital of the Company).

13 THAT the Company be generally and unconditionally authorised for the purposes of Section 166 of the Companies Act 1985 to make market purchases (within the meaning of Section 163(3) of that Act) of ordinary shares of 25 pence each in the Company ('Ordinary Shares') in such manner and upon such terms as the Directors may from time to time determine, provided that:

- (a) the maximum number of Ordinary Shares authorised to be purchased is 193,750,000;
- (b) the minimum price which may be paid for an Ordinary Share is 25 pence (being the nominal value of an Ordinary Share) exclusive of associated expenses;
- (c) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary Share derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased (exclusive of associated expenses); and

(d) the authority to purchase hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or 15 months from the passing of this Resolution, whichever is the earlier, 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 completed wholly or partly thereafter and a purchase of shares may be made in pursuance of any such contract.

By order of the Board

**Tim Fallowfield** Company Secretary

12 June 2003

## Explanatory notes

### Entitlement to attend the Annual General Meeting

To be entitled to attend and vote at the Meeting (and for the purposes of determining the number of votes shareholders may cast), shareholders must be entered on the Company's register of members at 6pm on Monday 21 July 2003 or, if the Meeting is adjourned, shareholders must be entered on the Company's register of members at 6pm on the day two days before the time fixed for the adjourned Meeting, these being the times specified by the Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001.

### Proxy

A shareholder entitled to attend and vote at this Annual General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a shareholder of the Company. Further details are given on the accompanying proxy form.

Whether or not you propose to attend the Annual General Meeting in person, you are requested to complete and return the form of proxy to Computershare Investor Services PLC, PO Box 1075, Bristol BS99 3FA, to arrive as soon as possible but in any event not later than 11.30am on Monday 21 July 2003. The completion and return of the form of proxy will not prevent you from attending and voting at the Meeting if you so wish.

Although this notice of Annual General Meeting is sent to loan stock holders and to beneficial owners of shares under the Share Trust of the Company's Employee Profit Sharing Scheme and the Sainsbury's Share Purchase Plan, only holders of ordinary shares or their proxy are entitled to attend and vote at the Meeting.

### Electronic Voting

If you would like to submit your proxy vote via the Internet, you can do so by accessing our Registrar's website at ([www.computershare.com/voting/uk](http://www.computershare.com/voting/uk)). You will require your unique PIN (which will expire at the end of the voting period)

and your Shareholder Reference Number (SRN), printed on the proxy form, in order to log in and submit your proxy vote electronically.

You can access this site from any Internet enabled PC.

### CRESTCO voting facility

Those shareholders who hold shares through CREST may choose to appoint a proxy or proxies using CREST. The CREST Proxy Instruction must be properly authenticated in accordance with CRESTCO's specifications and must contain the information required for such instruction as described in the CREST Manual. Personal or sponsored members and those with a voting service provider should request the sponsor or provider to take the appropriate action.

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 our Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Directors may treat a CREST Proxy Instruction which purports to be or is expressed to be sent on behalf of a shareholder as sufficient evidence of the authority of the person sending that instruction to send it on the behalf of the holder.

CREST Proxy Instructions must be received by our Registrars (ID 3RA50) by 11.30am on Monday 21 July 2003.

### **Special business at the Annual General Meeting**

In addition to the Ordinary Business of the Company, this year there will be four items of Special Business at the Annual General Meeting as follows.

#### **Increase in Authorised Share Capital (Resolution 10)**

A Resolution will be proposed at the Annual General Meeting to increase the Company's authorised ordinary share capital from 2,200,000,000 shares to 2,800,000,000 shares (an increase of 27 per cent) to accommodate the potential future issue of shares and to meet current and future obligations under employee share schemes.

#### **Power to Issue Shares (Resolution 11 and 12)**

The Company's Articles of Association (No.9(A)) give the Directors general authority to allot (or issue) unissued shares. The Companies Act 1985 limits that power by requiring shareholders to give specific prior approval. Resolution 11 seeks approval from the shareholders for Directors to allot up to a maximum of 644,000,000 shares being approximately one third of the ordinary issued share capital of the Company as at 21 May 2003.

There are no present plans to allot unissued shares other than in connection with employee share and incentive schemes. The Directors believe, however, that they should continue to have this authority to enable such allotments to take place to finance business opportunities as they arise. This Resolution is in line with the guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds.

If the Directors wish to allot unissued shares (and other equity securities) for cash, the Companies Act 1985 requires that these shares are offered first to existing shareholders in proportion to their existing holdings. This is known as shareholders' pre-emption rights. There may be occasions, however, when, in order to act in the best interests of the Company, the Directors need the flexibility to finance business opportunities as they arise without offering securities on a pre-emptive basis. Therefore, Resolution 12 asks shareholders

to renew the Directors' authority to issue up to 96,872,000 shares (otherwise than in connection with a rights issue or an option, incentive or profit sharing scheme) equivalent to approximately 5 per cent of the ordinary issued share capital as at 21 May 2003, without the shares first being offered to existing shareholders. This Resolution is also in line with the guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds.

Although both Resolution 11 and 12 seek renewal of the authority until the Annual General Meeting of the Company in 2008 or 22 July 2008 (whichever is earlier), the Directors presently intend that a resolution to renew each authority will be proposed at each succeeding Annual General Meeting.

#### **Share purchase (Resolution 13)**

The Companies Act permits a company to purchase its own shares provided that the purchase has been authorised by the Company in general meeting. Whilst the Directors have no present intention of making such purchases, it is common practice for listed companies to seek such authority and the Directors consider that it is prudent for them to do so.

Resolution 13, if passed, would give the Company the authority to purchase its own issued ordinary shares of 25 pence each at a price (exclusive of expenses) of not less than 25 pence per share (being the nominal value of the ordinary shares) and not more than 5 per cent above the average of the middle market quotations of the Company's shares as shown in the London Stock Exchange Daily Official List for the five business days before the purchase is made. The authority is for the purchase of a maximum number of 193,750,000 shares being approximately 10 per cent of the Company's present issued ordinary share capital and will expire at the conclusion of the next Annual General Meeting of the Company or 15 months from the date of the Resolution, whichever is the earlier. The Directors presently intend that a resolution to renew this authority will be proposed at each succeeding Annual General Meeting.

The Directors would not propose to exercise their authority to make purchases unless the expected effect of the purchase would be to increase the earnings per share of the remaining shares in the capital of the Company and unless the purchase is generally in the best interest of the shareholders.

Any shares purchased under this authority will be treated as cancelled and the number of shares in issue reduced accordingly.

The total number of options to subscribe for shares outstanding as at 21 May 2003 was 144,600,000. This represents 7.5 per cent of the issued ordinary share capital at that date. If the Company were to buy back the maximum number of shares permitted pursuant to this Resolution, then the total number of options to subscribe for shares as at 21 May 2003 would represent 8.3 per cent of the reduced issued ordinary share capital.

#### **Auditors**

Following the change of legal status of PricewaterhouseCoopers to a limited liability partnership at the start of the year, PricewaterhouseCoopers resigned as auditors on 3 April 2003 and the Directors appointed PricewaterhouseCoopers LLP in their place. At the Annual General Meeting, shareholders will be asked to re-appoint PricewaterhouseCoopers LLP as auditors.

#### **Biographical details of the Directors proposed for re-election are as follows:**

##### **Sir George Bull *Non-Executive Chairman***

Appointed to the Board in April 1998 and became Chairman in July 1998. Chairman of the Nomination Committee. Member of both the Audit and Remuneration Committees. Previously Chairman of Diageo plc until July 1998. Former Group Chief Executive and Chairman of Grand Metropolitan PLC. Non-Executive Director of BNP Paribas UK Holdings Limited, The Maersk Company Ltd and member of Marakon Associates Advisory Board. Sir George has announced that he intends to step down as Chairman and retire from the Board at the end of March 2004. Age 66.

##### **Sir Peter Davis *Group Chief Executive***

Appointed March 2000. Previously Group Chief Executive

of Prudential plc (1995-2000). From 1976 until 1986 he held senior positions within Sainsbury's, latterly Assistant Managing Director. Chairman of Sainsbury's Supermarkets Ltd and Shaw's Supermarkets Inc. Non-Executive Director of UBS AG. Sir Peter has accepted the Board's request to take over the position of Chairman on Sir George Bull's retirement at the end of March 2004 and stay in that position until at least the end of July 2005. Age 61.

##### **Roger Matthews *Group Finance Director***

Appointed November 1999. Director of Sainsbury's Supermarkets Ltd and Shaw's Supermarkets Inc. Chairman of Sainsbury's Bank plc. Formerly Group Managing Director and Finance Director of Compass Group PLC. Currently a Non-Executive Director of Zenergy UK Limited. Age 49.

##### **Keith Butler-Wheelhouse *Non-Executive Director***

Appointed September 1999. Chairman of the Remuneration Committee. Member of the Audit and Nomination Committees. Chief Executive of Smiths Group plc since 1996, prior to which he was President of SAAB Automobile Sweden from 1992. Non-Executive Director of Delta (South Africa). Age 57.

##### **June de Moller *Non-Executive Director***

Appointed September 1999. Member of the Audit, Nomination and Remuneration Committees. Formerly a Director of Carlton Communications Plc from 1983 until January 1999 (Managing Director from 1993). Currently Non-Executive Director of Archant Limited, Cookson Group plc and London Merchant Securities plc. Age 55.

#### **Disabled shareholders**

Special stewards have been allocated to assist disabled shareholders and will be stationed at the registration desk.

#### **Documents on display**

The Register of Directors' Interests kept by the Company under Section 325 of the Companies Act 1985 and copies of Directors' service contracts will be available for inspection at the Registered Office of the Company during normal business hours on any weekday (Saturdays excepted) from the date of this notice until 23 July 2003 and at the place of the Meeting for 15 minutes prior to and during the Meeting.



**J Sainsbury plc**  
33 Holborn, London EC1N 2HT  
[www.j-sainsbury.co.uk](http://www.j-sainsbury.co.uk)