



## Notice of Annual General Meeting 2004

### **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 consult a stockbroker, solicitor, accountant or other appropriate independent professional adviser.

If you have sold or transferred all of your shares please pass this document, together with the Report and Accounts or Annual Review and (if applicable) the form of proxy, 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.

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This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Notice of the Annual General Meeting of Standard Chartered PLC to be held at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB on Tuesday 11 May 2004 at 12 noon (London time) is set out on pages 3 to 5 of this document.

Whether or not you propose to attend the Annual General Meeting, if you are an ordinary shareholder please complete and submit a form of proxy in accordance with the instructions printed on the enclosed form. The form of proxy must be received not less than 48 hours (or 72 hours if you hold your ordinary shares in ShareCare) before the time of the holding of the Annual General Meeting.

22 March 2004

22 March 2004

Dear Shareholder

I am writing to you about the proposed final dividend, recent changes to the Board and some of the other items to be considered at this year's annual general meeting.

### Board Changes

Since the Annual Report and Accounts 2003 were approved by the Directors on 18 February 2004, there have been changes to the Board. These changes were announced to the London and Hong Kong stock exchanges on 8 March 2004 and I would like to bring them to your attention.

Lord Stewartby, who is Deputy Chairman, the Senior Independent Director and Chairman of the Audit & Risk Committee, will not be seeking re-election and will retire from the Board after 14 years of distinguished service, at the conclusion of the annual general meeting on 11 May 2004. As mentioned in the Annual Report, Sir Ralph Robins and David Moir will also retire at the conclusion of the annual general meeting.

Hugh Norton will assume the role of the Senior Independent Director and Rudy Markham will be appointed Chairman of the Audit & Risk Committee with effect from 11 May 2004.

In addition, I am pleased to bring to your attention the appointment to the Board of Mr Jamie Dundas as a new non-executive director with effect from 15 March 2004. Mr Dundas is currently a non-executive director at J Sainsbury plc and Chairman of Macmillan Cancer Relief and has experience in finance, investment banking and aviation. Mr Dundas will stand for election at this year's annual general meeting and his biographical details have been included in the explanatory notes to resolutions 4 to 10 on page 7 of this document.

Another change since the approval of the Annual Report and Accounts 2003 is the appointment by the Board of a separate Board Nomination Committee. Previously the Board Remuneration Committee acted as the Board Nomination Committee and this separation of responsibilities is in line with the Corporate Governance best practice recommendations of the new Combined Code. I will be the Chairman of the Board Nomination Committee with Hugh Norton, Rudy Markham and Ruth Markland as the other committee members.

### Final dividend

Shareholders are asked to approve a final dividend of 36.49 US cents per ordinary share for the year ended 31 December 2003. If you approve the recommended final dividend, this will be paid on 14 May 2004 to all ordinary shareholders who were on the register of members on 27 February 2004. Payment will be made in either sterling, US dollars, Hong Kong dollars or in shares, according to each individual shareholder's choice.

### Employee Share Schemes

We shall be asking for your approval for a proposed amendment to one of our discretionary share schemes as well as for the renewal of our all-employee sharesave schemes at this year's annual general meeting.

We introduced our existing Performance Share Plan (PSP) in 2001. This plan, in conjunction with our other discretionary share plans, initially allowed us to provide long term share based awards which were competitive and fully supported the retention and reward of executives.

The Company continues to perform well, has a clear track record of differentiating executives' pay in relation to performance and is in a key stage of its development. As such, we need to continue to ensure that the Company's executive compensation arrangements powerfully incentivise executives to continue to perform and remain competitive internationally. One of the key considerations is the wish to have sufficient flexibility in our bonus and share plans to differentiate levels of reward for on-target and outstanding performance. In addition, the Company recognises that the use of performance shares rather than share options has certain benefits - there is a more efficient use of shareholder capital with which to incentivise executives and executives are only rewarded where there is a demonstrable improvement in shareholder value. The PSP, unlike our existing option scheme, has relative total shareholder return as one of its performance conditions (EPS growth is the other performance condition) and no retesting is allowed for either performance condition.

In light of the issues outlined above, we have undertaken a review of our annual and long term incentive arrangements for executives. It is the Board Remuneration Committee's intention that the overall value of long term incentives awarded to executives remains broadly level. As part of this review, we have concluded that we wish to build flexibility into the ways in which we can reward executive directors and our most senior executives. We have enhanced our existing annual incentive plan to increase the maximum level of bonus that can be awarded in any year from 150% to 200% of base salary. In doing so, executive directors will now receive one third of any annual bonus in the Company's shares. This aligns the interests of our executive management team more closely with those of shareholders. These shares are held in an employee benefit trust before being released up to one year later.

The Board Remuneration Committee has also revised the performance conditions for all future awards under the 2000 Executive Share Option Scheme (ESOS). The new performance condition, which measures the Company's earnings per share growth over a three-year performance period, will not have any mechanism by which performance can be retested in any subsequent period.

The other change which we propose to make, and for which we are specifically seeking shareholder approval, is to increase the maximum annual value of awards that can be made through the PSP to 200% of base salary. As part of the proposals it is therefore envisaged that the annual value of share options awarded to executive directors for target performance under the 2000 Executive Share Option Scheme would fall from 300% to 100% of base salary.

In summary, the revised arrangements will provide the Company with a better mix of executive compensation arrangements without increasing the overall value and, accordingly, increased flexibility to attract and retain those executives who are essential to the Company's continued performance.

Further details of the proposed changes to the Company's share schemes are given on page 9 of this document.

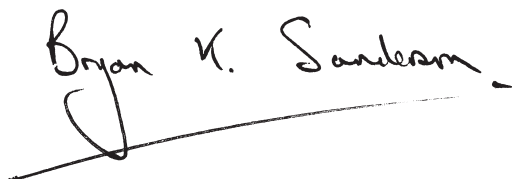
The Company's existing sharesave scheme expires in May 2004. It has always been the Company's policy to encourage wider employee share ownership through the operation of an all-employee sharesave scheme. Therefore shareholder approval is also sought for a new UK Inland Revenue approved sharesave scheme which has the same terms as the existing UK sharesave scheme. The directors are taking this opportunity to seek shareholder approval to adopt a new international sharesave scheme for the benefit of employees outside the UK as well, even though the existing international scheme may still run for another two years. The Board believe it is sensible to renew the international scheme at the same time as seeking shareholder approval for the new UK scheme.

A summary of the proposed new sharesave schemes is set out on pages 10 and 11 of this document.

Explanatory notes on all the business to be considered at this year's annual general meeting appear on pages 7 to 9 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. Your Board will be voting in favour of them and unanimously recommend that you do so as well.

If you would like to vote on the resolutions but cannot come to the annual general meeting, please fill in the proxy (or voting instruction form for ShareCare members) sent to you with this notice and return it to our registrars as soon as possible. They must receive it by 12 noon (London time) or 8.00pm (Hong Kong time) on Sunday 9 May (or by 12 noon (London time) on Saturday 8 May if you hold your shares in ShareCare). The annual general meeting will be held at 12 noon (London time) (8.00pm Hong Kong time) on Tuesday 11 May 2004 at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB.

Yours sincerely

A handwritten signature in black ink that reads "Bryan K. Sanderson". The signature is written in a cursive style and is positioned above a horizontal line that extends across the width of the signature.

**Bryan K Sanderson CBE**  
Chairman

Standard Chartered PLC  
1 Aldermanbury Square  
London EC2V 7SB

Registered Office as above  
Registered in England 966425



# Notice of Annual General Meeting 2004

This year's annual general meeting will be held at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB on Tuesday 11 May 2004 at 12 noon (London time). You will be asked to consider and pass the resolutions below. Resolutions 1 to 14 (inclusive), 18 and 19 will be proposed as ordinary resolutions. Resolutions 15 to 17 (inclusive) will be proposed as special resolutions.

## Ordinary Resolutions

1. To receive the annual report and accounts for the year ended 31 December 2003.
2. To declare a final dividend of 36.49 US cents per ordinary share for the year ended 31 December 2003.
3. To approve the directors' remuneration report for the year ended 31 December 2003, as set out on pages 49 to 60 of the annual report and on pages 37 to 48 of the annual review.
4. To elect Mr J F T Dundas, who was appointed as a non-executive director by the Board during the year.
5. To elect Ms R Markland, who was appointed as a non-executive director by the Board during the year.
6. To elect Mr P D Skinner, who was appointed as a non-executive director by the Board during the year.
7. To re-elect Mr E M Davies, an executive director retiring by rotation.
8. To re-elect Mr M B DeNoma, an executive director retiring by rotation.
9. To re-elect Mr R H P Markham, a non-executive director retiring by rotation.
10. To re-elect Mr H E Norton, a non-executive director retiring by rotation.
11. To re-appoint KPMG Audit Plc as auditor to the Company until the end of next year's annual general meeting.
12. To authorise the Board to set the auditor's fees.
13. That the Board be authorised, generally and without conditions, to allot relevant securities (as defined in the Companies Act 1985), such authority to be limited to:
  - (a) the allotment (otherwise than under (b) or (c) below) of relevant securities up to a total nominal value of US\$117,487,333 (being not greater than 20 per cent of the issued ordinary share capital of the Company as at the date of this resolution);
  - (b) the allotment (when combined with any allotment made under (a) above) of relevant securities up to a total nominal value of US\$213,708,480 in connection with:
    - (i) an offer of relevant securities open for a period decided on by the Board:
      - (A) to ordinary shareholders on the register on a particular date (excluding any holder holding shares as treasury shares), in proportion (as nearly as may be) to their existing holdings (ignoring for this purpose both any holder holding shares as treasury shares and the treasury shares held by him); and
      - (B) to people who are registered on a particular date as holders of other classes of equity securities (excluding any holder holding shares as treasury shares), if this is required by the rights of those securities or, if the Board considers it appropriate, as permitted by the rights of those securities,  
and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with fractional entitlements, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;
    - (ii) a scrip dividend scheme or similar arrangement implemented in accordance with the articles of association of the Company; and

- (iii) the issue of ordinary shares in respect of exchangeable securities issued by the Company or any of its subsidiary undertakings prior to the date of this meeting; and
- (c) the allotment of relevant securities pursuant to the terms of any existing share scheme of the Company or any of its subsidiary undertakings adopted prior to the date of this meeting and, if resolution 19 is passed as an ordinary resolution, pursuant to the share schemes adopted pursuant to that resolution,

such authority to apply for the period from 11 May 2004 until the earlier of the end of next year's annual general meeting and 10 August 2005 unless previously revoked or varied by the Company in general meeting, but during this period the Company may make offers, and enter into agreements, which would, or might, require relevant securities to be allotted after the authority ends and the Board may allot relevant securities under any such offer or agreement as if the authority had not ended.

- 14.** That the authority granted to the Board to allot relevant securities up to a total nominal value of US\$117,487,333 pursuant to paragraph (a) of resolution 13 set out above be extended by the addition of such number of ordinary shares of US\$0.50 each representing the nominal amount of the Company's share capital repurchased by the Company under the authority granted pursuant to resolution 16 set out below.

### Special Resolutions

- 15.** That if resolution 13 is passed as an ordinary resolution, the Board be given power to allot equity securities (as defined in the Companies Act 1985) for cash under the authority given by that resolution and/or where the allotment constitutes an allotment of equity securities by virtue of section 94(3A) of the Companies Act 1985, free of the restriction in section 89(1) of the Companies Act 1985, such power to be limited to:

- (a) the allotment of equity securities in connection with an offer of equity securities open for a period decided on by the Board:
  - (i) to ordinary shareholders on the register on a particular date (excluding any holder holding shares as treasury shares), in proportion (as nearly as may be) to their existing holdings (ignoring for this purpose both any holder holding shares as treasury shares and the treasury shares held by him); and
  - (ii) to people who are registered on a particular date as holders of other classes of equity securities (excluding any holder holding shares as treasury shares), if this is required by the rights of those securities or, if the Board considers it appropriate, as permitted by the rights of those securities,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with fractional entitlements, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (b) the allotment (otherwise than under (a) above) of equity securities up to a total nominal value of US\$29,370,451,

such power to apply from 11 May 2004 until the earlier of the end of next year's annual general meeting and 10 August 2005 unless previously revoked or varied by the Company in general meeting, but during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after the power ends and the Board may allot equity securities under any such offer or agreement as if the power had not ended.

- 16.** That the Company be authorised, generally and without conditions, to make market purchases (as defined in the Companies Act 1985) of its ordinary shares of US\$0.50 each provided that:

- (a) the Company does not purchase more than 117,487,333 shares under this authority;
- (b) the Company does not pay less for each share (before expenses) than US\$0.50 (or the equivalent in the currency in which the purchase is made, calculated by reference to a spot exchange rate for the purchase of US dollars with such other currency as displayed on the appropriate page of the Reuters screen at or about 11.00am (London time) on the business day before the day the Company agrees to buy the shares); and

- (c) the Company does not pay more for each share (before expenses) than 5 per cent over the average of the middle market prices of the ordinary shares according to the Daily Official List of the London Stock Exchange for the five business days immediately before the date on which the Company agrees to buy the shares,

such authority to apply from 11 May 2004 until the earlier of the end of next year's annual general meeting and 10 August 2005 unless previously revoked or varied by the Company in general meeting, but during this period the Company may agree to purchase shares where the purchase may not be completed (fully or partly) until after the authority ends and may make a purchase of ordinary shares in accordance with any such agreement as if the authority had not ended.

17. That the Company be authorised, generally and without conditions, to make market purchases (as defined in the Companies Act 1985) of up to 331,388 of its non-cumulative preference shares of US\$5 each ("dollar preference shares") and up to 195,285,000 of its non-cumulative preference shares of £1 each ("sterling preference shares") provided that:

- (a) the Company does not pay less for each share (before expenses) than the nominal value of the share (or the equivalent in the currency in which the purchase is made, calculated by reference to the spot exchange rate for the purchase of the currency in which the relevant share is denominated with such other currency as displayed on the appropriate page of the Reuters screen at or about 11.00am (London time) on the business day before the day the Company agrees to buy the shares); and
- (b) the Company does not pay more:
- (i) for each sterling preference share (before expenses) than 25 per cent over the average of the middle market prices of such shares according to the Daily Official List of the London Stock Exchange for the ten business days immediately before the date on which the Company agrees to buy the shares; and
- (ii) for each dollar preference share (before expenses) than 5 per cent over the average of the middle market prices of such shares according to the Daily Official List of the London Stock Exchange for the ten business days immediately before the date on which the Company agrees to buy the shares,

such authority to apply from 11 May 2004 until the earlier of the end of next year's annual general meeting and 10 August 2005 unless previously revoked or varied by the Company in general meeting, but during this period the Company may agree to purchase shares where the purchase may not be completed (fully or partly) until after the authority ends and may make a purchase of shares in accordance with any such agreement as if the authority had not ended.

### Ordinary Resolutions

18. That the rules of the Standard Chartered 2001 Performance Share Plan be amended to reflect the change described on page 9 of this document and that the Board (or any duly authorised committee of the Board) be authorised to do anything which it considers necessary or desirable to give effect to this change.
19. That the Standard Chartered 2004 UK Sharesave Scheme and the Standard Chartered 2004 International Sharesave Scheme, the principal features of each of which are summarised in the Appendix on pages 10 and 11 of this document, be approved and adopted and that the Board (or any duly authorised committee of the Board) be authorised to do anything which it considers necessary or desirable to carry the same into effect and to make such changes as it may consider appropriate for that purpose.

### By order of the Board



**D J Brimacombe**  
**Group Secretary**  
**24 March 2004**

**Registered Office:**  
**1 Aldermanbury Square**  
**London EC2V 7SB**

# Notes

## Ordinary Shareholders

If you are an ordinary shareholder you may attend and vote at the AGM or choose one or more other people (proxies) to attend the AGM and vote for you. A proxy does not need to be a shareholder of the Company. Your proxy form must reach our registrars in Bristol or Hong Kong, as appropriate, at least 48 hours before the time of the AGM. If you send in a completed proxy form you may still attend the AGM and vote in person. If you are a shareholder on the UK register of members, you may alternatively choose to submit your proxy form electronically – details are set out below under the heading ‘Electronic Proxy Voting’. Electronic proxy voting is not available to shareholders whose shares are registered on the branch register in Hong Kong.

If you want to attend the AGM and vote, you must be on the Company’s register of members in the UK by 10.00pm (London time) on Sunday 9 May 2004 or on the Company’s branch register of members in Hong Kong by 6.00am (Hong Kong time) on Monday 10 May 2004. This will also allow us to confirm how many votes you have on a poll. If the AGM is adjourned to a time after 10.00pm (London time) on Tuesday 11 May 2004, you must be on the appropriate register of members of the Company 48 hours before the time of the adjourned meeting. This will also allow us to confirm how many votes you will have on a poll called at such a meeting. If we give you notice of an adjourned meeting we will tell you in the notice when you need to be on the register to be able to attend and vote.

## ShareCare

If you hold your shares in ShareCare, we will send you a voting instruction form. You must make sure that you return the completed form to our registrars in Bristol by 12 noon (London time) on Saturday 8 May 2004. You may also choose to appoint a proxy electronically – details are set out below under the heading ‘Electronic Proxy Voting’.

## Electronic Proxy Voting

Shareholders on the UK register of members may appoint a proxy electronically. If you wish to submit your proxy form electronically, you will need an internet-enabled PC with an Internet Explorer 4 or Netscape 4 web browser, or a more recent release of those browsers. You will also need your Shareholder Reference Number (SRN) or ShareCare number, as appropriate, and Personal Identification Number (PIN) (both of which are printed on the enclosed proxy form or voting instruction form) to access the service. Your PIN will expire at 12 noon on 9 May 2004 (at 12 noon on 8 May 2004 for ShareCare members).

Before you can appoint a proxy electronically, you will be asked to agree to the terms and conditions for electronic proxy appointment. It is important that you read these terms and conditions carefully, as they will govern the electronic appointment of your proxy.

It is up to you to decide if you wish to use the electronic proxy appointment service. You can instead continue to submit your proxy form or voting instruction form by post, if you wish.

Electronic proxy voting is not available to shareholders whose shares are registered on the branch register in Hong Kong.

## Electronic Proxy Voting through CREST

If you are a CREST member and wish to appoint a proxy or proxies by using the CREST electronic proxy appointment service, you may do so by following the procedures described in the CREST manual. If you are a CREST Personal Member or other CREST sponsored member or a CREST member who has appointed a voting service provider, you should refer to your CREST sponsor or voting service provider, who will be able to take the appropriate action on your behalf.

In order for your proxy appointment using CREST 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 these instructions, as described in the CREST manual. The message must be transmitted so as to be received by our agent (ID 3RA50) by 12.00 noon on Sunday 9 May 2004. 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 our agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

You should note that CRESTCo does not make special procedures available in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is your responsibility to take any necessary action to ensure that messages are transmitted through the CREST system in time. In this connection, you should look at those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001, which regulates instructions containing incorrect information and instructions that are improperly sent.

## Preference shareholders

Only ordinary shareholders may attend and vote at the AGM. This document is sent to holders of preference shares for information only.

## Inspection of documents

The following documents will be available for inspection at 1 Aldermanbury Square, London EC2V 7SB and at the offices of Slaughter and May, 47th Floor, Jardine House, One Connaught Place, Central, Hong Kong from the date of this notice until the time of the AGM and at Merchant Taylors’ Hall from 15 minutes before the AGM until it ends:

- Statement and auditor’s report required by section 343 of the Companies Act 1985 about transactions with directors and people connected with them.
- Directors’ service contracts, the terms and conditions of appointment of non-executive directors and the register of directors’ interests in the share capital of the Company.
- The rules of the Standard Chartered 2001 Performance Share Plan, showing the changes proposed in resolution 18.
- The rules of the Standard Chartered 2004 UK Sharesave Scheme.
- The rules of the Standard Chartered 2004 International Sharesave Scheme.

## Interests in shares

The Company had not been notified before 23 February 2004 (less than one month before the date of this notice) of any changes in the directors’ interests or the substantial shareholders’ interests in the Company’s ordinary shares from those shown in the Annual Report.

Please also refer to the published version of this announcement in the South China Morning Post and the Economic Journal dated 22 March 2004.

In the case of any conflict between any translation and the English text hereof, the English text shall prevail.



# 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 14 (inclusive), 18 and 19 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 15 to 17 (inclusive) 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.

Please note that a "vote withheld" (as appears on the proxy form) is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" a resolution.

## Resolution 1: Report and accounts

For each financial year, the directors must present the directors' report, the audited accounts and the independent auditor's report to shareholders at a general meeting.

## Resolution 2: Declaration of the final dividend

We may only pay the final dividend after shareholders have approved it. The directors recommend a final dividend of 36.49 US cents per ordinary share for shareholders who were on the register of members on 27 February 2004. If the dividend is approved, it will be paid on 14 May 2004 to shareholders registered on the principal register of members in the UK at the close of business (London time) on 27 February 2004 and to shareholders registered on the branch register in Hong Kong at the opening of business (Hong Kong time) on 27 February 2004. If you are a shareholder registered on the principal register of members in the UK, you will be paid your dividend in sterling unless you choose to take US dollars, Hong Kong dollars or shares. If you are a shareholder registered on the branch register in Hong Kong, you will be paid your dividend in Hong Kong dollars unless you choose to take US dollars, sterling or shares. Please see the separate document entitled "2003 Final Dividend".

## Resolution 3: Directors' Remuneration Report

In accordance with the Directors' Remuneration Report Regulations 2002, shareholders are invited to vote on the Directors' Remuneration Report, which may be found on pages 49 to 60 of the annual report and on pages 37 to 48 of the annual review.

## Resolutions 4 to 10: Re-election of directors

The Company's articles of association require any director newly appointed by the Board to retire at the first annual general meeting after their appointment. You are therefore asked to elect as directors Mr J F T Dundas, Ms R Markland and Mr P D Skinner, who were appointed by the Board since last year's annual general meeting.

Under the articles of association all directors of the Company who held office at the time of the two preceding annual general meetings and who did not retire at either of them must also retire at the annual general meeting and at every annual general meeting at least one-third of the existing directors must retire. All of the directors are eligible to seek re-election by shareholders at the annual general meeting, if they so wish.

Mr E M Davies, Mr M B DeNoma, Mr R H P Markham and Mr H E Norton were all last re-elected in 2001 and are therefore retiring by rotation at this annual general meeting. Each submits himself for re-election under the Company's articles of association.

Sir Ralph Robins and Mr D G Moir will both retire at the end of the annual general meeting and not offer themselves for re-election. Since the date of the annual report, 18 February 2004, Lord Stewartby has also decided to retire from the Board at the end of the annual general meeting and not offer himself for re-election.

Mr J F T Dundas, Mr R H P Markham, Ms R Markland, Mr H E Norton and Mr P D Skinner are non-executive directors and do not have a service contract.

Mr E M Davies and Mr M B DeNoma each have a service contract with a notice period of one year.

Biographical details of each of the directors other than Mr J F T Dundas are given on pages 40 and 41 of the annual report and pages 30 and 31 of the annual review.

Jamie Dundas, 53, joined Standard Chartered PLC as a non-executive director on 15 March 2004. He was formerly Chief Executive of UK property company MEPC. Prior to that Mr Dundas was Finance Director for the Airport Authority Hong Kong. He began his career as an investment banker with Morgan Grenfell, where he became Deputy Head of Banking. Mr Dundas is currently a non-executive director at J Sainsbury plc and Chairman of Macmillan Cancer Relief, the UK's largest cancer care charity. Mr Dundas read law at Oxford University and subsequently qualified as a barrister. He is married with three children and lives in the UK.

## Resolutions 11 and 12: Reappointment of auditor and setting of auditor's fees

At every general meeting at which accounts are presented to shareholders, the Company is required to appoint auditors to serve until the next such meeting. KPMG Audit Plc has said that they are willing to continue as the Company's auditor for another year. You are asked to reappoint them and, following normal practice, to authorise the Board to set their fees.

## Resolutions 13 and 14: Directors' authority to allot shares

Under section 80 of the Companies Act 1985, the directors may only allot shares, or rights to shares, if shareholders in general meeting have given them power to do so. The power given to the directors at last year's annual general meeting to allot ordinary shares or rights to shares will expire at the end of this year's annual general meeting.



Resolution 13(a) asks for a new authority to be given to allow the directors to allot shares or rights to shares up to a maximum nominal amount of US\$117,487,333, being approximately 20 per cent of the issued ordinary share capital of US\$587,436,669 as at 23 February 2004 (which is less than one month before the date of this notice). The Hong Kong Listing Rules do not permit the directors to allot, on a non-pre-emptive basis, shares or rights to shares that would represent more than 20 per cent of the issued ordinary share capital as at the date the resolution granting them a general authority to allot is passed. Accordingly, resolution 13 also restricts the authority of the directors to the 20 per cent threshold.

The directors are also authorised to make allotments, which exceed the 20 per cent authority, in connection with offers to shareholders (such as rights issues), by way of scrip dividend and in respect of exchangeable securities issued by the Company or its subsidiary undertakings prior to the date of this meeting, but only up to a maximum aggregate nominal amount (when combined with any allotments made under the general authority) of US\$213,708,480. This is approximately 36 per cent of the issued ordinary share capital (excluding treasury shares) as at 23 February 2004 (which is less than one month before the date of this notice). Of this 36 per cent, approximately 3 per cent is to satisfy the Company's obligations to issue ordinary shares in respect of exchangeable securities issued by the Group prior to the date of this meeting. The balance of the authority is for approximately 33 per cent of the issued ordinary share capital (excluding treasury shares).

As noted in respect of resolution 15 below, there are legal, regulatory and practical reasons why, under an offer to shareholders, such as a rights issue, it may not be possible to issue equity securities to some shareholders, particularly those resident overseas. Resolution 13(b)(i) makes it clear that the authority to make allotments in connection with offers to shareholders covers any such offers in respect of which the directors may make arrangements to deal with such difficulties, and also with fractions of shares.

Notwithstanding the authority to be granted by resolution 13(b), any rights issue or open offer to shareholders will also need to comply with the applicable Hong Kong Listing Rules, and specific shareholder approval for such issues will therefore be obtained if necessary, in accordance with these requirements.

The directors are also authorised under resolution 13(c) to make allotments pursuant to the Company's existing share schemes or those of its subsidiary undertakings adopted prior to the date of the annual general meeting, and, if resolution 19 is passed by shareholders at the annual general meeting, pursuant to the 2004 UK and International Sharesave Schemes.

The directors have no intention at present to issue ordinary shares during the next year, except as scrip dividends instead of cash dividends, following the exercise of options and awards under the Company's share schemes and following the exercise of conversion and exchange rights under securities issued by the Group prior to the date of this meeting.

In accordance with the Hong Kong Listing Rules, resolution 14 seeks to extend the directors' authority to allot shares pursuant to paragraph (a) of resolution 13 to include the shares repurchased by the Company under the authority to be sought by resolution 16.

#### **Resolution 15: Power to allot equity securities for cash without certain formalities**

The Company's ordinary shares (including any such shares which are held by the Company as treasury shares) and rights to them are "equity securities" as defined in section 94(2) of the Companies Act 1985. If the directors wish to allot or, in the case of any treasury shares, sell equity securities paid for entirely in cash (other than to an employee share scheme), section 89(1) of the Companies Act 1985 requires that the equity securities must first be offered to existing shareholders in proportion to their shareholdings. Your right to be offered equity securities first in this way is known as a "pre-emption right".

In certain circumstances, it may be in the interests of the Company for the directors to be able to allot or, in the case of any treasury shares, sell some equity securities for cash (other than to an employee share scheme) without having to offer them to existing shareholders first. Before this can happen, the shareholders must give up their pre-emption rights.

Resolution 15 deals with this, but only for equity securities up to a maximum total nominal value of US\$29,370,451, which was equal to approximately 5 per cent of the Company's issued ordinary share capital as at 31 December 2003 and also at 23 February 2004 and represents 58,740,903 ordinary shares of US\$0.50 each.

There are legal, regulatory and practical reasons why, under a rights issue or other pre-emptive offer, it may not be possible to issue equity securities to some shareholders, particularly those resident overseas. Resolution 15 also asks for your authority for the directors to make arrangements to deal with such difficulties when making these offers and also for the directors to deal with fractions of shares.

#### **Resolution 16: Authority to purchase ordinary shares**

Resolution 16 gives the Company authority to make market purchases of up to 117,487,333 ordinary shares. This is approximately 10 per cent of the Company's issued ordinary share capital (excluding treasury shares) as at 23 February 2004 (which is less than one month before the date of this notice). No repurchases of shares will be conducted on the Hong Kong Stock Exchange.

The directors believe that it is in the best interests of the Company and all of its shareholders to have a general authority for the Company to buy back its ordinary shares in the market. The directors intend to keep under review the potential to purchase ordinary shares. Purchases will only be made if the directors consider that the purchase would be for the benefit of the Company and shareholders, taking into account relevant factors and circumstances at that time, for example the effect on earnings per share. The Companies Act 1985 now permits the Company to hold any such bought back shares in treasury as an alternative to immediately cancelling them. Accordingly, if the Company purchases any of its ordinary shares pursuant to resolution 16, the Company may cancel these shares or hold them in treasury. Such decision will be made by the directors at the time of purchase on the same basis as outlined above.

The total number of options to subscribe for ordinary shares outstanding at 23 February 2004 was 49,780,899, which represented approximately 4.2 per cent of the issued ordinary share capital (excluding treasury shares) at that date. If the Company were to purchase the maximum number of ordinary shares permitted by this resolution, the options outstanding at 23 February 2004 would represent approximately 4.7 per cent of the issued ordinary share capital (excluding treasury shares).

The Company held no shares in treasury as at 23 February 2004 (which is less than one month before the date of this notice).

#### **Resolution 17: Authority to purchase preference shares**

Resolution 17 gives the Company authority to buy back up to 331,388 of its US dollar preference shares and up to 195,285,000 of its sterling preference shares. During the past year, the directors re-purchased 9,486 of the US dollar preference shares and 4,715,000 of the sterling preference shares.

Whilst it is important to have a capital base which is adequate to allow the business to grow in all areas which appear to offer an appropriate balance between risk and profitability, it is equally important that the Company does not carry excessive amounts of capital and that it uses the most appropriate mix of capital instruments in the balance sheet. Having the authority to buy back all the preference shares would provide the Company with further flexibility in managing the capital base. Accordingly, the directors believe that it is in the best interests of the Company and its shareholders as a whole to have the authority sought by the resolution.

The directors intend to keep under review the potential to buy back preference shares, taking into account other investment and funding opportunities. The authority will be exercised only if the directors believe that to do so would be in the interests of shareholders generally. As noted above, the Companies Act 1985 now permits the Company to hold any such bought back shares in treasury as an alternative to immediately cancelling them. Accordingly, if the Company purchases any of its preference shares, those shares may be cancelled or held in treasury by the Company. The directors intend to make such decision at the time of purchase based on the interests of the Company and shareholders generally.

#### **Resolution 18: Performance Share Plan**

As explained in the Chairman's letter, the Company is keen to ensure that it has the right incentive and reward tools through which it can incentivise executives.

The Company has undertaken a review of its annual and long term incentive arrangements and concluded that there needs to be increased flexibility in the ways in which the Group can reward executive directors and the most senior executives. Set out below is a specific proposal in relation to the 2001 Performance Share Plan (PSP). In order to provide some context to this proposal, central aspects of the Company's executive compensation are also outlined below.

Recent enhancements to the existing annual incentive plan, whereby executives defer one third of their annual bonus in the Company's shares, are intended to improve the competitiveness of the overall arrangements while continuing to align the executives' interests with those of shareholders. The shares are held for up to one year before being released and are forfeited if the executive leaves voluntarily during that period. The Remuneration Committee has also approved a revised performance condition for all future awards under the 2000 Executive Share Option Scheme (ESOS). The new earnings per share (EPS) target, which mirrors the existing EPS target under our PSP, is as follows:

- Minimum EPS growth required (15% after 3 years) – 40% of the award vests
- Maximum EPS growth required (30% after 3 years) – 100% of the award vests
- Awards between the minimum and maximum levels vest on a straight-line basis

A performance condition of this type encourages the right behaviour in terms of improving EPS rather than focussing on a single EPS target (as is currently the case under the ESOS). In addition, the new performance condition will not have a retest mechanism.

Shareholder approval is being sought at the annual general meeting (resolution 18) to increase the maximum award level under the PSP in any year to any individual from 100% to 200% of their base salary. It is important to emphasise that this is a maximum limit and awards to this level would not necessarily be granted. The Company remains committed to linking the awards to the performance of both the Company and the individual and will continue to differentiate the levels of awards to executives on this basis. If resolution 18 is passed it is anticipated that the level of annual awards under the ESOS for on-target performance would fall from 300% to 100% of base salary for executive directors.

The collective benefit of the proposed change to the PSP, when combined with the other changes outlined above, is to provide a better mix of measures through which executives can be incentivised and rewarded. Importantly, it is the Remuneration Committee's intention that the overall value of incentives awarded to executives under the Company's discretionary share schemes remains broadly level.

The other key reasons for the proposed changes are as follows:

- Delivering awards through performance shares rather than share options makes more efficient use of shareholder capital (as it should not be necessary to give such highly leveraged awards to ensure that a sufficient incentive (and estimated present value) is given to executives).
- By raising the maximum levels of remuneration awards which may be permitted under our annual bonus and performance share plans, the Remuneration Committee is seeking to rebalance the level of awards under the relevant bonus and share plans. The Remuneration Committee will then be better placed to continue its practice of strongly differentiating award levels based on individual performance. Importantly, though, the proposals should keep total compensation unchanged for on-target performance.
- The proposed changes will ensure that total compensation remains competitively positioned. In terms of the level of an executive's total compensation, the effect of the proposed change to the PSP, together with the changes to the ESOS and the bonus plan outlined above, would see total compensation for on-target performance remain around the median of the FTSE 30.
- We wish to ensure that executives are rewarded when there is a demonstrable improvement in shareholder value. With one of its performance conditions based on growth in total shareholder return relative to a peer group, and with no retest criteria, the PSP can achieve this in a more transparent manner than share options.

#### **Resolution 19: All employee sharesave schemes**

The Group believes strongly in encouraging employee share ownership at all levels in the organisation. It seeks to engage employees in the performance of the Group, align their interests more closely with those of shareholders and offer them an opportunity for long-term savings and a share in the Group's financial success which they help to create. Since 1984, the Group has operated a sharesave scheme in which all UK-based employees are eligible to participate. In 1996 the International Sharesave Scheme was launched and made available to all employees based outside the UK. The existing UK sharesave scheme expires in May 2004 and, though the existing international sharesave scheme does not expire until May 2006, the Board believes that it is sensible to renew the international scheme at the same time as seeking shareholder approval for a new UK scheme. Accordingly, shareholder approval is being sought at the annual general meeting for both a new UK and a new international sharesave scheme.

A summary of the proposed sharesave schemes is set out in the Appendix to this document.

# Appendix

## Summary of the Standard Chartered 2004 UK Sharesave Scheme (“the UK Scheme”) and the Standard Chartered 2004 International Sharesave Scheme (“the International Scheme”) (together “the Schemes”)

### (i) General

The UK Scheme has been designed for approval by the Inland Revenue under Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003.

The UK Scheme and the International Scheme will replace the existing 1994 UK Sharesave and the 1996 International Sharesave Schemes respectively, under which no further options will be granted.

### (ii) Eligibility

#### **UK Scheme**

In order to be eligible, an individual must be an employee or full time director of the Company or any subsidiary which the Board has resolved should participate on the day invitations are to be sent out. A full time director is someone obliged to devote not less than 25 hours per week to his duties with the company concerned.

#### **International Scheme**

The Board can determine which subsidiaries should participate in the International Scheme and in which jurisdictions the International Scheme should be operated.

#### **Both Schemes**

All employees and full time directors of the relevant subsidiaries on the date on which invitations to apply for options are issued (or on such earlier date during a period of up to five years ending on such invitation date, as the Board may determine) are eligible to participate in the relevant scheme, as are any further employees or directors nominated by the Board for this purpose (“Eligible Employees”).

### (iii) Grant of options

Eligible Employees may be invited by the Board to apply for options under the Schemes to acquire ordinary shares in the Company.

An option may normally only be granted in the following periods:

- (a) a six week period beginning with the date on which the UK Sharesave Scheme is approved by the Inland Revenue;
- (b) a six week period beginning on the next dealing day following the date on which the Company announces its results for any period; or
- (c) any other time when the circumstances are considered by the Board to be sufficiently exceptional to justify such a grant.

No options may be granted more than 10 years after the adoption of the Schemes and options granted under the Schemes are personal to the participant and, except on death of a participant, may not be transferred.

### (iv) Savings contracts

An Eligible Employee who applies for an option under the Schemes must enter into a savings contract (in the case of the UK Scheme, this is an Inland Revenue approved savings contract) which requires monthly payments of currently not less than £5 and not more than £250. The amount which a participant can save in aggregate under all sharesave contracts (including the UK Scheme, the International Scheme and the Company’s other existing sharesave schemes) cannot exceed £250 per month.

The funds saved (plus interest) are used by the participant to exercise the option. The number of shares covered by the option will be calculated according to the savings made and an assumed amount of interest payable at the end of the contract period. In the case of the UK Scheme, this is the bonus contribution payable under an Inland Revenue approved savings contract. Under the International Scheme this is an assumed rate of interest set by the Board at the time the option is granted.

Savings under the International Scheme are made in local currency at an exchange rate fixed at the outset. Under the International Scheme a participant can make “top-up” contributions in addition to any savings and interest earned, in order to take account of adverse exchange rate movements or differences between the actual and assumed rates of interest applying to the participant’s savings. It is envisaged that, unless local laws require a shorter savings period or there are particular tax advantages available to the Group or employee in having a shorter period, the minimum savings period under the International Scheme will be same as the UK Scheme (currently three years).

### (v) Exercise price

The exercise price of the options granted under the Schemes will be determined by the Board before the grant of any options. The price, which shall not be less than 80 per cent of the average middle-market quotations of an ordinary share (as derived from the Daily Official List of the London Stock Exchange) on the five dealing days last preceding (or, if higher, the dealing day last preceding) the date on which invitations to apply for options are given or, if greater, the nominal value of an ordinary share.

### (vi) Exercise of options

An option granted under either of the Schemes may not normally be exercised before the maturity date under the relevant savings contract. Special provisions, permitting the early exercise of options in certain circumstances, shall apply in respect of participants who cease employment with the Group before completing their savings contracts in the event of death, disability, redundancy, retirement at contractual retirement age (including early retirement if the participant retires more than three years after the date of grant) or because the company or business which employs the participant is transferred out of the Group. If a participant ceases employment for any other reason, his option lapses. The early exercise of options is also permitted in the exceptional circumstances of a take-over, reconstruction or winding-up of the Company.

**(vii) Rights attaching to the Shares**

All ordinary shares allotted on the exercise of options under the Schemes will have the same rights as all other ordinary shares of the Company for the time being in issue (save as regards any right attaching to such shares by reference to a record date prior to the date of allotment) and application will be made to the London Stock Exchange and The Hong Kong Stock Exchange for such shares to be admitted to the relevant exchange's list.

**(viii) Limits of the Schemes**

The number of options which may be granted under the Schemes is subject to the following limits:

- a) In any period of 10 years not more than 10 per cent of the issued share capital of the Company may be placed under option or issued under the Schemes and any other employee share schemes of the Company; and
- b) The Board may impose a lower limit on the number of options which may be granted under the Schemes on any occasion.

**(ix) Variation of share capital**

In the event of any variation in the issued share capital of the Company, the Board may make such adjustments as it considers appropriate to the total number of ordinary shares subject to any option and/or the exercise price under any option. Adjustments to the terms of any options granted under the UK Scheme must be approved by the Inland Revenue.

**(x) Alterations and Additions**

The Board may at any time alter or add to the Schemes, provided that:

- (a) No such amendments to the UK Scheme may be made without prior approval of the Inland Revenue if such amendment constitutes a change to a key feature of the UK Scheme; and
- (b) The prior approval of the Company in a general meeting is required for any amendment to the Schemes which would confer an advantage to participants and relates to a provision dealing with eligibility, the period during which options may be granted, the consideration for the grant of options, the exercise price, the limits, the circumstances in which options may be exercised, the rights attaching to shares and a variation of capital.

The provisions of paragraph (b) above shall not apply if the amendment is a minor one to benefit the administration of the Schemes to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, or any member of the Group.

**(xi) Special Schedule**

The Board may adopt one or more special schedules to the International Scheme for a particular jurisdiction in order to vary the provisions set out above, but only so far as is necessary to take account of local tax, securities laws, exchange controls and other similar regulatory issues.

**(xii) Cash equivalent**

Following the exercise of an option granted under the International Scheme, the Board may decide that, in lieu of a right to receive ordinary shares, a participant shall be paid a cash sum equivalent to the difference between the market value of the ordinary shares at that time and the exercise price.

The cash equivalent provisions are typically operated in those jurisdictions where, due to securities laws or other regulatory issues, it is not possible to allot shares to participants. In exceptional circumstances, the Board can choose to make cash equivalent payments based on a deemed level of savings by a participant (ie where the normal requirement for a participant to make savings is waived).

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