

## **ANNUAL GENERAL MEETING EXPLANATORY NOTES TO THE NOTICE OF MEETING**

The Notice of Meeting appears below on pages 8 to 10 (pages 90 to 92 in the Annual Report). The following information provides additional background to several of the resolutions proposed.

### **Resolution 3: Appointment of Directors**

The Board recommends that the following Directors be elected at this meeting:

#### **Craig Smyth**

As Craig has been appointed to the Board since the last Annual General Meeting ("AGM") he comes up for election at this meeting. He was appointed a Director on 20 March, was a founder executive of the Aviation division and has worked for Menzies Aviation for 14 years. In 2003, he moved from being the Chief Financial Officer into the operational & commercial role as Vice President, Americas and was appointed the Managing Director of Menzies Aviation in February 2004. He is a chartered accountant. Age 39.

#### **Ellis Watson**

Ellis was also appointed to the Board on 20 March and therefore also comes up for re-election at this meeting. Ellis was appointed Managing Director of Menzies Distribution in September 2005. Prior to this he was Managing Director of National Newspapers at Trinity Mirror plc and of Celador International. His media career began with 9 years at News International, where latterly he was Marketing Director. He was also previously Chairman of the Newspaper Publishers Association, the trade body for daily national newspapers. Age 39.

The Board recommends that the following Directors, who retire by rotation and offer themselves for re-election at this meeting, be re-elected:

#### **William Thomson**

William was appointed Chairman in 2002. He has been a non-executive director since 1987, and chairs the Nominations Committee. He is Chairman of E G Thomson (Holdings) Ltd, a shipping and logistics group with interests in Asia, British Assets Trust plc and Fidelity Japanese Values plc, and is a non-executive director of Dobbies Garden Centres plc. Age 66.

#### **David Coltman**

David was appointed a non-executive director in 2001 and Senior Independent Director in 2006, and chairs the Remuneration Committee. He has held various senior positions with airlines in the UK and with United Airlines in Chicago, and is Chairman of Edinburgh Worldwide Investment Trust plc. Age 64.

#### **Dermot Jenkinson**

Dermot was appointed to the Board in 1986 where he held various executive responsibilities before assuming a non-executive role in 1999. He is founder and Chairman of beCogent Ltd, a contact centre and related consultancy business, and is a director of a number of other private companies. Age 52.

#### **Ian Harrison**

Ian was appointed a non-executive director in 1987. He is a director of Record Currency Management Ltd, an institutional investment management company specialising in currency management for pension funds worldwide. Age 50.

William Thomson, who is Chairman, has extensive leadership skills and experience, and provides highly valued advice and support to the executive management team. David Coltman, who is Senior Independent Director, has international experience and commercial expertise and knowledge particularly in the aviation sector. Dermot Jenkinson contributes from his breadth of experience gained from his knowledge of the Company and through a wide range of general management roles. Ian

Harrison provides counsel and support to the Board and brings particular skills relating to pension investment and currency management. The latter two also represent the interests of our major shareholder.

Each of these four directors retiring by rotation has undergone a formal performance evaluation and the performance of each continues to be effective and to demonstrate commitment to their role including commitment of time for board and committee meetings and their other duties.

### **Resolution 7 - Adoption of a new Divisional Performance Share Plan**

Following an in-depth review of our remuneration and incentive structures, we are recommending the adoption of a new divisional share incentive plan primarily for senior executives. The main features are set out below and a summary of the rules can be found also below on pages 5 to 7 (pages 88 to 89 in the Annual Report).

It was felt by the Board that the Company's current incentive schemes did not operate as intended at the divisional level. Following a review by the Remuneration Committee, the Board is recommending that a new 2007 Divisional Performance Share Plan (DPSP) be adopted to augment the Company's existing share incentive plans as part of the Company's policy of ensuring that its remuneration practices remain competitive. Executive directors and other senior executives receiving an award of conditional shares under this DPSP will not also receive awards under the existing 2005 Performance Share Plan.

The performance conditions are based on the achievement of targeted Divisional Financial Results ("DFR") at threshold and stretch level; at the stretch level, the performance target has been externally verified as being equivalent to achieving upper quartile performance. For Menzies Distribution, the DFR are based on operating profit, reduction in operating costs and income from new revenue streams, and for Menzies Aviation the DFR are based on operating profit.

The main features of the DPSP are as follows:

- Annual grants of conditional shares which vest if actual DFR of the relevant division outperform target DFR. For the first cycle of the plan the following vesting conditions are proposed:
  - No shares vest unless actual DFR for the final year of the 3-year performance period beat the threshold target
  - 100% of shares vest for performance over the final year of the 3-year period exceeding the stretch target.
  - Pro rata vesting in between.
- The Remuneration Committee will review the appropriateness of these performance conditions at the beginning of each cycle.
- An amount equal to net dividends accrued over the performance period will be paid at vesting but only on shares which actually vest.

Copies of the Rules of the proposed 2007 Divisional Performance Share Plan will be available for inspection at the registered office of the Company, and at the offices of Maclay Murray & Spens LLP at 1 London Wall, London, EC2Y 5AB, from 19 April 2007 to (and including) the date of the Annual General Meeting during normal business hours on any day (Saturdays, Sundays and public holidays excepted) and will also be available at the Roxburghe Hotel, 38 Charlotte Square, Edinburgh for at least 15 minutes before the Annual General Meeting until its conclusion.

## **Resolution 8 - Communications by Electronic Means and Amendment to Articles of Association**

This resolution is being proposed in light of the new provisions about company communications, including electronic communications (for example via the Company's website or by email), which have recently been introduced by the Companies Act 2006 (the "2006 Act"). The Companies Act 1985 (as amended) (the "1985 Act") allowed companies to use electronic communications in certain contexts, for instance, to send annual accounts and notices of meeting to shareholders. Currently, following shareholder approval in 2000, the Company's Articles of Association permit the Company to communicate with shareholders by electronic means as permitted under the 1985 Act, although not by publishing documents on the Company's website.

The new provisions in the 2006 Act apply more generally to all types of company communications made pursuant to the 2006 Act. The authority that is being sought by Resolution 8 is consistent with the new arrangements under the 2006 Act and with the provisions of the UKLA's new Transparency Rules which contain additional requirements for listed companies in relation to electronic communications. The Resolution also seeks shareholder approval to changes to the Company's Articles of Association to reflect the new arrangements.

The authority and amendments to the Articles will not of themselves force either the Company or any individual shareholder to send or receive notices, documents or information by electronic means. They will, however, allow the Company to approach shareholders for their individual agreement to use electronic mail and/or publication on its website for Company communications.

Shareholders will at all times be able to request hard copies of any document published electronically and they will be able to revoke their consent to the Company communicating with them electronically at any time.

Copies of the existing Articles of Association of the Company and the proposed amended Articles of Association will be available for inspection at the Company's registered office, and at the offices of Maclay Murray & Spens at 1 London Wall, London, EC2Y 5AB, from 19 April 2007 to (and including) the date of the Annual General Meeting during normal business hours on any day (Saturdays, Sundays and public holidays excepted) and will also be available at the Roxburghe Hotel, 38 Charlotte Square, Edinburgh for at least 15 minutes before the Annual General Meeting until its conclusion.

## **Resolution 9 - Authority to allot shares for cash free from pre-emption rights**

This resolution proposes, on the same basis as last year, to disapply pre-emption rights of shareholders on the allotment of equity securities for cash up to a limit of 5% of the issued ordinary share capital, being shares to an aggregate nominal value of £740,694. The authority under this resolution would expire on the date of the next Annual General Meeting or 23 August 2008, whichever is earlier.

## **Resolutions 10 and 11 – Authority for the Company to purchase its own shares**

The directors consider that it would be advantageous for the Company to renew the authority purchase its own ordinary and 9% cumulative preference shares in case the opportunity presents itself where such course of action would be in the best interests of shareholders generally.

Under the terms of these special resolutions the maximum number of shares to be purchased is 5,925,553 ordinary shares (representing 10% of the issued ordinary share capital) and 1,394,587 9% cumulative preference shares. The minimum price payable is the par value of 25p per ordinary share and £1 per 9% cumulative preference share. The maximum price payable is an amount equal to 105% of the average middle market quotations in respect of the ordinary shares and 110% of the average middle market quotations in respect of the 9% cumulative preference shares (both as shown in the London Stock Exchange Daily Official List) for five business days prior to the date of purchase.

This authority will only be exercised where in the opinion of the Board it is likely to result in an increase in earnings per share and would be in the best interests of shareholders generally. Any shares purchased by the Company under this authority will be cancelled, unless the shares are purchased by the Company to hold as treasury shares.

These authorities would expire on the date of the next Annual General Meeting or 23 August 2008, whichever is earlier.

### **Proxy Card**

A proxy form, which covers all resolutions to be proposed at the Annual General Meeting, is provided for use by holders of ordinary shares and should be read in conjunction with the Notice of Meeting. Completed forms of proxy should be returned as soon as possible but in any event no later than 12.15pm on Tuesday 22 May 2007. Completion of a proxy will not prevent a shareholder from attending and voting at the Annual General Meeting if he/she so wishes.

### **Appointment of a proxy through CREST**

To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35 (5) (a) of the Uncertificated Securities Regulations 2001.

## **SUMMARY OF THE PRINCIPAL FEATURES OF THE JOHN MENZIES PLC 2007 DIVISIONAL PERFORMANCE SHARE PLAN**

### **Introduction**

The John Menzies plc 2007 Divisional Performance Share Plan offers executives the opportunity to benefit from the success of the Company, as measured by the achievement of targeted Divisional Financial Results ("DFR"). The DFR for Menzies Distribution are based on operating profits, cost savings and income from new revenue streams, and for Menzies Aviation are based on operating profits. The DFR relate to the Division of the Company by which the executive who benefits through the award of shares is employed.

Shares will vest at the end of three years if DFR reaches targets set by the Board.

The following summarises the main features of the Plan and its operation.

#### **1. ELIGIBILITY**

Executive directors and senior employees of the Company or its subsidiaries who are selected by the Remuneration Committee (for Directors) or the Board (for other executives) are eligible to participate in the DPSP.

#### **2. GRANTS OF AWARDS**

The Board may, normally within 42 days of the preliminary announcement of the Company's results, grant to executives an award of conditional shares under the rules of the DPSP. An Award Certificate will set out the number of conditional shares being awarded and the Performance Targets which will determine the extent to which the number of shares stated in the Award Certificate will vest.

#### **3. PERFORMANCE TARGETS**

Performance Targets will normally relate to a period of three financial years ("the Performance Period"), and are intended to be challenging. A Threshold and a more demanding Stretch Performance Target for each set of DFR will be set by the Board before awards are made. The Stretch Performance Target for each Division has been verified by external remuneration consultants to be equivalent to upper quartile performance. Targets will normally be based on improvements to performance measured against DFR at the end of the period relative to the DFR at the beginning of the period. The Performance Targets for the first period will be:

<b>DFR at the end of the third financial year to December 2009</b>	<b>Percentage award vesting</b>
Less than the Threshold Performance Target	Nil
Equal to or greater than the Stretch Performance Target	100%
Greater than the Threshold Performance Target but less than the Stretch Performance Target	To be calculated on a straight line basis, with the total number of shares vesting rounded down to the nearest whole number.

#### **4. COMMENCEMENT, DURATION AND AMENDMENT OF THE DPSP**

The first award under the DPSP will be made 42 days after the adoption of the DPSP by shareholders at the 2007 Annual General Meeting. No award may be made more than 10 years after the adoption of the DPSP.

The DPSP may be altered at any time provided that no alteration is made which adversely affects the participants without their consent, and no amendments to the advantage of participants or to the definitions of those eligible, Performance Targets or Divisional Financial Results may be made without shareholder consent.

#### **5. VESTING OF SHARES**

The Remuneration Committee (for Directors) or the Board (for other executives) will notify each participant as soon as practicable after the end of the Performance Period of the extent to which the Performance Targets have been met and the number of shares which will be awarded or vest (if any) for the Performance Period. The Company will thereafter procure the transfer of the appropriate number of these vested shares which will represent the post-tax value of this award. The Company will pay the relevant income tax on the award, by sale on the participant's behalf if agreed of the appropriate number of the total vested shares.

The value of the vested shares shall be calculated using the quoted share price at the close of the day prior to which the above notification is dated, and the date of the transfer shall be the date of the notification for the purposes of any announcement of this dealing in the Company's shares.

#### **6. DIVIDENDS**

Within 42 days of the transfer of the vested shares, the Company will pay to each participant an amount equal to the net dividends which would have been paid during the Performance Period on those shares which actually vest.

#### **7. TAXATION**

Income tax and national insurance contributions are due on any shares which vest, at the date of vesting, and on any dividend payment. All payments or transfers of shares under the DPSP will be made on a net of tax basis as appropriate.

#### **8. LOSS OF OR LIMITATIONS ON RIGHTS**

If a participant leaves the employment of the Group, rights attaching to all shares held for him under the DPSP shall immediately lapse, although special rules apply on leaving due to ill health, retirement, redundancy, disposal/change of control of the Company, death, or in other circumstances where the Remuneration Committee (for Directors) or the Board (for other executives) deems it appropriate. Under these special rules, they may determine whether and if so, how many shares will vest, taking into account the Performance Targets and how much of the Performance Period has elapsed.

No share will be transferred to a participant while his employment is suspended on grounds of gross misconduct or where any statutory, regulatory or other legal provision restricts the Company or the executive from dealing in shares.

No award may be assigned or transferred (except to personal representatives on the participant's death).

## 9. **OTHER MATTERS**

### 9.1 **Limit of awards**

The maximum annual award for each participant will be limited to 100,000 shares. No more than 10% of the issued ordinary share capital of the Company shall be issued pursuant to the DPSP and any other employees' share scheme in a 10 year period, and no more than 5% of the issued ordinary share capital of the Company shall be issued pursuant to the DPSP and any other discretionary executive share option scheme in any 10 year period.

### 9.2 **Rights**

The inclusion of a participant in this Scheme or the terms of an Award shall not afford the participant any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Group for any reason whatsoever (including wrongful or unfair dismissal), or from the lapsing of any share awards. Awards will not be pensionable.

### 9.3 **Variation of Share Capital**

The number of shares in any award may be adjusted on any variation of the share capital of the Company in such manner as the Remuneration Committee deems to be fair and reasonable.

### 9.4 **Change of Control**

In the event of a takeover of the Company, awards will vest immediately subject to determination by the Remuneration Committee of the extent to which the Performance Targets have been met as at the date of change of control.

### 9.5 **Interpretation**

In the event that there is any difference in the interpretation of the Rules in this Summary and the Rules themselves, then the Rules take precedence. Participants may request a copy of the Rules at any time.

## **NOTICE OF ANNUAL GENERAL MEETING**

The Annual General Meeting of John Menzies plc will be held in the Roxburghe Hotel, 38 Charlotte Square, Edinburgh on Thursday 24 May 2007 at 12.15pm to transact the following business:

### **Ordinary Business**

To consider and if thought fit pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive the Directors' Report and Accounts for the year ended 30 December 2006 and the Report of the Auditors thereon.
2. To declare a final dividend on the ordinary shares.
3. To elect as directors:
  - (i) Craig Smyth
  - (ii) Ellis Watson

To re-elect as directors:

  - (iii) William Thomson
  - (iv) David Coltman
  - (v) Dermot Jenkinson
  - (vi) Ian Harrison
4. To approve the Report on Directors' Remuneration for the year ended 30 December 2006.
5. To re-appoint PricewaterhouseCoopers LLP as Auditors.
6. To authorise the directors to fix the Auditors' remuneration.
7. To approve and adopt the Rules of the John Menzies plc 2007 Divisional Performance Share Plan (DPSP), the main features of which are summarised on pages 88 to 89 of the Annual Report and Accounts 2006, in the form produced to the meeting and signed by the Chairman for the purposes of identification, subject to such modifications as the directors may consider necessary or desirable to take account of the requirements of the UK Listing Authority and the London Stock Exchange or for the purposes of implementing and giving effect to the DPSP.

### **Special Business**

To consider and if thought fit pass the following Resolutions which will be proposed as Special Resolutions:

8. That:
  - (i) the Company be and is hereby permitted (subject to the requirements of the Companies Act 2006 and the Articles of Association of the Company) to send or supply notices, documents or information to members by making them available on a website or by other electronic means; and
  - (ii) those amendments (as shown by text being underlined or deleted) contained in the printed document produced to the meeting and initialled by the Chairman for the purpose of identification be and are hereby approved as amendments to the Articles of Association of the Company.

9. That the directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the Companies Act 1985) pursuant to the authority conferred by Resolution number 9 passed at the Annual General Meeting of the Company held on 9 May 2003 as if Section 89 of the Companies Act did not apply to such allotment, provided that this power shall be limited to:

(a) the allotment (otherwise than pursuant to sub-paragraph (b) below) of equity securities which are, or are to be, wholly paid up in cash to an aggregate nominal value of £740,694, and for this purpose an issue of securities convertible into or giving the right to subscribe for ordinary shares shall be deemed to be an allotment of the number of shares which would be required to satisfy the conversion or subscription price provided in the terms and conditions of the issue; and

(b) the allotment of equity shares in connection with a rights issue to ordinary shareholders in proportion (as nearly as may be) to the respective numbers of ordinary shares held by them, subject to the directors having a right to aggregate and sell for the benefit of the Company all fractional entitlements which may arise in apportioning equity securities among ordinary shareholders of the Company, and subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to legal or practical problems under the requirements of any regulatory or other authority in any jurisdiction; and shall expire at the conclusion of the next Annual General Meeting of the Company or on 23 August 2008 which ever is earlier, provided that the Company may before such expiry make an offer or arrangement which would or might require equity shares to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power hereby conferred had not expired.

10. That the Company be and is hereby authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of any of its own ordinary shares of 25p each (the "ordinary shares"), provided that:

(a) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting or on 23 August 2008, whichever is earlier, except in relation to the purchase of ordinary shares for which a contract was concluded before the authority expired and which might or will be executed wholly or partly after its expiration;

(b) the maximum number of shares hereby authorised to be purchased is 5,925,553 ordinary shares in aggregate; and

(c) the maximum price which may be paid for each ordinary share is an amount equal to 105% of the average of the middle market quotations for ordinary shares of the Company derived from the London Stock Exchange Daily Official List for the five business days prior to the date of conclusion of the contract for such purchases, and the minimum price is 25p, in each case exclusive of the expenses of purchase.

11. That the Company be and is hereby authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of any of its own 9% cumulative preference shares of £1 each (the "preference shares"), provided that:

(a) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting or on 23 August 2008, whichever is earlier, except in relation to the purchase of preference shares for which a contract was concluded before the authority expired and which might or will be executed wholly or partly after its expiration;

(b) the maximum number of shares hereby authorised to be purchased is 1,394,587 preference shares in aggregate; and

- (c) the maximum price which may be paid for each preference share is an amount equal to 110% of the average of the middle market quotations for shares of the Company derived from the London Stock Exchange Daily Official List for the five business days prior to the date of conclusion of the contract for such purchases, and the minimum price is £1, in each case exclusive of the expenses of purchase.

**By order of the Board**



**J F A Geddes**  
**Secretary**  
**19 April 2007**

**Notes**

Entitlement to Attend Meeting

Members who wish to attend the meeting must be entered on the Company's register of members by 12.15pm on Tuesday 22 May 2007, and the number of votes they may cast will be the number of shares they hold as shown by the register at that date.

Proxies

A person entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, to vote on his/her behalf. A proxy need not be a member of the Company. A form of proxy is enclosed for ordinary shareholders which, to be valid, must be completed in accordance with the instructions printed on it and lodged with the registrars of the Company at least 48 hours before the time of the meeting.

Appointment of a proxy will not prevent a member from attending and voting at the Annual General Meeting should he/she decide to do so.

For members of CREST who wish to appoint a proxy through the CREST system, please refer to the instructions on page 87 of the Annual Report.

Documents

The register of interests of directors in the share capital of the Company and copies of their service agreements are available for inspection at the registered office of the Company during normal business hours and will be available at the meeting.

Copies of the Rules of the proposed 2007 Divisional Performance Share Plan and of both the existing and a marked up version of the proposed amended Articles of Association will be available for inspection at the registered office of the Company and at the offices of Maclay Murray & Spens LLP at 1 London Wall, London EC2Y 5AB on weekdays during business hours (excluding public holidays) from the date of this notice until the end of the Annual General Meeting and also at the meeting until it ends.

Dividend

The final dividend on the ordinary shares, if approved, will be paid on 29 June 2007 to members whose names appear on the register at the close of business on 1 June 2007.