

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

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

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

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**Regus Group plc**

(incorporated and registered in England and Wales under number 4868977)

**NOTICE OF ANNUAL GENERAL MEETING  
TO BE HELD ON 20 MAY 2008**

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Notice of the Annual General Meeting of the Company to be held at City Point, 1 Ropemaker Street, London EC2Y 9HT on 20 May 2008 at 10 a.m. is set out at Appendix 1 of this circular.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received not less than 48 hours before the time of the holding of the Annual General Meeting.

Dresdner Kleinwort Limited, which is authorised and regulated by the Financial Services Authority, is acting for Regus Group plc and for no-one else in connection with the contents of this document and will not be responsible to anyone other than Regus Group plc for providing the protections afforded to clients of Dresdner Kleinwort Limited, or for affording advice in relation to the contents of this document or any matters referred to herein.

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**DEFINITIONS**

<b>“Act”</b>	means the Companies Act 2006;
<b>“AGM”</b>	means the annual general meeting of the Company to be held at City Point, 1 Ropemaker Street, London EC2Y 9HT on 20 May 2008 at 10 a.m.;
<b>“Bear Sterns”</b>	means Bear Sterns International Limited;
<b>“CIP”</b>	means the Regus Co-Investment Plan;
<b>“Code”</b>	means the UK City Code on Takeovers and Mergers;
<b>“Company”</b>	means Regus Group plc, a company incorporated in England with the registered number 04868977 and whose registered office is at 3000 Hillswood Drive, Chertsey, Surrey KT16 0RS;
<b>“Current Articles”</b>	means the articles of association of the Company;
<b>“Directors” or “Board”</b>	means the Executive Directors and the Non-Executive Directors of the Company;
<b>“Dresdner Kleinwort”</b>	means Dresdner Kleinwort Limited;
<b>“Executive Directors”</b>	means Mark Dixon, Ruby Lobo and Stephen Gleadle;
<b>“First Waiver”</b>	means a waiver by the Panel of the obligation which would otherwise arise under Rule 9 of the Code requiring Mark Dixon (or any entity through which Mark Dixon may hold shares in the Company) to make an offer for the issued share capital of the Company following re-purchases of its shares by the Company;
<b>“First Waiver Resolution”</b>	means resolution 11 set out at page 29 of this document;
<b>“Forward Contract”</b>	has the meaning set out on page 18 of this document;
<b>“Independent Directors”</b>	means the Directors other than Mark Dixon;
<b>“Independent Shareholders”</b>	means the Shareholders other than Mark Dixon;
<b>“Investment Shares”</b>	has the meaning set out on page 41 of this document;
<b>“issued share capital”</b>	means, except where stated to the contrary, the issued share capital of the Company excluding Treasury Shares;

<b>“Latest Practicable Date”</b>	means 15 April 2008, being the latest practicable date prior to the publication of this document;
<b>“LTIP”</b>	means the Regus Group Long Term Incentive Plan which is an element of the CIP under which stand alone nil-cost options over, or whole awards of, Ordinary Shares can be made to Directors without reference to their annual bonus, up to 100 per cent. of salary per annum;
<b>“March CIP Options”</b>	means the nil-cost options over 1,583,850 Ordinary Shares granted to Mark Dixon on 18 March 2008, pursuant to the CIP, subject to certain performance conditions;
<b>“Matching Shares”</b>	has the meaning set out on page 42 of this document;
<b>“Maxon”</b>	means Maxon Investments B.V., a company incorporated in The Netherlands whose effective place of management is in the Grand Duchy of Luxembourg;
<b>“Measurement Dates”</b>	has the meaning set out on page 42 of this document;
<b>“New Articles”</b>	means the articles of association proposed to be adopted by the Company pursuant to resolution 16;
<b>“New Option”</b>	means any options which may be granted to Mark Dixon pursuant to the Share Option Plan or the CIP following the conclusion of the AGM;
<b>“Non-Executive Directors”</b>	means John Matthews, Roger Orf, Stephen East and Martin Robinson;
<b>“Ordinary Shares”</b>	means the ordinary shares of 5 pence each in the capital of the Company;
<b>“Original Waivers”</b>	has the meaning set out on page 8 of this document;
<b>“Panel”</b>	means The Panel on Takeovers and Mergers;
<b>“Participant”</b>	means a Senior Executive who participates in the VCP;
<b>“Regus Group”</b>	means Regus Group plc together with its subsidiaries and subsidiary undertakings;
<b>“Remuneration Committee”</b>	means the remuneration committee of the Company;
<b>“Second Waiver”</b>	means a waiver by the Panel of the obligation which would otherwise arise under Rule 9 of the Code requiring Mark Dixon

(or any entity through which Mark Dixon may hold shares in the Company) to make an offer for the issued share capital of the Company following exercise of any of the VCP Options;

- “Second Waiver Resolution”** means resolution 12 set out at page 29 of this document;
- “Senior Executive”** means any current or future (i) executive director of the Company; (ii) member of the senior management team of the Company; or (iii) any other employee of the Company, that the Remuneration Committee considers should participate in the VCP;
- “Shareholders”** means the holders of Ordinary Shares;
- “Share Option Plan”** means the Regus Group Share Option Plan;
- “Third Waiver”** means a waiver by the Panel of the obligation which would otherwise arise under Rule 9 of the Code requiring Mark Dixon (or any entity through which Mark Dixon may hold shares in the Company) to make an offer for the issued share capital of the Company following exercise of any of the March CIP Options;
- “Third Waiver Resolution”** means resolution 13 set out at page 29 of this document;
- “VCP”** means the new share option plan described in Appendix 4 on page 40 of this document;
- “VCP Entitlement”** has the meaning set out on page 42 of this document;
- “VCP Option”** means any options which may be granted to Mark Dixon pursuant to the VCP following the conclusion of the AGM; and
- “Waivers”** means the First Waiver, the Second Waiver and the Third Waiver.

## PART I

### LETTER FROM THE CHAIRMAN OF REGUS GROUP PLC

(incorporated and registered in England and Wales under number 4868977)

#### Directors

John Matthews (Chairman)  
 Mark Dixon (Chief Executive Officer)  
 Stephen Gleadle (Chief Financial Officer)  
 Rudy Lobo (Chief Operating Officer)  
 Roger Orf (Senior Independent Non-Executive Director)  
 Stephen East (Non-Executive Director)  
 Martin Robinson (Non-Executive Director)

#### Registered Office:

3000 Hillswood Drive  
 Chertsey  
 Surrey  
 KT16 0RS

21 April 2008

Dear Shareholder,

#### Notice of Annual General Meeting

I am pleased to be writing to you with details of our AGM which we are holding at City Point, 1 Ropemaker Street, London EC2Y 9HT on 20 May 2008 at 10 a.m. The formal notice of Annual General Meeting is set out in Appendix 1 on page 28 of this document.

If you would like to vote on the resolutions but cannot come to the AGM, please fill in the proxy form sent to you with this notice and return it to our registrars as soon as possible. They must receive it by 10 a.m. on 18 May 2008.

#### Final Dividend

Shareholders are being asked to approve a final dividend of 1.0 pence per ordinary share for the year ended 31 December 2007. If you approve the recommended final dividend, this will be paid on 30 May 2008 to all Shareholders who were on the register of members on 2 May 2008.

#### New Share Option Plan

Shareholders are being asked to approve a new share option plan, the principal terms of which are set out in Appendix 4 on page 40 of this document.

#### New Articles of Association

We are also asking Shareholders to approve a number of amendments to our articles of association primarily to reflect the provisions of the Companies Act 2006. An explanation of the main changes between the proposed and the existing articles of association is set out in Appendix 3 on page 37 of this document.

**Rule 9 Waivers granted by the Panel in favour of Mark Dixon**

Mark Dixon (a Director of the Company) held 359,058,783 Ordinary Shares (representing approximately 37.80 per cent. of the Ordinary Shares) at the Latest Practicable Date. Should his interest in the Ordinary Shares increase beyond its current level, he would be required under Rule 9 of the Code to make a general offer for the remainder of the share capital of the Company.

At the EGM held on 7 December 2007, Shareholders approved the Original Waivers granted by the Panel in favour of Mark Dixon in relation to the obligations which he would otherwise have incurred pursuant to Rule 9 of the Code. We are now asking Shareholders to approve the terms of the further Waivers granted by the Panel to Mr Dixon. An explanation of the reasons for such a request, the background to the Rule 9 obligation and the decisions at the last EGM are set out in Part II on page 8 of this document.

**General**

The AGM will also cover the ordinary business, which is dealt with in Resolutions 1 to 9, 14 and 15, as follows:

- adoption of Directors' report and financial statements;
- approval of Directors' remuneration report;
- re-election of Directors;
- re-appointment of auditors and Directors' authority to pay them;
- renewal of Directors' authority to allot shares;
- renewal of Directors' power to disapply pre-emption rights; and
- renewal of the Company's authority to purchase Ordinary Shares.

Explanatory notes on all the business to be considered at this year's AGM appear in Appendix 2 on pages 34 to 36 of this document.

The Directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its Shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

Yours faithfully,

John Matthews  
Chairman

## PART II

### Approval of Rule 9 Waivers granted by the Panel

#### SECTION I - BACKGROUND

##### 1. Background

Mark Dixon (a Director of the Company) held 359,058,783 Ordinary Shares (representing approximately 37.80 per cent. of the Ordinary Shares) at the Latest Practicable Date. Should his interest in the Ordinary Shares increase beyond its current level, he would be required under Rule 9 of the Code to make a general offer for the remainder of the share capital of the Company.

At the EGM held on 7 December 2007, the Independent Shareholders approved two waivers (the “**Original Waivers**”) granted by the Panel in respect of the obligation which would otherwise arise pursuant to Rule 9 in the event of an increase in Mr Dixon’s interest in Ordinary Shares where the increase occurred as a result of:

- (A) a re-purchase by the Company of its shares in which Mr Dixon did not participate pro rata to his interests; and
- (B) the exercise by Mr Dixon of any of the share options which the Company had granted to him pursuant to the Share Option Plan and the CIP.

The Original Waiver in respect of the share options held by Mr Dixon as at 7 December 2007 remains in force and is unaffected by any resolution proposed at this year’s AGM.

However, if resolution 15 (authority to purchase own shares) is approved, the Original Waiver in respect of shares re-purchased by the Company will expire. As a result, Mr Dixon would again be in a position where, were he not to participate pro rata to his interests in any further re-purchase by the Company of its own shares, his interest in the Ordinary Shares would increase beyond its current level, thereby triggering a mandatory offer under Rule 9 of the Code. The approval of the Independent Shareholders is therefore being sought, by means of the First Waiver Resolution (to be taken on a poll at the AGM) for the First Waiver which the Panel has granted (subject to such approval).

In addition, if resolution 10 (approval of the VCP) is approved and Mr Dixon is granted VCP Options, he will be in a position where, should he exercise any such options and not arrange for the immediate sale of the underlying Ordinary Shares he is entitled to receive, his interest in the Ordinary Shares would increase beyond its current level, thereby triggering a mandatory offer under Rule 9 of the Code. The approval of the Independent Shareholders is therefore being sought, by means of the Second Waiver Resolution (to be taken on a poll at the AGM) for the Second Waiver which the Panel has granted (subject to such approval).

Finally, on 18 March 2008, Mr Dixon was granted options under the CIP in respect of 1,583,850 Ordinary Shares. The March CIP Options will be capable of exercise on 18 March 2011,



provided that Mr Dixon remains in service with the Company until that date and to the extent that the performance conditions attached to the March CIP Options have been satisfied. Mr Dixon has yet to exercise the March CIP Options but, were he to do so at some point in the future and not arrange for the immediate sale of the underlying Ordinary Shares he is entitled to receive, this could again result in his interest in Ordinary Shares increasing beyond its current level and thereby triggering a mandatory offer under Rule 9 of the Code. The approval of the Independent Shareholders is therefore being sought, by means of the Third Waiver Resolution (to be taken on a poll at the AGM) for the Third Waiver which the Panel has granted (subject to such approval).

## **2. Reasons for the Waivers**

Under Rule 9 of the Code, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights but does not hold shares carrying more than 50 per cent. of the voting rights of such a company, a general offer will normally be required if any further interests in shares are acquired by any such person. Such an offer would have to be made in cash at a price not less than the highest price paid by him, or by any member of the group of persons acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of the offer.

### *Share Purchases*

Under Rule 37 of the Code, any increase in the percentage holding of a shareholder which results from a company purchasing its own shares will also be treated as an acquisition for the purposes of Rule 9 of the Code.

If Mr Dixon does not participate pro rata to his interests in the Ordinary Shares in any future re-purchases by the Company of its own shares pursuant to the authority to be granted under Resolution 15, he will become interested in a greater percentage of Ordinary Shares representing between 30 and 50 per cent. of the Company's voting share capital and will therefore be subject to the provisions of Rule 9 of the Code. As a result, the Independent Directors have consulted with the Panel which has agreed, subject to a poll vote of the Independent Shareholders, that it will waive any obligation that would otherwise arise under Rule 9 as a result of the re-purchase of Ordinary Shares by the Company pursuant to the authority to be granted under Resolution 15.

### *VCP Options*

Note 10 on Rule 9 of the Code provides that the exercise of share options will be considered to be an acquisition of an interest in shares. However, the Panel will normally grant a waiver from the obligation to make a mandatory offer in such circumstances provided, inter alia, that the waiver is approved by a vote of independent shareholders at the time such share options are granted.

In order to allow the Remuneration Committee to grant further options to Mr Dixon pursuant to the VCP, the Independent Directors have consulted with the Panel which has agreed, subject to a poll vote of the Independent Shareholders, that it will waive the requirement for Mr Dixon to

make a mandatory offer to all Shareholders under Rule 9 of the Code upon the exercise of any VCP Options which may be granted to Mr Dixon. Any such grants will be made in accordance with the terms of the VCP and will not, in aggregate, entitle Mr Dixon to receive more than 3,500,000 options.

#### *March CIP Options*

Note 10 on Rule 9 of the Code provides that the exercise of share options will be considered to be an acquisition of an interest in shares. However, the Panel may grant a waiver from the obligation to make a mandatory offer in such circumstances provided, inter alia, that the waiver is approved by a vote of independent shareholders. Ordinarily, the Company should have sought a waiver at the time of the grant of the March CIP Options. However, no such waiver was sought at the time as a result of a misunderstanding.

Nevertheless, following discussions with the Panel, the Panel has exceptionally agreed to grant the Third Waiver in order to waive the requirement for Mr Dixon to make a mandatory offer pursuant to Rule 9 of the Code upon exercise of any of the March CIP Options, subject to the Third Waiver being approved by way of the Third Waiver Resolution. The Panel has agreed to the Third Waiver on the basis that the Independent Directors, who have been so advised by Dresdner Kleinwort, believe that it is in the best interests of the Company and the Independent Shareholders as a whole to approve the Third Waiver at this time.

#### *Independent advice*

Before the EGM held on 7 December 2007 to approve the Original Waivers, Dresdner Kleinwort provided advice to the Independent Directors in relation to the Original Waivers in accordance with the requirements of paragraph 4(a) of Appendix 1 to the Code. Dresdner Kleinwort have again provided advice in relation to the granting of the Waivers. As part of its advice to the Independent Directors in connection with each of the Waivers, Dresdner Kleinwort referred to the following factors which the Independent Directors took into account in making their recommendation:

- (A) Dresdner Kleinwort believes that Mr Dixon's continued shareholding, together with the CIP and the VCP, form an important part of the investment case for Shareholders, since they align management's interests with Shareholders' interests;
- (B) given Mr Dixon's position as CEO of the Company (subject to Resolution 3 being approved), Dresdner Kleinwort believes that Shareholders should welcome the long term participation by Mr Dixon in the equity of the Company, including any shares which he may receive under the CIP or VCP; conversely, Dresdner Kleinwort believes that disposals of Ordinary Shares by Mr Dixon could be perceived negatively by investors and potential investors;
- (C) Shareholders approved the CIP prior to the grant of the March CIP Options and will be required to approve the VCP prior to the grant of any VCP Options; and

- (D) Dresdner Kleinwort believes that the maximum increase in Mr Dixon's shareholding resulting from the receipt of Ordinary Shares on exercise of the March CIP Options, together with any VCP Options, will not be material from a control perspective.

This advice was provided by Dresdner Kleinwort to the Independent Directors only and in providing such advice Dresdner Kleinwort has relied upon the Independent Directors' commercial assessments as well as the confirmations of his future intentions that Mr Dixon has provided to the Company as set out in paragraph 5 of this Section I, Part II.

### 3. Maximum potential holding

Pursuant to the Code, it is necessary to provide an illustration of Mr Dixon's maximum potential interest in Ordinary Shares based on certain assumptions.

#### *Share Purchases*

Assuming (i) full use by the Company of the authority granted under Resolution 15 to re-purchase its own shares; (ii) no sales of Ordinary Shares by Mr Dixon; and (iii) no other person exercising any options or any other rights to subscribe for Ordinary Shares, Mr Dixon's maximum potential interest in the Ordinary Shares would be as set out in the following table:

<b>Mark Dixon's current interest in Ordinary Shares</b>	<b>Number of Ordinary Shares in issue as at the Latest Practicable Date</b>	<b>Maximum potential number of Ordinary Shares in issue</b>	<b>Mark Dixon's maximum potential interest in Ordinary Shares</b>
359,058,783/37.80%	949,968,822	854,971,940	359,058,783/42.00%

#### *VCP Options and March CIP Options*

Assuming (i) full exercise by Mr Dixon of all the VCP Options and March CIP Options, (together with all other options held by Mr Dixon as at the Latest Practicable Date) (ii) full use by the Company of the authority granted under Resolution 15 to re-purchase its own shares, (iii) no sales of interests in Ordinary Shares by Mr Dixon in connection with any share purchases (under the authority under Resolution 15 or otherwise) and (iv) no other person exercising any options or any other rights to subscribe for interests in the Ordinary Shares, Mr Dixon's maximum potential interest in Ordinary Shares would be as set out in the following table:

<b>Mark Dixon's current interest in Ordinary Shares</b>	<b>Number of Ordinary Shares in issue as at the Latest Practicable Date</b>	<b>Maximum potential number of Ordinary Shares in issue</b>	<b>Mark Dixon's maximum potential interest in Ordinary Shares</b>
359,058,783/37.80%	949,968,822	863,965,641	368,052,484/42.60%

It should be noted that the maximum number of VCP Options that Mr Dixon may be granted is 3,500,000. The Company intends that any future grants of New Options to Mr Dixon will be conditional on the Company obtaining an appropriate waiver from the Panel and the approval of the Independent Shareholders at the Company's annual general meeting following such conditional grant. However, the Company reserves the right to grant Mr Dixon further New Options without obtaining any such waiver and/or approval. In these circumstances, the New Options granted without obtaining a Panel waiver or Independent Shareholder approval will be subject to Rule 9 of the Code unless arrangements are made before Mr Dixon exercises such New Options for the immediate sale of the Ordinary Shares he is entitled to receive on the date of exercise.

#### **4. Further information on the Resolutions**

##### *Share Purchases*

The First Waiver relating to the authority under Resolution 15 would apply, provided the First Waiver Resolution is approved by the Independent Shareholders, only in respect of increases in the percentage interest in Ordinary Shares held by Mr Dixon resulting from market purchases by the Company of its own Ordinary Shares pursuant to the authority under Resolution 15. It would not apply in respect of other increases in Mr Dixon's percentage interest in Ordinary Shares (arising, for example, from market purchases of Ordinary Shares by or on behalf of Mr Dixon). Following any re-purchases of its own shares by the Company in which Mr Dixon does not participate pro rata to his interests in Ordinary Shares, Mr Dixon will be interested in Ordinary Shares carrying 30 per cent. or more of the Company's voting share capital but will not hold Ordinary Shares carrying more than 50 per cent. of such voting rights and any further increase in that interest in Ordinary Shares (other than pursuant to the proposals set out in this document and as approved by the First Waiver Resolution, Second Waiver Resolution or Third Waiver Resolution or pursuant to the Original Waivers) will be subject to the provisions of Rule 9 of the Code.

The authority under Resolution 15 and the First Waiver will (unless varied, revoked or renewed) both expire at the conclusion of the next annual general meeting of the Company.

It has been the Company's regular practice to seek Shareholders' approval at each annual general meeting for the Company to be authorised to purchase its own shares. The Independent Directors envisage that Shareholder approval for a further purchase authority will be sought at the annual general meeting of the Company in 2009. In such event, it is the Independent Directors' current intention to seek a further waiver by the Panel at that time of any obligation of Mr Dixon under Rule 9 of the Code to make a general offer to the Shareholders of the Company to purchase their shares as a result of an increase in his percentage interest in Ordinary Shares arising from the purchase by the Company of its own shares pursuant to such further authority. Any further waiver granted by the Panel would again be conditional upon Independent Shareholder approval at that time.

If the Independent Shareholders do not approve the First Waiver Resolution, the Board will not make use of the authority to be granted under Resolution 15 unless arrangements can be put in

place to ensure that Mr Dixon's percentage interest in the Ordinary Shares will not increase as a result of any future purchases by the Company of its own shares since, based on the issued share capital of the Company and Mr Dixon's percentage interest in the Ordinary Shares as at the Latest Practicable Date, any purchases by the Company of its own shares from Shareholders other than Mr Dixon could result in Mr Dixon having to make a mandatory offer to all Shareholders under Rule 9 of the Code.

#### *VCP Options*

The Second Waiver relating to the VCP Options will apply, provided the Second Waiver Resolution is approved by the Independent Shareholders, only in respect of increases in Mr Dixon's percentage interest in Ordinary Shares resulting from the exercise of any VCP Options. It will not apply in respect of other increases in Mr Dixon's percentage interest in Ordinary Shares (arising, for example, from market purchases of Ordinary Shares by or on behalf of Mr Dixon). Following the exercise by Mr Dixon of any VCP Options, Mr Dixon will be interested in Ordinary Shares carrying 30 per cent. or more of the Company's voting share capital but will not hold Ordinary Shares carrying more than 50 per cent. of such voting rights and any further increase in that interest in such Ordinary Shares (other than pursuant to the proposals set out in this document and as approved by the First Waiver Resolution, Second Waiver Resolution or Third Waiver Resolution or pursuant to the Original Waivers) will be subject to the provisions of Rule 9 of the Code.

The Second Waiver will expire in respect of each VCP Option on the earlier of the date on which each VCP Option is exercised or the date on which each VCP Option expires.

#### *March CIP Options*

The Third Waiver relating to the March CIP Options will apply, provided the Third Waiver Resolution is approved by the Independent Shareholders, only in respect of increases in Mr Dixon's percentage interest in Ordinary Shares resulting from the exercise of any of his March CIP Options. It would not apply in respect of other increases in Mr Dixon's percentage interest in Ordinary Shares (arising, for example, from market purchases of Ordinary Shares by or on behalf of Mr. Dixon). Following the exercise by Mr Dixon of any March CIP Options, Mr Dixon will be interested in Ordinary Shares carrying 30 per cent. or more of the Company's voting share capital but will not hold Ordinary Shares carrying more than 50 per cent. of such voting rights and any further increase in that interest in such Ordinary Shares (other than pursuant to the proposals set out in this document and as approved by the First Waiver Resolution, Second Waiver Resolution or Third Waiver Resolution or pursuant to the Original Waivers) will be subject to the provisions of Rule 9 of the Code.

The Third Waiver will expire in respect of each March CIP Option on the earlier of the date on which each March CIP Option is exercised or the date on which each March CIP Option expires.

As required by the Code, voting on Resolutions 11, 12 and 13 at the AGM will be by means of a poll of Independent Shareholders.

## **5. Mark Dixon's intentions**

Mr Dixon has confirmed to the Company that he is not proposing, following any increase in his percentage interest in Ordinary Shares as a result of re-purchases by the Company of its own shares or as a result of the exercise of his VCP Options or March CIP Options, to seek any change in the composition of the Board or to the general nature or any other aspect of the Company's business.

Mr Dixon has also confirmed that his intentions regarding the future of the Company's (and its subsidiaries') businesses, his intentions regarding the locations of the Company's (and its subsidiaries') places of business and his intentions regarding the continued employment of their employees and management, including any material change in conditions of employment, will not be altered as a result of the proposals set out in this document, nor will there be any redeployment of the fixed assets of the Company (or any of its subsidiaries) as a result of such proposals.

Mr Dixon has not taken part in any decision of the Independent Directors relating to the proposals set out in this document, since it is his interest in Ordinary Shares which is the subject of the Waivers. Mr Dixon has confirmed he shall not vote on Resolutions 11, 12 and 13. Additionally, Mr Dixon has confirmed that, if the First Waiver is approved by the Independent Shareholders, he will not participate in Board decisions in relation to any further re-purchases by the Company of its own shares pursuant to the authority granted by Resolution 15. Mr Dixon has also confirmed that, if the Second Waiver is approved by the Independent Shareholders, he will not participate in Remuneration Committee decisions in relation to any grant of VCP Options concerning himself.

## **6. Recommendation by Independent Directors**

The Independent Directors, who have been so advised by Dresdner Kleinwort, consider the Waivers to be in the best interests of the Company and the Independent Shareholders as a whole. In providing advice to the Independent Directors, Dresdner Kleinwort has relied upon the Independent Directors' commercial assessments. Accordingly, the Independent Directors unanimously recommend that Independent Shareholders vote in favour of each of the First Waiver Resolution, Second Waiver Resolution and Third Waiver Resolution at the AGM, as they intend to do in respect of their own beneficial Shareholdings.

Mr. Dixon will not be voting his interest in 359,058,783 Ordinary Shares, representing approximately 37.80% per cent. of the Company's current issued share capital, in relation to the First Waiver Resolution, Second Waiver Resolution and Third Waiver Resolution. In addition, Mark Dixon has not participated in the Board's consideration of the Waivers.

## SECTION II ADDITIONAL INFORMATION

### 1. RESPONSIBILITY

- 1.1 The Directors accept responsibility for the information contained in this Part II, save that (a) Mark Dixon, who has not participated in the Board's consideration of the Waivers, takes no responsibility for the paragraph on page 14 entitled "Recommendation by Independent Directors" or for the Board's recommendation and (b) the only responsibility accepted by the Independent Directors in respect of the information in this document relating to Mark Dixon has been to ensure that such information has been correctly and fairly reproduced or presented (and no steps have been taken by the Independent Directors to verify this information). To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Part II for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Mark Dixon accepts responsibility for the information contained in this Part II which relates to him. To the best of his knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this document for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. DIRECTORS

- 2.1 The Directors of the Company and their functions are as follows:

<b>Director</b>	<b>Function</b>
John Matthews	Chairman
Mark Dixon	Chief Executive Officer
Stephen Gleadle	Chief Financial Officer
Rudy Lobo	Chief Operating Officer
Roger Orf	Senior Independent Non-Executive Director
Stephen East	Non-Executive Director
Martin Robinson	Non-Executive Director

### 3. INTERESTS AND DEALINGS

#### **Directors of the Company**

- 3.1 As at the close of business on the Latest Practicable Date, the interests, rights to subscribe and short positions of the Directors, their immediate families and persons connected with them (within the meaning of Part 22 of the Act) in Ordinary Shares (all of which are beneficial unless stated) required to be notified pursuant to Part 22 of the Act

and related regulations, or which are required to be entered in the register maintained under Part 22 of the Act, were as set out below:

<b>Director</b>	<b>Number of Ordinary Shares</b>	<b>Percentage of current issued Ordinary Shares</b>
Mark Dixon	359,058,783	37.80%
John Matthews	924,513	0.10%
Stephen Gleadle	121,500	0.01%
Rudy Lobo	2,197,098	0.23%
Roger Orf	761,250	0.08%
Stephen East	40,432	0.00%
Martin Robinson	134,515	0.01%

3.2 As at the close of business on the Latest Practicable Date, the beneficial interest of the Directors in options granted under the Share Option Plan were as set out below:

<b>Director</b>	<b>Grant date</b>	<b>Interest in options and awards over Ordinary Shares</b>	<b>Exercise price (pence)</b>	<b>Date from which exercisable</b>	<b>Expiry date</b>
Mark Dixon	08/09/2004	1,708,108	64.75	08/09/2007	08/09/2014
Rudy Lobo	08/09/2004	778,378	64.75	08/09/2007	08/09/2014

3.3 As at the close of business on the Latest Practicable Date, details of options over Ordinary Shares granted to the Directors under the CIP, all for nil consideration, were as set out below:

<b>Director</b>	<b>Interest in options and awards over Ordinary Shares</b>	<b>Grant date</b>	<b>Exercise price (pence)</b>	<b>Exercise date</b>	<b>Expiry date</b>
<b>Mark Dixon</b>					
CIP – Investment shares	193,473	21/03/2006	0.0000	21/03/2009	21/03/2016
CIP – Matching shares	773,892	21/03/2006	0.0000	21/03/2009	21/03/2016
CIP – Investment shares	179,396	21/03/2007	0.0000	21/03/2010	21/03/2017
CIP – Matching shares	717,584	21/03/2007	0.0000	21/03/2010	21/03/2017
CIP – Investment shares	316,770	18/03/2008	0.0000	18/03/2011	18/03/2018
CIP – Matching shares	1,267,080	18/03/2008	0.0000	18/03/2011	18/03/2018
	<b>3,448,195</b>				



**Stephen Gleadle**

CIP – Investment shares	87,832	21/03/2007	0.0000	21/03/2010	21/03/2017
CIP – Matching shares	351,328	21/03/2007	0.0000	21/03/2010	21/03/2017
CIP – Investment shares	155,279	18/03/2008	0.0000	18/03/2011	18/03/2018
CIP – Matching shares	621,116	18/03/2008	0.0000	18/03/2011	18/03/2018
	<b>1,215,555</b>				

**Rudy Lobo**

CIP – Investment shares	101,981	21/03/2006	0.0000	21/03/2009	21/03/2016
CIP – Matching shares	407,924	21/03/2006	0.0000	21/03/2009	21/03/2016
CIP – Investment shares	96,197	21/03/2007	0.0000	21/03/2010	21/03/2017
CIP – Matching shares	384,788	21/03/2007	0.0000	21/03/2010	21/03/2017
CIP – Investment shares	169,875	18/03/2008	0.0000	18/03/2011	18/03/2018
CIP – Matching shares	679,500	18/03/2008	0.0000	18/03/2011	18/03/2018
	<b>1,840,265</b>				

- 3.4 As at the close of business on the Latest Practicable Date, the beneficial interest of the Directors in options over Ordinary Shares granted under the LTIP, all for nil consideration and with no expiry date, were as set out below:

<b>Director</b>	<b>Interest in options over Ordinary Shares</b>
Mark Dixon	337,398
Stephen Gleadle	325,203
Rudy Lobo	186,992

- 3.5 As at the close of business on the Latest Practicable Date, none of Mr. Dixon, his immediate family or persons connected to him (within the meaning of Part 22 of the Act and related regulations) had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in any relevant Regus securities, save as disclosed in paragraphs 3.1 to 3.4 above and 3.6 below.

- 3.6 As at the close of business on the Latest Practicable Date, none of Mr. Dixon, his immediate family or persons connected with him (within the meaning of Part 22 of the Act) had any dealings (including borrowing or lending) for value in relevant Regus securities which took place during the period beginning 12 months preceding the date of this document and ending on the Latest Practicable Date, save that:

- (A) between 18 and 21 June 2007 (inclusive), Maxon (a company which Mr Dixon indirectly held 100 per cent. of the issued share capital) sold 2,715,503 Ordinary Shares to the Company pursuant to repurchases by the Company of its own shares under the relevant authority granted at last year's annual general meeting;

- (B) on 18 March 2005 Maxon entered into a forward contract (the “**Forward Contract**”) with Bear Sterns under which Maxon agreed to sell up to 34,200,000 Ordinary Shares to Bear Sterns. Settlement by Maxon under the Forward Contract could be made in the form of cash or physical delivery of the appropriate number of Ordinary Shares. Bear Sterns made a prepayment of £30,100,000 on 23 March 2005 and Maxon transferred title to 34,371,000 Ordinary Shares to Bear Sterns as collateral for its obligations under the Forward Contract. The Forward Contract was terminated on 4 April 2008 and, as a result of this, Maxon settled its obligations by a cash payment of £21,887,364.68 and the physical settlement of 4,555,000 Ordinary Shares (which Bear Sterns took from the collateral provided and returned the remaining 29,816,000 Ordinary Shares held as collateral to Maxon). Maxon’s entire holding of Ordinary Shares was, following termination of the Forward Contract, transferred to Mr Dixon and, as a result, Mr Dixon has a holding of 359,058,783 Ordinary Shares in his personal capacity;
- (C) on 13 January 2008, Maxon notified the Company that on 11 January 2008 Maxon had agreed to transfer Ordinary Shares of a value of £40,000,000 to UBS as collateral for any future borrowings from UBS. This agreement was subsequently terminated without the transfer by way of collateral being effected; and
- (D) on 3 April 2008, Mr. Dixon pledged 164,621,391 Ordinary Shares to Bear Stearns as collateral for draw downs on a margin loan from Bear Stearns in the amount of £7,500,000.

- 3.7 As at the close of business on the Latest Practicable Date, none of the Directors, their immediate families or persons connected with them (within the meaning of Part 22 of the Act) had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in any relevant Regus securities, save as disclosed in paragraphs 3.1 to 3.4 and 3.6 above.

#### **Others**

- 3.8 As at the close of business on the Latest Practicable Date:
- (A) neither any subsidiary of the Company nor any pension fund or employee benefit trust of the Company had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in relevant Regus securities; and
- (B) no associate of the Company (as such term is defined in paragraph 1 of the definition of “associate” in the Code) nor any pensions funds, employee benefit

trusts or connected advisers (including any person controlling, controlled by or under the same control as them) of such associates is aware of having any interests, rights to subscribe or short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in relevant Regus securities.

- 3.9 As at the close of business on the Latest Practicable Date, neither Dresdner Kleinwort nor any other connected adviser of the Company (including any person controlling, controlled by or under the same control as it) has any interests, rights to subscribe or short positions in relevant Regus securities.
- 3.10 In this paragraph 3, references to “**relevant Regus securities**” are to Ordinary Shares and securities convertible into, rights to subscribe for, derivatives referable to and agreements to sell or any delivery obligations in respect of, or rights to require another person to purchase or take delivery of Ordinary Shares.

#### 4. **ARRANGEMENTS IN CONNECTION WITH THE PROPOSAL**

Mr. Dixon has not entered into any agreement, arrangement or understanding (i) with any of the Independent Directors which has any connection with or dependence upon the proposals set out in this Part II; or (ii) for the transfer of any Ordinary Shares acquired by Mr. Dixon. In addition, the Independent Directors are not aware of any agreement, arrangement or understanding having any connection with or dependence upon the proposals set out in this Part II between Mr. Dixon and any person interested or recently interested in Ordinary Shares, any other recent director of the Company or Dresdner Kleinwort (or any person who is, or is presumed to be, acting in concert with Dresdner Kleinwort).

#### 5. **DIRECTORS’ SERVICE CONTRACTS**

- 5.1 Details of the service contracts currently in place between the Company and the Executive Directors are set out below:

<b>Executive Director</b>	<b>Date of contract</b>	<b>Term</b>	<b>Notice period</b>
Mark Dixon	28/02/2005	-	12 months
Stephen Gleadle	19/10/2005	-	12 months
Rudy Lobo	04/03/2005	-	12 months

- 5.2 Details of the letters of appointment currently in place between the Company and the Non-Executive Directors are set out below:

<b>Non-Executive Director</b>	<b>Date of letter</b>	<b>Term</b>	<b>Notice period</b>
John Matthews	01/10/2006	3 years	6 months
Roger Orf	01/10/2006	3 years	6 months
Stephen East	10/03/2008	3 years	6 months
Martin Robinson	01/10/2006	3 years	6 months

- 5.3 The aggregate emoluments, excluding pensions, of the Directors for the year ended 31 December 2007 are set out below:

	<b>Salary</b>	<b>Fees</b>	<b>Benefits</b>	<b>Bonus</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Executive</b>					
Mark Dixon <sup>(a)</sup>	510.0	-	101.5 <sup>(d)</sup>	382.5	994.0
Stephen Gleadle <sup>(b)</sup>	250.0	-	15.4 <sup>(d)</sup>	187.5	452.9
Rudy Lobo <sup>(c)</sup>	273.5	-	13.4 <sup>(d)</sup>	205.1	492.0
<b>Non-Executive</b>					
John Matthews	-	190.0	-	-	190.0
Roger Orf	-	41.0	-	-	41.0
Stephen East	-	35.0	-	-	35.0
Martin Robinson	-	41.0	-	-	41.0
<b>Total</b>	<b>1,033.5</b>	<b>307.0</b>	<b>130.3</b>	<b>775.1</b>	<b>2,245.9</b>

- (a) From 1 January 2008, Mark Dixon's salary was increased to £522,750.  
 (b) From 1 January 2008, Stephen Gleadle's salary was increased to £300,000.  
 (c) From 1 January 2008, Rudy Lobo's salary was increased to £280,338.  
 (d) Benefits include a company car allowance, fuel, private medical insurance and a living allowance for Mark Dixon.

Maximum individual bonuses payable to the Executive Directors were capped at 125 per cent. of basic annual salary for the year ended 31 December 2007. A bonus of up to 100 per cent. of basic salary is available if financial and personal measures and targets are met of which a maximum 50 per cent. could be taken as cash and 50 per cent. taken in the form of nil-cost options to purchase Ordinary Shares. Such options are awarded under the CIP, together with further nil-cost options which may be exercised after a three year period subject to certain conditions. In addition, if the Company significantly exceeds the EBIT targets, an additional bonus equating to 25% of salary may be paid in cash. For the year ended 31 December 2007, the total bonus payable was 125 per cent. of basic salary, 75 per cent. of which was paid in cash and the remaining 50 per cent. in investment shares under the CIP. For the year ending 31 December 2008, the cap on the additional bonus payable if EBIT targets are met will be increased to 200 per cent. of basic salary. In addition, Executive Directors may receive awards under the LTIP of up to 100 per cent. of basic salary.

Up to 10 March 2008, Mr. Robinson and Mr. Orf each received £6,000 per annum for performing their roles as Chairman of the Remuneration Committee and the Audit Committee respectively. On 10 March 2008, Mr. East entered into a new letter of appointment with the Company. Under such appointment, Mr. East has been appointed Chairman of the Audit Committee and receives a fee of £6,000 for performing this role. As a result, Mr. Orf no longer chairs the Audit Committee but as from 10 March 2008 he has been entitled to an additional fee of £6,000 per annum for performing his role as Senior Independent Non-Executive Director. Non-Executive Directors receive no other material pay or benefits from the Company (with the exception of reimbursement of expenses incurred in respect of their duties as Directors).

- 5.4 None of the Executive Directors' service contracts is for a fixed term. Each service contract is to continue until terminated by the relevant Executive Director or the Company and incorporates a provision for termination or a compensation payment in lieu of notice. An Executive Director's compensation payment in lieu of notice would comprise 12 months' salary at his then current base pay, with the Executive Director remaining eligible to receive bonuses. The compensation payment is payable where the requisite 12 months' notice is not given to the Executive Director. In the unlikely event that the contract is terminated for cause, such as gross misconduct, the Company may terminate the contract with immediate effect, in which case no compensation payment would be payable. The Executive Director's rights in respect of any options or awards granted to him under any employee share scheme of the Company will be determined in accordance with the rules of the relevant scheme. Pension entitlements are dealt with in accordance with the terms and conditions of the applicable pension scheme and do not form part of the contractual compensation payment. Each of the service contracts may be re-executed during the term of the Executive Director's appointment to take account of variations in terms and conditions as well as changes in best practice.
- 5.5 The letters of appointment provide that a new Non-Executive Director is appointed for a specified term, being an initial three year period. Subsequent re-appointment is subject to endorsement by the Board and the approval of Shareholders. Either the Non-Executive Director or the Company may terminate the appointment by giving the other party six months' notice.
- 5.6 Except as set out in paragraph 5.3 above, there have been no new Directors' service contracts or letters or terms of appointment or amendments to existing Directors' service contracts or letters or terms of appointment within the period of six months prior to the date of this document.

## **6. INFORMATION ON MARK DIXON**

- 6.1 Mark Dixon of L'Estoril, 31 Avenue Princesse Grace, MC 98000, Monaco founded the Regus group in 1989 and has been Chief Executive for over 18 years. Prior to Regus, Mr. Dixon established businesses in the retail and wholesale food industries.

## 7. FINANCIAL INFORMATION ON THE COMPANY

7.1 For the three years ended 31 December 2007, 31 December 2006 and 31 December 2005, the Company published the following audited consolidated profit and loss accounts (prepared in accordance with IFRSs as adopted by the European Union):

	Year ended 31 Dec 2007	Year ended 31 Dec 2006	Year ended 31 Dec 2005
	£m	£m	£m
<b>Revenue</b> .....	<b>862.4</b>	<b>680.0</b>	<b>463.3</b>
Cost of sales before non-recurring costs ..	(610.5)	(495.9)	(346.2)
Non-recurring cost of sales .....	--	--	0.1
Cost of sales .....	(610.5)	(495.9)	(346.1)
<b>Gross profit (centre contribution)</b> .....	<b>251.9</b>	<b>184.1</b>	<b>117.2</b>
Administration expenses before non-recurring expenses .....	(129.3)	(101.9)	(64.9)
Non-recurring administration expenses ....	--	--	(5.0)
Administration expenses .....	(129.3)	(101.9)	(69.9)
<b>Operating profit</b> .....	<b>122.6</b>	<b>82.2</b>	<b>47.3</b>
Share of post-tax profit/(loss) of joint ventures .....	0.8	(0.1)	(0.2)
Share of post-tax profit of associate .....	--	1.2	0.2
<b>Profit before financing costs</b> .....	<b>123.4</b>	<b>83.3</b>	<b>47.3</b>
Finance expense .....	(8.1)	(8.0)	(10.8)
Finance income .....	4.1	2.2	2.2
<b>PROFIT BEFORE TAX FOR THE YEAR</b>	<b>119.4</b>	<b>77.5</b>	<b>38.7</b>
Tax (charge)/credit .....	(15.8)	4.8	6.1
<b>PROFIT AFTER TAX FOR THE YEAR</b>	<b>103.6</b>	<b>82.3</b>	<b>44.8</b>
<b>Attributable to:</b>			
Equity shareholders of the parent .....	103.1	82.3	44.5
Minority interests .....	0.5	--	0.3
	<b>103.6</b>	<b>82.3</b>	<b>44.8</b>
Earnings per Ordinary Share:			
Basic (p) .....	10.5	8.4	4.5
Diluted (p) .....	10.4	8.3	4.5

- 7.2 The Company reported the following audited consolidated statement of assets and liabilities as at 31 December 2007 (prepared in accordance with IFRSs as adopted by the European Union):

	As at 31 Dec 2007 £m
<b>Non-current assets</b>	
Goodwill	223.0
Other intangible assets	46.9
Property, plant and equipment	184.7
Deferred tax assets	46.8
Other long term receivables	24.1
Investments in joint ventures	1.6
	<b>527.1</b>
<b>Current assets</b>	
Trade and other receivables	186.4
Corporation tax receivable	5.1
Cash and cash equivalents	142.9
	<b>334.4</b>
<b>Total assets</b>	<b>861.5</b>
<b>Current liabilities</b>	
Trade and other payables	(168.9)
Customer deposits	(130.4)
Deferred income	(96.0)
Corporation tax payable	(33.2)
Obligations under finance leases	(0.8)
Bank and other loans	(15.5)
Provisions	(3.4)
	<b>(448.2)</b>
<b>Net current liabilities</b>	<b>(113.8)</b>
<b>Total assets less current liabilities</b>	<b>413.3</b>
<b>Non-current liabilities</b>	
Other payables	(62.4)
Obligations under finance leases	(0.7)
Bank and other loans	(24.5)
Deferred tax liability	(6.4)
Provisions	(7.4)
Provision for deficit on joint ventures	(2.1)
	<b>(103.5)</b>
<b>Total liabilities</b>	<b>(551.7)</b>
<b>Total assets less liabilities</b>	<b>309.8</b>
<b>Total equity</b>	
Issued share capital	49.2
Treasury shares	(13.4)
Foreign currency translation reserve	(20.1)
Revaluation reserve	10.0
Other reserves	(22.6)
Retained earnings	306.2
<b>Total shareholders' equity</b>	<b>309.3</b>
<b>Minority interests</b>	<b>0.5</b>
<b>Total equity</b>	<b>309.8</b>

- 7.3 The Company reported the following audited consolidated cash flow statement for the year ended 31 December 2007 (prepared in accordance with IFRSs as adopted by the European Union):

	Year ended 31 Dec 2007 £m
<b>Profit before tax for the year</b>	<b>119.4</b>
Adjustments for:	
Net finance costs	4.0
Net share of profit on joint ventures and associate	(0.8)
Depreciation charge	39.2
Loss on disposal of property, plant and equipment	0.2
Amortisation of intangible assets	6.4
Decrease in provisions	(4.2)
Other non-cash movements – share based payment	4.5
<b>Operating cash flows before movements in working capital</b>	<b>168.7</b>
Increase in trade and other receivables	(28.2)
Increase in trade and other payables	70.6
<b>Cash generated from operations</b>	<b>211.1</b>
<hr/>	
Interest paid on finance leases	(0.2)
Interest paid on credit facilities	(4.0)
Tax paid	(16.1)
<b>Net cash inflows from operating activities</b>	<b>190.8</b>
<hr/>	
<b>Investing activities</b>	
Purchase of subsidiary undertakings (net of cash acquired)	(17.8)
Purchase of interest in joint venture	(0.3)
Sale of property, plant and equipment	0.3
Purchase of property, plant and equipment	(79.2)
Purchase of intangible assets	(1.5)
Interest received	3.4
Cash outflows from investing activities	(95.1)
<hr/>	
<b>Financing activities</b>	
Net proceeds from issue of loans	--
Repayment of loans	(14.5)
Repayment of principal under finance leases	(2.5)
Facility arrangement fees	--
Purchase of treasury shares	(14.7)
Payment of ordinary dividend	(5.9)
Exercise of share options	0.5
<b>Cash (outflows)/inflows from financing activities</b>	<b>(37.1)</b>
<hr/>	
Net increase in cash and cash equivalents	58.6
Cash and cash equivalents at beginning of year	80.9
Effect of exchange rate fluctuations on cash held	3.4
<b>Cash and cash equivalents at end of year</b>	<b>142.9</b>



- 7.4 For the three years ended 31 December 2007, 31 December 2006 and 31 December 2005, the Company reported the following dividend per share information:

	Dividend (£m)	Dividend per share (£)
2005	--	--
2006	5.9	0.006
2007 (Subject to shareholder approval)	9.5	0.01

- 7.5 There have been no material changes in the financial or trading position of the Company since 31 December 2007 (the date of its most recent published accounts).

## 8. MATERIAL CONTRACTS

During the period beginning two years preceding the date of this document and ending on the Latest Practicable Date, the Company and its subsidiaries have not entered into any material contracts otherwise than in the ordinary course of business, save for the following:

- (A) on 19 April 2006, the Company entered into a five year £100 million revolving credit and letter of credit facility and a £50 million acquisition term loan facility supplied by mandated lead arrangers The Royal Bank of Scotland plc and Lloyds TSB Bank plc and arranger National Australia Bank in order to replace the Company's then existing acquisition finance put in place in August 2004 and in connection with the financing of the acquisition of Regus Holdings (UK) Limited (as described at sub-paragraph (B) below); and
- (B) on 19 April 2006, Regus Centres UK Limited (a wholly-owned subsidiary of the Company) entered into a share purchase agreement with Rex 2002 Limited (a company controlled by funds managed by Alchemy Partners) in order to acquire the remaining 58 per cent. of the issued share capital of Regus Holdings (UK) Limited that it did not already own for a cash consideration of £88 million, payment of which was guaranteed by the Company.

## 9. MIDDLE MARKET QUOTATIONS

Set out on the following page are the middle market quotations for an Ordinary Share, as derived from the Daily Official List of the London Stock Exchange p.l.c., for the first business day of each of the six months set out on the following page and for the Latest Practicable Date:

<b>Date</b>	<b>Price per Ordinary Share (pence)</b>
1 November 2007	106.75
3 December 2007	82.75
2 January 2008	82.75
1 February 2008	75.00
3 March 2008	84.00
1 April 2008	99.25
15 April 2008	92.25

## **10. CONSENT**

Dresdner Kleinwort has given and has not withdrawn its written consent to the issue of this document with the references to it in the form and context in which they appear.

*Inspection of documents*

*Copies of the following documents will be available for inspection at 3000 Hillswood Drive, Chertsey, Surrey KT16 0RS and at the office of Slaughter and May, One Bunhill Row, London EC1Y 8YY during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from 21 April 2008 until the time of the AGM and at City Point, 1 Ropemaker Street, London EC2Y 9HT from 15 minutes before the AGM until it ends:*

- *the memorandum and articles of association of the Company;*
- *the audited consolidated financial statements of the Company for the two accounting periods ended 31 December 2006 and 31 December 2007;*
- *a copy of the proposed new articles of association of the Company and a copy of the existing articles of association marked to show the changes being proposed under resolution 16;*
- *copies of the Executive Directors' service contracts and the letters of appointment of the Non-Executive Directors described at paragraph 5 of Section II, Part II;*
- *each of the material contracts described at paragraph 8 of Section II, Part II;*
- *the written consent from Dresdner Kleinwort referred to at paragraph 10 of Section II, Part II; and*
- *the terms and conditions of the VCP described in Appendix 4.*

## Appendix 1

### REGUS GROUP PLC NOTICE OF ANNUAL GENERAL MEETING

This year's annual general meeting will be held at City Point, 1 Ropemaker Street, London EC2Y 9HT on 20 May 2008 at 10 a.m. You will be asked to consider and pass the resolutions below. Resolutions 14 to 16 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions. Resolutions 11 to 13 are resolutions required by the Panel on Takeovers and Mergers pursuant to Rule 9 of the City Code on Takeovers and Mergers ("**Rule 9**") and will be taken by means of a poll vote of the Independent Shareholders.

#### Ordinary resolutions

1. That the report of the Directors and the financial statements for the year ended 31 December 2007 be adopted, together with the report of the auditors of the Company.
2. That the Directors' remuneration report for the year ended 31 December 2007 be approved.
3. That Mark Dixon be re-elected as a director of the Company.
4. That Stephen East be re-elected as a director of the Company.
5. That Roger Orf be re-elected as a director of the Company.
6. That KPMG be re-appointed as auditors of the Company until the end of next year's Annual General Meeting.
7. That the Directors be authorised to determine the auditors' remuneration for the year.
8. That a final dividend of 1.0 pence per ordinary share be declared for the year ended 31 December 2007.
9. That the Directors be authorised generally and unconditionally (in substitution for all subsisting authorities) to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £15,832,813.70, being the lesser of (i) the Company's authorised but unissued share capital at the date of the resolution and (ii) the sum of (a) one third of the Company's issued ordinary share capital at the date of the resolution and (b) any amounts outstanding at the date of the resolution which have previously been approved by shareholders to satisfy the Company's obligation to issue shares. This authority shall expire immediately prior to the fifth anniversary of the passing of this resolution (unless previously revoked or varied by the Company in general meeting) save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot

relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. Expressions used in this resolution which are defined in the Companies Act 1985 shall have the same meaning as used herein.

10. That the Regus Group plc 2008 Value Creation Plan, the principal terms of which are summarised in Appendix 4, be and is hereby approved and that the Directors be authorised to do all acts and things which they may consider necessary or expedient to carry the Regus Group plc 2008 Value Creation Plan into effect.
11. That the waiver granted by the Panel of the obligation which may otherwise arise, pursuant to Rule 9, for Mark Dixon (or any entity through which Mr. Dixon holds shares in the Company) to make a general offer to the shareholders of the Company for all the shares in the Company held by them as a result of any market purchases of its shares by the Company pursuant to the authority granted by the shareholders under resolution 15 below (pursuant to which Mr. Dixon's percentage interest in the Company's shares could potentially increase from approximately 37.80 per cent. as at the date of this document to a maximum of approximately 42.00 per cent.) be and is hereby approved.
12. That the waiver granted by the Panel of the obligation which may otherwise arise, pursuant to Rule 9, for Mark Dixon (or any entity through which Mr. Dixon holds shares in the Company) to make a general offer to the shareholders of the Company for all the shares in the Company held by them as a result of the exercise by Mr. Dixon of any VCP Options (pursuant to which Mr. Dixon's interest in the shares of the Company could potentially increase from 359,058,783 such shares (representing approximately 37.80 per cent. of such shares in issue as at the date of this document) to a maximum of 368,052,484 such shares (representing up to a maximum of 42.60 per cent. of such shares)) be and is hereby approved
13. That the waiver granted by the Panel of the obligation which may otherwise arise, pursuant to Rule 9, for Mark Dixon (or any entity through which Mr. Dixon holds shares in the Company) to make a general offer to the shareholders of the Company for all the shares in the Company held by them as a result of the exercise by Mr. Dixon of any of the March CIP Options (pursuant to which Mr. Dixon's interest in the shares of the Company could potentially increase from 359,058,783 such shares (representing approximately 37.80 per cent. of such shares in issue as at the date of this document) to a maximum of 368,052,484 such shares (representing up to a maximum of 42.60 per cent. of such shares)) be and is hereby approved.

Mr. Dixon will not be voting, in respect of resolutions 11, 12 and 13, his interest in 359,058,783 shares in the Company, representing approximately 37.80 per cent. of the Company's current issued share capital. The vote in respect of resolutions 11, 12 and 13 will be held by means of a poll vote.

#### **Special resolutions**

14. That the Directors be authorised, pursuant to Section 95 of the Companies Act 1985, and subject to the passing of the resolution 9 above, to allot equity securities (within the

meaning of Section 94 of the said Act) from time to time for cash pursuant to the authority conferred by resolution 9 above and/or where such allotment constitutes an allotment of equity securities by virtue of section 94(3A) of the said Act as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment, PROVIDED THAT this power shall be limited to:

(A) the allotment of equity securities in connection with a rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders (excluding any shareholder holding shares as treasury shares) and in favour of holders (excluding any holder holding shares as treasury shares) of any other class of equity security in accordance with the rights attached to such class where the equity securities respectively attributable to the interests of such persons on a fixed record date are proportionate (as nearly as may be) to the respective numbers of equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (subject to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever); and

(B) the allotment (otherwise than pursuant to sub-paragraph (A) above) of equity securities up to an aggregate nominal value of £2,374,922 being 5 per cent. of the ordinary share capital of the Company in issue at the Latest Practicable Date.

This authority shall expire immediately prior to the fifth anniversary of the passing of this resolution (unless previously revoked or varied by the Company in general meeting), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offer or arrangement as if the power conferred hereby had not expired.

15. That, pursuant to section 166 of the Companies Act 1985 and in addition and without prejudice to all subsisting authorities, the Company be generally and unconditionally authorised to make market purchases (as defined in section 163(3) of the Companies Act 1985) of Ordinary Shares in the capital of the Company in such manner and on such terms as the Directors may from time to time determine, provided that:
- (a) this authority shall, unless varied, revoked or renewed, expire at the conclusion of the next annual general meeting of the Company, but the Company may before such expiry make an offer or agreement to purchase its own Ordinary Shares which would or might be concluded in whole or in part after such expiry;
  - (b) the maximum aggregate number of Ordinary Shares authorised to be acquired under this authority is 94,996,882, representing 10 per cent. of the issued ordinary share capital of the Company (excluding treasury shares) as at 15 April 2008; and

- (c) for each ordinary share, the minimum price which may be paid is 5 pence (being the nominal value of an ordinary share) and the maximum price which may be paid is the higher of (i) an amount equal to 105 per cent. of the average of the middle market prices for an ordinary share as derived from The London Stock Exchange Daily Official List for each of the five business days immediately preceding the date on which the ordinary share is agreed to be purchased, and (ii) the price stipulated by article 5(1) of the Buy-back and Stabilisation Regulation (EC No.2273/2003).

- 16. That the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

21 April 2008

By order of the Board

Tim Regan

Company Secretary

Registered Office:

3000 Hillswood Drive  
Chertsey  
Surrey  
KT16 0RS

Registered in England and Wales No. 4868977

**Notes**

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Equiniti Limited on 0871 384 2040 (international callers +44 121 415 7161) between 8.30am and 5.30pm each business day.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL no later than 10 a.m. on 18 May 2008.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company at 6 p.m. on 18 May 2008 (or, in the event of any adjournment, 6 p.m. on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. As at 15 April 2008 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 949,968,822 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 15 April 2008 are 949,968,822.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA01) by 10 a.m. on 18 May 2008. 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 Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this



time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
13. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

## **Appendix 2**

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

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

Resolutions 1 to 13 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 14 to 16 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution. Resolutions 11 to 13 shall be taken by means of a poll vote of the Independent Shareholders.

#### **Resolution 1: Directors' report and financial statement**

The Directors are required to present at the Annual General Meeting the Directors' and auditors' reports and the financial statements of the Company for the year ended 31 December 2007.

#### **Resolution 2: Remuneration Report**

Legislation requires all listed companies to put their remuneration report to a vote by shareholders. Accordingly, a resolution is proposed to approve the Directors' remuneration report set out on pages 35 to 41 of the annual report.

#### **Resolutions 3 to 5: Re-appointment of Directors**

The Company's articles of association require that any director appointed since the last annual general meeting and, additionally, one-third in number of the Directors must retire by rotation (including those Directors who have held office at the time of the preceding two annual general meetings and who did not retire at either of them). In accordance with the articles of association, Mark Dixon and Stephen East shall retire.

The Combined Code states that Directors who have served on the board for nine years should retire. Roger Orf shall retire having served on the board for a period of nine years.

Each of the retiring Directors offer themselves for re-appointment. Brief details of all the Directors, including those seeking re-appointment at the meeting, are to be found in the annual report and accounts.

#### **Resolutions 6 and 7: re-appointment and remuneration of auditors**

The auditors of the company must be appointed at each general meeting at which accounts are presented. Resolution 6 proposes the re-appointment of the Company's existing auditors, KPMG Audit Plc, for a further year. Resolution 7 also gives authority to the Directors to determine the auditors' remuneration.

**Resolution 8: Declaration of final dividend**

The Directors are authorised to pay interim dividends. Final dividends must be approved by shareholders, but must not exceed the amount recommended by the Directors. If the meeting approves resolution 8, the final dividend of 1.0 pence per ordinary share will be paid on 30 May 2008 to those shareholders on the register at the close of business on 2 May 2008.

**Resolution 9 Directors' authority to allot shares**

Pursuant to s.80 of the Companies Act 1985, the Directors require the authority of the shareholders in general meeting to allot unissued shares of the Company and this resolution seeks to renew the authority last granted to the Directors at the 2007 Annual General Meeting. Although this authority is not due to expire until the fifth anniversary of the date of the passing of the resolution the Directors consider it appropriate, and in line with current practice, to seek renewal of the authority on an annual basis. Accordingly, the Directors seek the authority to allot, at their discretion, an amount of the relevant securities up to the aggregate nominal amount of £15,832,813.70, being one third of the issued ordinary share capital of the Company at the date of the resolution. The Directors do not have any present intention of exercising this authority other than in respect of the Company's share option schemes and if necessary to satisfy the consideration payable for businesses acquired or to be acquired. This authority will last for five years unless revoked, renewed or varied, and supersedes all previous authorities. The Directors intend to seek its renewal at next year's Annual General Meeting.

As at the Latest Practicable Date the Company holds 34,822,702 Ordinary Shares in treasury.

**Resolution 10: Adoption of a new share option plan**

Pursuant to Listing Rule 9.4.1, the Company is seeking shareholder approval of the proposed VCP, details of which are set out in Appendix 4 on page 40 of this document.

**Resolutions 11 to 13 Approval of Rule 9 Waivers**

Pursuant to Rule 9 and the terms of the Waivers granted by the Panel, which are conditional upon the approval of the Independent Shareholders, we are asking the Independent Shareholders to approve the terms of the Waivers in favour of Mark Dixon for the reasons set out in Part II of this document.

**Resolution 14: Directors' power to disapply pre-emption right**

Under Section 95 of the Companies Act 1985, the Directors require the authority of shareholders in general meeting to disapply section 89 of the Companies Act 1985 so that they can allot authorised but unissued shares in the Company for cash other than to existing holders of Ordinary Shares pro rata to their holdings or alternatively, should appropriate circumstances arise, allot shares in connection with a rights issue (subject to certain limited exclusions for arrangements). The power under the authority granted pursuant to Resolution 14 shall be limited to the allotment of equity securities up to an aggregate nominal value of £2,374,922, being 5 per cent. of the ordinary share capital of the Company in issue at the Latest Practicable Date. At the present time there is no intention to exercise such authority.

Although this authority is not due to expire until the fifth anniversary of the date of the passing of the Resolution, the Directors intend to seek renewal of the authority given by Resolution 14 at next year's Annual General Meeting.

#### **Resolution 15: Authority to purchase own shares**

In certain circumstances, it may be advantageous for the Company to purchase its own Ordinary Shares and Resolution 15 seeks authority from the shareholders to make such purchases in the market. The Directors consider it desirable for this general authority to be available to provide additional flexibility in the management of the Company's capital resources. The Directors would do so only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases is in the best interests of shareholders generally and would result in an increase in earnings per share. Any shares purchased under this authority may be cancelled and the number of shares in issue will be reduced accordingly. Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, the Company is permitted to hold its own shares following a purchase as an alternative to cancelling them.

Resolution 15 specifies the maximum number of shares which may be purchased (representing up to 10 per cent. of the Company's ordinary share capital in issue as at the Latest Practicable Date) and the minimum and maximum prices at which they may be bought. The authority given by Resolution 15 will last until the conclusion of next year's Annual General Meeting (unless revoked or varied by the Company in general meeting). The Directors intend to seek renewal of this power at subsequent Annual General Meetings.

The total number of options to subscribe for Ordinary Shares in the capital of the Company outstanding at the Latest Practicable Date was 27,484,818. This represents 2.89 per cent. of the issued ordinary share capital of the Company at that date. If the Company were to buy back the maximum number of Ordinary Shares permitted pursuant to the passing of this resolution, then the total number of options to subscribe for shares outstanding at 15 April 2008 would represent 3.21 per cent. of the reduced issued ordinary share capital of the Company.

#### **Resolution 16: Adoption of new articles of association**

It is proposed in resolution 16 to adopt New Articles in order to update the Company's Current Articles primarily to take account of changes in English company law brought about by the Companies Act 2006.

The principal changes introduced in the New Articles are summarised in Appendix 3 of this document. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 have not been noted in Appendix 3. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 27 of this document.

## **Appendix 3**

### **EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION**

#### **1. Articles which duplicate statutory provisions**

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main to be removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Certain examples of such provisions include provisions as to the form of resolutions, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

#### **2. Form of resolution**

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being removed as the concept of extraordinary resolutions has not been retained under the Companies Act 2006. Further, the remainder of the provision is reflected in full in the Companies Act 2006.

The Current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

#### **3. Convening extraordinary and annual general meetings**

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being removed in the New Articles because the relevant matters are provided for in the Companies Act 2006. In particular, an extraordinary general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

#### **4. Votes of members**

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. The New Articles give the Director's discretion, when calculating the time limits, to exclude weekends and bank holidays. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect all of these new provisions.

## **5. Age of Directors on appointment**

The Current Articles contain a provision requiring a director's age to be disclosed if he has attained the age of 70 years or more in the notice convening a meeting at which the director is proposed to be elected or re-elected. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles. The opportunity has been taken to make a general update to the relevant articles to bring them into line with the retirement requirements of the Combined Code.

## **6. Conflicts of interest**

The Companies Act 2006 sets out Directors' general duties which largely codify the existing law but with some changes. Under the Companies Act, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows Directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with Directors' conflicts of interest to avoid a breach of duty. The New Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

## **7. Notice of board meetings**

Under the Current Articles, when a director is abroad he can request that notice of Directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a director who is abroad.

**8. Records to be kept**

The provision in the Current Articles requiring the Board to keep accounting records has been removed as this requirement is contained in the Companies Act 2006.

**9. Distribution of assets otherwise than in cash**

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Current Articles.

**10. Notice of refusal to register transfer**

The Current Articles require the company to inform the transferee of a refusal to register a transfer of shares. The article has been deleted in the New Articles on the basis that the obligation to inform is covered by the Companies Act 2006 and the Uncertificated Securities Regulations 2001.

**11. Treasury Shares**

From 1 December 2003, listed companies which buy back their own shares have not been required by law to cancel them. Such shares can be held by such a company as treasury shares and later sold for cash, transferred for the purposes of an employee share scheme or cancelled. The New Articles reflect the possible existence of treasury shares.

**12. Uncertificated shares**

The New Articles reflect that ownership of shares can be evidenced without share certificates and that such shares can be transferred through an electronic settlement system.

**13. General**

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles to that used in the model articles for public companies produced by the Department for Business, Enterprise and Regulatory Reform. A number of other minor and procedural changes have been made in order to update the articles and bring them into line with the standard practices of public limited companies.

## Appendix 4

### REGUS GROUP PLC 2008 VALUE CREATION PLAN

#### 1. INTRODUCTION

- 1.1 With the approach of increasingly difficult economic conditions in the major world markets a clear opportunity will arise for the Company to demonstrate its robustness through a business cycle. Continued profit growth through this period has the potential to drive exceptional returns to Shareholders both from higher levels of earnings and what may be a higher rating of those earnings.
- 1.2 On this basis, the Company is proposing changes to the remuneration policy of its Senior Executives and the implementation of the VCP to ensure that:
  - (A) Senior Executives are focused on delivering exceptional returns to Shareholders and there is a closer alignment between the interests of Shareholders and those of the Senior Executives;
  - (B) there is a strong retention and motivational tool in place for the Senior Executives who are considered critical to the continued success of the Company by sending out the message that exceptional performance will result in exceptional levels of remuneration; and
  - (C) Senior Executives who are key value drivers will be given the opportunity to share in an appropriate amount of the total value created for Shareholders.
- 1.3 The Remuneration Committee has consulted extensively with the Company's principal Shareholders and the main representative bodies such as the Association of British Insurers ("ABI") and the National Association of Pension Funds ("NAPF") on the detailed terms of the VCP and the new Senior Executive remuneration policy as a whole. The Remuneration Committee would like to thank those Shareholders who took part in the consultation process for their support for the proposals set out in this Appendix 4.
- 1.4 The Directors considers the VCP to be in the best interests of the Company and the Shareholders as a whole and unanimously recommends that Shareholders vote in favour of the resolution for the implementation of the VCP.



## 2. PROPOSED 2008 REMUNERATION STRUCTURE

The following table sets out the remuneration structure for Senior Executives for the year ending 31 December 2008:

Component	Commentary
Base Salary	<p>The Remuneration Committee will apply a fixed increase of 2.5% to the base salaries of all Senior Executives unless an individual's salary is below the Company salary policy<sup>1</sup>. The purpose of this is to ensure that a greater proportion of the Senior Executive's remuneration package is linked to performance.</p> <p>It should be noted that the average increase for executive directors of FTSE Mid250 companies was 7% last year.</p>
Bonus	<p>The standard maximum bonus potential for Senior Executives will be 100% of salary based on the achievement of stretching short-term corporate and individual performance targets.</p> <p>In addition, for 2008 only, the Remuneration Committee will operate a special bonus arrangement based on a self-financing bonus "pool" system which is defined by reference to a percentage of operating profits significantly in excess of forecasts. To ensure compliance with Schedule A of the Combined Code the Remuneration Committee will cap the amount of the pool distributed to individuals to 200% of salary (equating to a total maximum bonus for the year of 300% of salary).</p>
Pension and Benefits	<p>The pension and benefit provision to Senior Executives will remain the same and are considered very conservative when compared against the market.</p>
Equity Incentives	<p><b>The Regus Group plc Co-Investment Plan (approved by shareholders in 2005)</b></p> <p>The CIP operates in conjunction with the annual bonus whereby an element of the gross annual bonus payment is paid in cash with the balance deferred in the form of nil cost options to acquire Ordinary Shares ("<b>Investment Shares</b>"), which become exercisable at the end of a three year period. The maximum value</p>

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<sup>1</sup> However, in the case of the Finance Director, the Committee has increased his salary to £300,000, from £250,000, which was a probationary salary agreed on his joining the Company in 2005.

	<p>deferred in the form of Investment Shares is set as the lower of 50% of an individual's gross annual bonus or salary.</p> <p>In addition matching nil cost options to acquire Ordinary Shares ("<b>Matching Shares</b>") will be awarded linked to the number of Investment Shares granted and will be exercisable depending on the Company's growth in free cash flow per share ("FCF"), EPS targets and relative total shareholder return ("TSR") measured against the FTSE 350 Support Services Index. The maximum number or face value of Matching Shares which can be awarded is the lower of 200% of salary or four times the number of Investment Shares awarded.</p> <p><b>The Regus Group plc 2008 Value Creation Plan ("VCP") (proposed)</b></p> <p>The Remuneration Committee is of the opinion that the CIP alone does not fulfil its objective of appropriately retaining and motivating Senior Executives who are critical to the continued success of the Company. The VCP will ensure that exceptional corporate performance will result in exceptional levels of compensation and enable such key value drivers to share in an appropriate proportion of the total potential value created for Shareholders.</p> <p>The Remuneration Committee believes that the introduction of a new equity incentive, the proposed VCP, when operated in conjunction with the CIP, will provide the ultimate tool to reward and motivate the Senior Executives who are critical for delivering value for Shareholders.</p>
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### 3. OPERATION OF THE VCP

- 3.1 The objective of the VCP is to deliver exceptional rewards to participants provided absolute returns to Shareholders are exceptional.
- 3.2 The Company's Senior Executives will participate in the VCP which operates over a 5 year period from May 2008 to March 2013. Under the VCP, a Participant will be granted a right to receive a maximum number of Ordinary Shares fixed at the outset based on their seniority (a "**VCP Entitlement**"). The Ordinary Shares subject to a VCP Entitlement will be earned by the conversion of the VCP Entitlement into an option or a series of options (a "**VCP Option**") which may be granted on 31 March 2010, 31 March 2011, 31 March 2012 or 31 March 2013 (each a "**Measurement Date**") based on the Company's share price performance. The exercise price for a VCP Option will be the closing share price of the Company on the date of the AGM.
- 3.3 The share price of the Company will be calculated at each Measurement Date and compared against a matrix of extremely stretching fixed share price targets. A participant is first entitled to receive a VCP Option on 31 March 2010, the first Measurement Date.

- 3.4 If the highest share price target is achieved by the first Measurement Date the Participant will be granted a VCP Option over the maximum number of shares subject to the VCP Entitlement and receive no further VCP Options. If a lower share price target is achieved on the first Measurement Date, then they will be granted a VCP Option over a lesser number of shares with the ability to receive the balance of their shares in the form of a VCP Option on subsequent Measurement Dates. If the minimum share price target is not achieved on the first Measurement Date then the Participant will not be granted a VCP Option but they can earn the Ordinary Shares subject to their VCP Entitlement on subsequent Measurement Dates subject to the relevant share price targets being achieved.
- 3.5 VCP Options will be exercisable in installments with a proportion exercisable immediately and the balance exercisable on the remaining Measurement Dates following the date of grant of the particular VCP Option.
- 3.6 A detailed description of how Ordinary Shares subject to VCP Entitlements are earned and converted to VCP Options based on absolute return to Shareholders is set out below. It should be noted that the number of Ordinary Shares set out in the examples are based on the VCP Entitlement of the Chief Executive Officer (which will be the maximum VCP Entitlement for any Participant). For other Participants, the number of Ordinary Shares earned will be lower but based on the same ratios.

(A) First Measurement Date – 31 March 2010

At the first Measurement Date, the Company's average closing share price over the previous 30 days will be calculated. This will be compared against the share price targets set out in the table below which shows the number of Ordinary Shares which can be earned by a Participant and granted as a VCP Option, together with the associated exercise schedule.

<b>Share Price</b>	Number of shares earned
Share Price less than £2.60	-
Share Price is £2.60 or more but less than £3.50	<b>2,500,000</b>
Share Price is £3.50 or more	<b>3,500,000</b>

**Exercise Schedule**

40% of shares earned at 31 March 2010 can be exercised immediately  
 20% exercisable from 31 March 2011  
 20% exercisable from 31 March 2012  
 20% exercisable from 31 March 2013

(B) Second Measurement Date – 31 March 2011

At the second Measurement Date, the Company's average share price over the previous 30 days will be calculated. This will be compared against the same share price targets; however to ensure the principle of exceptional performance still remains valid

the number of Ordinary Shares earned for achieving the share price targets falls and the share price target which must be achieved to earn the maximum individual limit of shares increases.

The number of Ordinary Shares which can be earned and granted as a VCP Option at this Measurement Date, together with the associated exercise schedule is set out in the table below. Any Ordinary Shares earned in 2010 are subtracted from the number of Ordinary Shares that may be earned on this Measurement Date. If the resulting amount is nil or negative no Ordinary Shares will be earned at this Measurement Date.

<b>Share Price</b>	Number of shares earned (LESS shares earned in 2010)
Share Price less than £2.60	-
Share Price is £2.60 or more but less than £3.50	<b>1,800,000</b>
Share Price is £3.50 or more but less than £4.50	<b>2,500,000</b>
Share Price is £4.50 or more	<b>3,500,000</b>

#### **Exercise Schedule**

40% of shares earned at 31 March 2011 can be exercised immediately  
 30% exercisable from 31 March 2012  
 30% exercisable from 31 March 2013

#### (C) Third Measurement Date – 31<sup>st</sup> March 2012

At the third Measurement Date, the Company's average closing share price over the previous 30 days will be calculated. This will be compared against the same share price targets; however to ensure the principle of exceptional performance still remains valid the number of Ordinary Shares earned for achieving the share price targets falls.

The number of Ordinary Shares which can be earned and granted as a VCP Option at this Measurement Date, together with the associated exercise schedule is set out in the table below. Any Ordinary Shares earned in 2010 and 2011 are subtracted from the Ordinary Shares that may be earned on this Measurement Date. If the resulting amount is nil or negative no Ordinary Shares will be earned at this Measurement Date.

<b>Share Price</b>	Number of shares earned (LESS shares earned in 2010 and 2011)
Share Price less than £2.60	-
Share Price is £2.60 or more but less than £3.50	<b>1,200,000</b>
Share Price is £3.50 or more but less than £4.50	<b>1,800,000</b>
Share Price is £4.50 or more	<b>2,500,000</b>

#### **Exercise Schedule**

40% of shares earned at 31 March 2012 can be exercised immediately  
 Balance exercisable from 31 March 2013

**(D) Fourth Measurement Date - 31 March 2013**

At the fourth Measurement Date, the Company's average closing share price over the previous 30 days will be calculated. This will be compared to the same share price targets; however to ensure the principle of exceptional performance still remains valid the number of Ordinary Shares earned for achieving the share price targets falls.

The number of Ordinary Shares which can be earned at this Measurement Date and granted as a VCP Option, together with the associated exercise schedule is set out in the table below. Any Ordinary Shares earned in 2010, 2011 and 2012 are subtracted from the Ordinary Shares that may be earned on this Measurement Date. If the resulting amount is nil or negative no Ordinary Shares will be earned at this Measurement Date.

<b>Share Price</b>	Number of shares earned (LESS shares earned in 2010, 2011 and 2012)
Share Price less than £2.60	-
Share Price is £2.60 or more but less than £3.50	<b>600,000</b>
Share Price is £3.50 or more but less than £4.50	<b>1,200,000</b>
Share Price is £4.50 or more	<b>1,800,000</b>

**Exercise Schedule**

All shares earned as at 31 March 2013 can be exercised immediately

- 3.7 Where the share price targets have not been met by 31 March 2013 then the VCP Entitlement will not convert, no Ordinary Shares will be earned and no VCP Options granted under the VCP.
- 3.8 It should be noted that institutional Shareholders who have participated in the consultation exercise have confirmed that they consider the share price targets to be extremely stretching.

**4. FURTHER KEY TERMS AND CONDITIONS OF THE VCP****4.1 Operation**

The Remuneration Committee, the members of which are the Non-Executive Directors, with an independent majority, will supervise the operation of the VCP in respect of the Participants.

#### **4.2 Eligible Employees**

Any employee of the Company selected by the Remuneration Committee. In practice the Senior Executives within the business. Non-executive directors are not eligible to participate in the VCP.

#### **4.3 Delivery Mechanism**

VCP Entitlement - Participants in the VCP will be granted a one off VCP Entitlement in the form of a conditional entitlement to a maximum number of Ordinary Shares fixed on commencement of their participation in the VCP. Subject to the satisfaction of stretching share price targets tested on four Measurement Dates, the VCP Entitlement will convert into a VCP Option or VCP Options which may be granted on those Measurement Dates.

VCP Options – VCP Options will be granted in accordance with paragraph 3 of this Appendix.

#### **4.4 Grant of Awards**

VCP Entitlements will normally be granted to a Participant within 5 days of approval of the VCP by Shareholders at the AGM or, subsequently, within a 42 day period following the date of publication of the interim or annual results of the Company.

VCP Options will be granted on each of the Measurement Dates in accordance with paragraph 3 of this Appendix 4.

No VCP Entitlements or VCP Options will be granted during a close period.

#### **4.5 Duration**

The Plan will operate over a 5 year period from May 2008 to March 2013. The Committee may not grant VCP Entitlements or VCP Options under the VCP to new employees more than five years after its approval.

#### **4.6 Limits**

The maximum number of Ordinary Shares available to a Participant under the VCP is set out in paragraph 3 of this Appendix.

In addition, the VCP will operate within the Company's dilution limits of 10% in 10 years for any employee share scheme and 5% for executive share schemes.

There will be no formal flow limits on the grant of VCP Entitlements or VCP Options. However, the Remuneration Committee will monitor the issue of new Ordinary Shares to satisfy VCP Options to ensure a balanced remuneration policy.

#### **4.7 Cessation of Employment**

Any part of a VCP Entitlement which has not converted or VCP Option which has not become exercisable at the date of cessation will normally lapse.

The Remuneration Committee may, in its discretion, decide to accelerate the conversion of a VCP Entitlement and grant a VCP Option, or accelerate the exercise of a VCP Option.

VCP Options which are already exercisable at the date of cessation or become exercisable as a result of the Remuneration Committee exercising its discretion will be exercisable for a period following the date of cessation determined by the Remuneration Committee.

#### **4.8 Change of Control**

In the event of a takeover, reconstruction, amalgamation or winding up of the Company, the date of the change of control will be deemed to be a new Measurement Date and VCP Entitlements may convert and additional VCP Options be granted immediately prior to the change of control based on the share price attained. The number of Ordinary Shares earned will be calculated in accordance with the principles applied on the other Measurement Dates, except that the Company's share price will be taken as the bid price of the Company in order to take Company performance into account.

On a change of control any VCP Options which have already been granted at the date of the change of control or granted as a result of the change of control will become exercisable immediately.

#### **4.9 Lapse of Awards**

Any VCP Entitlement or part thereof which has not converted will lapse on the fourth Measurement Date.

VCP Options will normally lapse seven years after the date of grant.

#### **4.9 Allotment and Transfer of Shares**

Ordinary Shares subscribed will not rank for dividends payable by reference to a record date falling before the date on which the Ordinary Shares are acquired but will otherwise rank *pari passu* with existing Ordinary Shares. Applications will be made for the admission of the new Ordinary Shares to the Official List of the UK Listing Authority, and to trading on the London Stock Exchange plc's main market for listed securities following the exercise of a VCP Option.

#### **4.10 Adjustment of Awards**

On a variation of the capital of the Company, the number of Ordinary Shares subject to a VCP Entitlement or VCP Option may be adjusted in such manner as the Remuneration Committee determines and the advisors of the Company confirm to be fair and reasonable.

#### **4.11 Amendments**

Amendments to the terms and conditions of the VCP may be made at the discretion of the Remuneration Committee. However, the provisions governing eligibility requirements, terms of Participant's participation, individual Participation limits and the adjustments that may be made following a rights issue or any other variation of capital cannot be altered to the advantage of Participants without prior Shareholder approval, except for minor amendments to benefit the administration of the VCP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or for the Regus Group.

The Committee may add to, vary or amend the terms and conditions of the VCP by way of a separate schedule in order that the VCP may operate to take account of local legislative and regulatory treatment for Participants or the relevant member of the Regus Group, provided that the parameters of these arrangements will provide no greater benefits than the terms and conditions of the VCP as summarised above.

#### **4.12 General**

Ordinary Shares acquired, VCP Entitlements, VCP Options and any other rights granted pursuant to the VCP are non-pensionable.

#### **4.13 Non-Transferability of VCP Entitlements and VCP Options**

VCP Entitlements and VCP Options are not transferable except in the case of a Participant for whom a trustee is acting, in which case the trustee will be able to transfer the benefit to the Participant.

**Note:** This Appendix 4 summarises the main features of the VCP but does not form part of it and should not be taken as affecting the interpretation of the detailed terms and conditions. Copies of the VCP terms and conditions will be available for inspection at the offices of Halliwell Consulting, 53 New Broad Street, London, EC2M 1JJ and at the registered office of the Company, 3000 Hillswood Drive, Chertsey, Surrey, KT16 0RS during usual office hours (Saturdays, Sundays and bank holidays excepted) from the date of despatch of the Chairman's letter up to and including the date of the AGM and at the meeting itself. The Directors reserve the right, up to the time of the meeting, to make such amendments and additions to the VCP terms and conditions as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out in this Appendix 4.