

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

**If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all of your shares, please pass this document, together with any accompanying documents, to the purchaser or transferee, or to the person who arranged the sale or transfer, so that they can pass these documents on to the person who now holds the shares. If you are not sure what to do, please contact an appropriate independent professional adviser. If you have sold or transferred some, but not all, of your shares, you should contact the person who arranged the sale or transfer without delay for advice on what action you should take.

Notice of the general meeting of Mothercare plc to be held at 10.30 a.m. on 9 October 2014 at Jurys Inn, 31-35 Clarendon Road, Watford, Hertfordshire WD17 1JA, is set out in this document.

Your attention is drawn to the letter from the Chairman of Mothercare plc which is set out on pages 5 to 7 of this document and which recommends you vote in favour of the resolutions to be proposed at the general meeting. Shareholders will also find enclosed a form of proxy for use in connection with the general meeting.

**This document is sent to you for the purposes of inviting you to vote at the general meeting. It does not constitute an offer to sell, or a solicitation of offers to purchase or subscribe for, securities in the United States, Australia, Canada, New Zealand or Japan. This document is not a prospectus. Subject to certain limited exceptions, you, as a person located or resident in the United States, Australia, Canada, New Zealand or Japan cannot participate in the transaction referred to herein and are restricted from accessing the materials that describe further such transaction, including the reasons for such transaction.**

The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, or under the securities laws of any state or other jurisdiction of the United States and may not be offered, exercised or sold in the United States absent registration or an applicable exemption from registration requirements. There will be no public offering in the United States.



## **NOTICE OF GENERAL MEETING**

### **MOTHERCARE PLC**

*(Incorporated and registered in England and Wales with registered number 01950509)*

## NOTICE OF GENERAL MEETING



**MOTHERCARE plc**

*(Incorporated in England and Wales with registered number 01950509)*

Notice is hereby given that a General Meeting of Mothercare plc (the “**Company**”) will be held at 10.30 a.m. on 9 October 2014 at Jurys Inn, 31-35 Clarendon Road, Watford, Hertfordshire WD17 1JA for the purpose of considering and, if thought fit, passing the following resolutions. Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution.

### **RESOLUTION 1: ORDINARY RESOLUTION**

1. That, subject to and conditional upon admission to listing on the premium segment of the Official List by the UK Listing Authority and to trading on the London Stock Exchange plc’s market for listed securities of the new ordinary shares of 50 pence each to be issued by the Company in connection with the issue by way of rights of up to 79,942,294 new ordinary shares at a price of 125 pence per new ordinary share to qualifying shareholders on the register of members of the Company at close of business on 7 October 2014 (the “**Rights Issue**”), and in addition to all existing authorities, the Board be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to a nominal amount of £39,971,147 pursuant to or in connection with the Rights Issue, such authority to apply until the conclusion of the annual general meeting of the Company to be held in 2015, save that the Company may allot shares in connection with the Rights Issue pursuant to any agreement entered into at any time prior to such expiry (whether before or after the passing of this resolution) which would, or might, require shares in the Company to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if this authority had not expired.

### **RESOLUTION 2: SPECIAL RESOLUTION**

2. That, subject to and conditional upon Resolution 1 being duly passed, and in addition to all existing powers, the Board be given power pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in the Companies Act 2006) for cash pursuant to the authority conferred by Resolution 1 above, as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited to the allotment of equity securities pursuant to the authority granted by Resolution 1 up to a nominal amount of £39,971,147, such power to apply until the conclusion of the annual general meeting of the Company to be held in 2015, save that, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after such expiry and the Board may allot equity securities under any such offer or agreement as if this power had not expired.

By order of the Board

**Tim Ashby**  
*Company Secretary*

23 September 2014

Registered in England and Wales No. 01950509

*Registered Office:*  
Cherry Tree Road  
Watford  
Hertfordshire  
WD24 6SH

## NOTES TO THE NOTICE OF GENERAL MEETING

1. The business to be conducted at the meeting is set out on the previous page of this notice of meeting (the “**Notice**”).
2. Only those shareholders on the register of members of the Company as at 6.00 p.m. on 7 October 2014 (or, in the event of any adjournment, at 6.00 p.m. on the day, two days before the reconvened meeting) will be entitled to attend or vote at the general meeting and they may only vote in respect of the number of shares registered in their name at the relevant time. Changes to entries on the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend or vote at the meeting.
3. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation of the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
4. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company. A form for appointing a proxy accompanies this Notice. To be effective, the form of proxy must be completed and reach the Company’s registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA not later than 10.30 a.m. on 7 October 2014. You may also submit your proxy electronically; see your proxy card for details of how to register your vote. Completion of a form of proxy, other such instrument or any CREST Proxy Instruction will not preclude a member from attending and voting in person at the meeting. If you require additional forms of proxy, please contact the Registrars of the Company on +44(0)121 415 0847 if calling from outside the UK or if within the UK on 0871 384 2414 (calls to this number are charged at 8p per minute (excluding VAT) plus network extras). Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday.
5. In the case of a shareholder which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company.
6. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first-named being the most senior).
8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the same powers as the corporation could exercise if it were an individual member provided they do not do so in relation to the same shares.
9. CREST members holding their shares in uncertificated form 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 voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a ‘CREST Proxy Instruction’) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or relates to 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 (CREST ID RA19) no later than 10.30 a.m. on 7 October 2014. For these purposes, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. No messages received through the CREST network after this time will be accepted. 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 Euroclear 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(s), to procure that his CREST sponsor or voting service provider(s)) take(s) such actions as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning limitation 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. The CREST Manual can be reviewed at [www.euroclear.com](http://www.euroclear.com).
12. The Company cannot accept responsibility for loss or damage arising from the opening or use of any emails or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to opening or use. Any electronic communication received by the Company and/or Equiniti, including the lodgement of an electronic form of proxy, that is found to contain a computer virus will not be accepted.
13. A person who is not a shareholder of the Company, but has been nominated by a shareholder to enjoy information rights in accordance with section 146 of the Companies Act 2006 (a "nominated person") does not have a right to appoint any proxy. Nominated persons may have a right under an agreement with the shareholder to be appointed (or to have someone appointed) as a proxy for the meeting. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under an agreement with the relevant shareholder to give instructions as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 4 above does not apply to nominated persons. The rights described in paragraph 4 can only be exercised by shareholders of the Company. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains the registered shareholder or custodian or broker who administers the investment on your behalf. Therefore, any changes or queries relating to your personal details and holding (including any administration) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee to deal with matters that are directed to them in error. The only exception to this is where the Company, in exercising one of its powers under the Companies Act 2006, writes to you directly for a response.
14. As at 22 September 2014 (being the last practicable business day prior to the publication of this Notice) the Company's issued share capital consisted of 88,824,771 ordinary shares of 50 pence each, carrying one vote each. Therefore the total voting rights in the Company as at that date were 88,824,771.
15. A copy of this Notice and other information required by section 311A of the Companies Act 2006 can be found at [www.mothercareplc.com](http://www.mothercareplc.com).
16. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
  - calling our shareholder helpline on +44(0)121 415 0847 if calling from outside the UK or if within the UK on 0871 384 2414 (calls to this number are charged at 8p per minute (excluding VAT) plus network extras). Lines are open 8.30 a.m. to 5.30 p.m.;
  - by writing to Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; or
  - by sending an email to [investorrelations@mothercare.com](mailto:investorrelations@mothercare.com).

You may not use any electronic address provided either in this Notice or any related documents to communicate with the Company for any purposes other than those expressly stated.

# LETTER FROM THE CHAIRMAN OF MOTHERCARE

## MOTHERCARE PLC

*(Incorporated and registered in England and Wales with registered number 1950509)*

### *Directors*

Alan Parker CBE (*Chairman*)  
Mark Newton-Jones (*Chief Executive Officer*)  
Matt Smith  
Angela Brav  
Lee Ginsberg  
Amanda Mackenzie OBE  
Richard Rivers  
Imelda Walsh  
Nick Wharton

### *Registered office*

Mothercare plc  
Cherry Tree Road  
Watford  
Hertfordshire  
WD24 6SH

23 September 2014

Dear Shareholder,

### **Proposed 9 for 10 Rights Issue of 79,942,294 New Ordinary Shares at 125 pence per New Ordinary Share**

#### **1. Introduction**

The board of directors of the Company (the “**Board**”) has today announced a rights issue of 79,942,294 new ordinary shares to raise net proceeds of approximately £95 million (the “**Rights Issue**”). The Rights Issue is intended to provide the Mothercare Group (the “**Group**”) with a stronger capital base that the directors believe will enable the Group to implement its new strategic plan and repay a significant amount of its outstanding debt, both of which the Board considers important to the future success of the Group. The new strategic plan is designed to deliver the turnaround of the Group’s UK business and to transform the Group into a digitally-led business, supported by a modern store estate, well-invested information technology (IT) systems and an efficient operational infrastructure. Underpinned by the implementation of the new strategic plan and the consequential improvements in the UK operations, the Board believes that the Group will then be able to unlock the value of its already successful international business.

Pursuant to the terms of the Rights Issue, qualifying shareholders will be offered (by way of rights) 9 new ordinary shares at 125 pence each for every 10 existing ordinary shares held. The issue price of 125 pence per new ordinary share represents a 49.6 per cent. discount to the closing price of an existing ordinary share of 248.25 pence on 22 September 2014 (being the last business day prior to the announcement of the Rights Issue) and a 34.2 per cent. discount to the theoretical ex-rights price based on that closing price.

The purpose of this document is to provide notice of a general meeting of the Company to be held at Jurys Inn, 31 - 35 Clarendon Road, Watford, Hertfordshire WD17 1JA on 9 October at 10.30 a.m. (the “**General Meeting**”) at which both an ordinary resolution (the “**First Resolution**”) and a special resolution (the “**Second Resolution**”) (together, the “**Resolutions**”) will be considered and, if thought fit, passed to allow the Rights Issue to proceed. The full text of the Resolutions is included at the beginning of this document. This document also sets out the background to, reasons for and principal terms of the Rights Issue and explains why the Board considers the Rights Issue to be in the best interests of the Company and its shareholders as a whole, and recommends that you vote in favour of the proposed Resolutions at the General Meeting.

#### **2. General Meeting**

The Rights Issue is subject to a number of conditions, including shareholders’ approval of the Resolutions proposed at the General Meeting. Shareholders are being asked to vote on the Resolutions in order to provide the directors with the necessary authority and power under the Companies Act 2006 to proceed with the Rights Issue. The Rights Issue is conditional on the passing of the Resolutions; if the Resolutions are not passed, the Company will be unable to complete the Rights Issue.

### ***First Resolution – Authority to allot***

The First Resolution is an ordinary resolution authorising the directors to allot up to 79,942,294 ordinary shares, representing approximately 90 per cent. of the Company's current issued share capital as at 22 September 2014 (being the last business day prior to the announcement of the Rights Issue) at a discount of 49.6 per cent. to the closing price of 248.25 pence on 22 September 2014. This authority will expire at the conclusion of the annual general meeting of the Company to be held in 2015. The authority granted by the First Resolution will be in addition to the authority to allot ordinary shares which was granted to the directors at the Company's annual general meeting on 17 July 2014, and which will expire at the earlier of 17 October 2015 and the conclusion of the annual general meeting of the Company to be held in 2015.

### ***Second Resolution – Disapplication of pre-emption rights***

The Second Resolution is a special resolution that, subject to the First Resolution being passed, authorises the directors to allot up to 79,942,294 ordinary shares for cash under the authority given by the First Resolution as if section 561 of the Companies Act 2006 did not apply to such allotment. This power will be limited to the allotment of new ordinary shares in connection with the Rights Issue. This authority will expire at the conclusion of the annual general meeting of the Company to be held in 2015. The authority to be granted by the Second Resolution will be in addition to the authority to disapply pre-emption rights which was granted to the directors at the Company's annual general meeting on 17 July 2014, which will expire at the earlier of 17 October 2015 and the conclusion of the annual general meeting of the Company to be held in 2015.

The Board believes that the Rights Issue and Resolutions are in the best interests of the Company and its shareholders as a whole. **Accordingly, the directors unanimously recommend that Shareholders vote in favour of the Resolutions to be put to the General Meeting as they intend to do, or procure, in respect of their own beneficial holdings at the time of the General Meeting.**

### **3. Summary of the background to, and reasons for, the Rights Issue**

For a number of years the Group benefited from strong performance both in the UK and internationally, but more recently the financial performance of the Group has been mixed, primarily due to a material underperformance in the UK.

The Group's international business has benefited from continued like-for-like sales growth and the successful roll-out of new stores by its franchise partners, resulting in the continued growth in network sales of the Group's international business. The international business has grown trading space and profits significantly in recent years, and the Board believes that it provides a solid earnings and cash generation foundation from which to build future profitable growth and further cash generation.

In recent years, the Group has pursued a strategy of reducing costs and closing loss-making stores in the UK, as part of a wider plan to return the UK business to a level of acceptable financial performance. The Board believes that this strategy has gone some way to resolving some of the Group's underlying structural issues in the UK, with the closure of 153 loss-making stores in the UK over the last three financial years. However, the benefits of these measures have been offset by the continued decline in UK trading performance, with a reduction in like-for-like sales and a deterioration in the gross margin. These declines reflect the increasingly competitive markets within the Group's product categories and the promotional stance adopted by the UK business in response to these competitive pressures. Furthermore, with the strategic focus on cash management, cost reductions and the closure of loss-making retail space, there has been a significant lack of investment in modernising the UK store portfolio and the Group's digital platform, IT systems and other infrastructure. The Group has not been able to keep pace with the changing needs and shopping habits of the modern customer. The Board believes the Group now requires significant investment to improve the Group's capital structure and to realise its potential and deliver long term value for shareholders.

The Board believes that the market fundamentals in the UK and internationally remain attractive. However, as a result of the existing leverage in the business and the under-investment in prior years, the Board believes there is a requirement for a significant investment to improve the capital structure and enable the Group to realise its potential.



The following table presents the intended approximate allocation of the net proceeds of the Rights Issue.

	<i>Net Proceeds Investment (approximately)</i>
(i) Repayment of term facility	£40 million
(ii) Acceleration of the reshaping of the UK store portfolio	
– UK store closures	£25 million
– UK store refurbishment	£20 million
(iii) Investment and modernisation of the Group's IT systems and infrastructure	£10 million
<b>Total</b>	<u>£95 million</u>

The net proceeds of the Rights Issue will be supplemented by operating cash flow generated from the Group's business in order to achieve the required scale of investment to deliver the new strategic plan. The Group therefore requires the Rights Issue to proceed in order to implement the new strategic plan over the medium term.

Further, the Board has created additional financial covenant headroom within the Company's revolving facility by successfully negotiating amendments to the Company's financial covenants and certain other terms of the existing facilities agreement under an amended facility. However, such amendments are conditional on the Rights Issue.

Accordingly, the Board believes the Rights Issue to be in the best interests of the Group and shareholders as a whole.

If the Resolutions are passed and the Rights Issue proceeds, the new ordinary shares will rank for all dividends declared, made or paid after the date of allotment and issue of the new ordinary shares and otherwise *pari passu* with the existing ordinary shares. Application will be made to the UK Listing Authority for the new ordinary shares to be admitted to the Official List with a premium listing and to the London Stock Exchange for the new ordinary shares to be admitted to trading on the London Stock Exchange's main market for listed securities ("**Admission**"). It is expected that Admission will become effective and that dealings in the new ordinary shares (nil paid) on the London Stock Exchange will commence at or shortly after 8.00 a.m. on 10 October 2014.

#### **4. Action to be taken**

Enclosed with this document is a form of proxy for use at the General Meeting. Whether or not you plan to attend the General Meeting in person, you are requested to complete, sign and return the form of proxy in accordance with the instructions printed on it so as to be received by the Company's registrar, Equiniti, as soon as possible and, in any event, by no later than 10.30 a.m. on 7 October 2014. You may also submit your proxy electronically at [www.sharevote.co.uk](http://www.sharevote.co.uk) using the Voting ID, Task ID and Shareholder Reference (SRN) printed on the form of proxy. CREST Shareholders may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Equiniti (CREST participant ID RA19). Electronic proxy appointments must also be received by no later than 10.30 a.m. on 7 October 2014. The completion and return of a form of proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof, if you wish to do so.

Please refer to the "Notes to the Notice of General Meeting" on pages 3 to 4 of this document for further information.

You are not required to take any action in relation to the Rights Issue.

Yours sincerely,



Alan Parker CBE  
Chairman

