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

J Sainsbury plc

Registered Office
33 Holborn
London EC1N 2HT
Registered number 185647

20 May 2016

To ordinary shareholders and, for information only, beneficial owners of shares under the Share Trust of the Sainsbury's Share Purchase Plan.

Dear Shareholder

Annual General Meeting 2016

I am pleased to invite you to this year's Annual General Meeting ("AGM"). The AGM will be held at **11.00am on Wednesday, 6 July 2016** at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE. Full details of the meeting and the resolutions that will be put to shareholders are set out in the enclosed Notice of AGM.

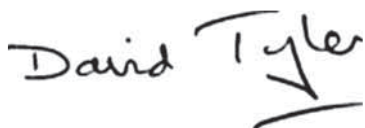
The AGM is an opportunity for shareholders to express their views directly to the Board of Directors of J Sainsbury plc (the "Company"). If you cannot attend, but would like to raise any points, please send your comments to me at investor.relations2@sainsburys.co.uk and we will take them into account in planning the meeting.

If you intend to come to the AGM, please sign your admission card and bring it with you to the meeting to help speed up the registration process. This card also has directions on how to get to the meeting. Refreshments will be available from **9.30am** and there will be a number of exhibition stands which may be of interest to you. I do recommend that you arrive by **10.15am** to enable us to carry out all of the registration formalities to ensure a prompt start at 11.00am.

If you are unable to come to the AGM in person, your vote is still important and I would urge you to complete, sign and return the enclosed proxy card to be received by **11.00am on Monday, 4 July 2016**. You may also register your proxy vote electronically by accessing our Registrar's website www.investorcentre.co.uk/eproxy.

Your Directors are of the opinion that all resolutions which are to be proposed at the AGM are in the best interests of the Company and its shareholders and therefore unanimously recommend that you vote in favour of the resolutions.

Yours faithfully



David Tyler
Chairman

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of J Sainsbury plc (the “Company”) will be held at the Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE at 11.00am on Wednesday, 6 July 2016 for the purpose of considering and, if thought fit, passing the resolutions set out in this Notice of Meeting. Voting on all resolutions will be by way of a poll.

All resolutions will be proposed as ordinary resolutions save as for resolutions 16, 17, 19 and 20, which will be proposed as special resolutions.

Ordinary business

1. To receive and adopt the Company's audited Annual Report and Financial Statements for the 52 weeks to 12 March 2016, together with the Reports of the Directors and Auditors.
2. To approve the Directors' Remuneration Report set out on pages 66 to 77 (inclusive) of the Company's Annual Report and Financial Statements for the 52 weeks to 12 March 2016.
3. To declare a final dividend of 8.1 pence per ordinary share in respect of the 52 weeks to 12 March 2016.
4. To elect Brian Cassin as a Director.
5. To re-elect Matt Brittin as a Director.
6. To re-elect Mike Coupe as a Director.
7. To re-elect Mary Harris as a Director.
8. To re-elect David Keens as a Director.
9. To re-elect Susan Rice as a Director.
10. To re-elect John Rogers as a Director.
11. To re-elect Jean Tomlin as a Director.
12. To re-elect David Tyler as a Director.
13. To re-appoint Ernst & Young LLP as Auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
14. To authorise the Audit Committee to agree the Auditor's remuneration.
15. That the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the “2006 Act”) to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to a nominal amount of £183,378,000, such authorities to apply in substitution for all previous authorities pursuant to Section 551 of the 2006 Act and to expire at the end of the Annual General Meeting in 2017 or on 12 September 2017, whichever is the earlier but, in each case, so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority given by this resolution has expired.

16. That subject to the passing of Resolution 15 above, the Directors be authorised to allot equity securities (as defined in Section 560(1) of the 2006 Act) wholly for cash pursuant to the authority given by Resolution 15 above or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the 2006 Act, in each case:

- (i) in connection with a pre-emptive offer; and
- (ii) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £27,506,700,

as if Section 561 of the 2006 Act did not apply to any such allotment;

such authority to expire at the end of the Annual General Meeting of the Company in 2017 or at the close of business on 12 September 2017, whichever is the earlier, but so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require equity securities to be allotted and treasury shares to be sold after the authority given by this Resolution has expired and the Directors may allot equity securities and sell treasury shares under any such offer or agreement as if the power had not expired.

For the purposes of this Resolution:

- (a) "pre-emptive offer" means an offer of equity securities open for acceptance for a period fixed by the Directors to (a) holders (other than the Company) on the register on a record date fixed by the Directors of ordinary shares in proportion to their respective holdings and (b) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;
 - (b) references to an allotment of equity securities shall include a sale of treasury shares; and
 - (c) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.
17. That, subject to the passing of Resolution 15 above and in addition to any authority granted under Resolution 16 above, the Directors be authorised to allot equity securities (as defined in Section 560(1) of the 2006 Act) wholly for cash pursuant to the authority given by Resolution 15 above or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the 2006 Act, as if Section 561 of the 2006 Act did not apply to any such allotment, such authority to be:
- (i) limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £27,506,700; and
 - (ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such power to expire at the end of the Annual General Meeting of the Company in 2017 or at the close of business on 12 September 2017, whichever is the earlier, but, in each case, so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require equity securities to be allotted and treasury shares to be sold after the authority given by this Resolution has expired and the Directors may allot equity securities under any such offer or agreement as if the authority had not expired.

Special business

18. That

- (i) in accordance with Part 14 of the 2006 Act the Company and any company which is, or becomes, a subsidiary of the Company during the period to which this resolution relates are authorised to:
 - (a) make political donations to political parties and/or independent election candidates, not exceeding £50,000 in total;
 - (b) make political donations to political organisations other than political parties, not exceeding £50,000 in total; and
 - (c) incur political expenditure, not exceeding £50,000 in total,during the period beginning with the date of the passing of this resolution and ending on the date of the Company's Annual General Meeting in 2017 or on 12 September 2017, whichever is the earlier;
- (ii) all existing authorisations and approvals relating to political donations or expenditure under Part 14 of the 2006 Act are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval; and
- (iii) words and expressions defined for the purpose of the 2006 Act shall have the same meaning in this resolution.

19. That the Company be generally and unconditionally authorised for the purposes of Section 701 of the 2006 Act to make market purchases (within the meaning of Section 693(4) of the 2006 Act) of ordinary shares of 28¹/₂ pence each in the capital of the Company ("ordinary shares") in such manner and upon such terms as the Directors may from time to time determine, provided that:

- (i) the maximum number of ordinary shares which may be purchased is 192,546,900;
- (ii) the minimum price which may be paid for an ordinary share is 28¹/₂ pence (being the nominal value of an ordinary share) exclusive of associated expenses;
- (iii) the maximum price which may be paid for an ordinary share is an amount equal to the higher of: (i) 105 per cent of the average of the middle market quotations of an ordinary share derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No. 2273/2003), or, from 3 July 2016, Commission-adopted Regulatory Technical Standards pursuant to Article 5(6) of the EU Market Abuse Regulation (exclusive of associated expenses); and
- (iv) the authority to purchase hereby conferred shall expire at the end of the Company's Annual General Meeting in 2017 or on 12 September 2017, whichever is the earlier, save that the Company may make a contract to purchase ordinary shares under this authority before the expiry of the authority which will or may be completed wholly or partly thereafter and a purchase of shares may be made in pursuance of any such contract.

20. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

21. That the rules of the J Sainsbury plc Long Term Incentive Plan 2016 (the "LTIP"), the principal terms of which are summarised in the Appendix on pages 8 and 9 of this Notice of Meeting and a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification, be approved and the Directors be authorised to do all things necessary to operate the LTIP, including making such modifications as the Directors consider appropriate to take account of the requirements of the UK Listing Authority and best practice.

By order of the Board

Tim Fallowfield
Company Secretary and Corporate Services Director
20 May 2016

Explanatory notes

Resolutions 1 to 15, 18 and 21 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 16, 17, 19, and 20 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.

Ordinary business to be conducted at the AGM

The following notes explain some of the items of ordinary business.

Directors' Remuneration Report (Resolution 2)

The Company is required to offer a binding vote on the Company's forward looking directors' remuneration policy (the "Directors' Remuneration Policy") at least once every three years. At the 2014 AGM the Company sought, and was granted, shareholder approval of the Directors' Remuneration Policy as set out in full in the Annual Report and Financial Statements 2014 on the Company's website at: www.j-sainsbury.co.uk/investor-centre/reports/.

A summary of the Directors' Remuneration Policy is set out on pages 78 to 79 of the Annual Report and Financial Statements for the 52 weeks ended 12 March 2016 (the "Annual Report 2016"). The Company confirms that the Directors' Remuneration Policy remains unchanged and, as such, shareholder approval of the policy is not required at this year's AGM.

Resolution 2 seeks shareholder approval for the Directors' Remuneration Report as set out on pages 66 to 77 (inclusive) of the Annual Report 2016 (excluding the Directors' Remuneration Policy). The Directors' Remuneration Report discloses how the Company's existing Directors' Remuneration Policy is implemented and sets out details of each Director's remuneration during the 52 weeks under review. In accordance with the relevant regulations, this resolution is an advisory vote and the Directors' entitlement to remuneration is not conditional upon it.

Dividend (Resolution 3)

The proposed dividend is declared as a final dividend and, as such, is dependent on shareholder approval.

Election and re-election of Directors (Resolutions 4 to 12)

Under the Company's Articles of Association, Directors appointed by the Board are required to submit themselves for election at the first AGM following their appointment. The Board considers that Brian Cassin, appointed on 1 April 2016, brings with him experience in big data and analytics and of running a FTSE 40 company, which will be invaluable over the coming years.

In accordance with the UK Corporate Governance Code, all other Directors, other than John McAdam, who will step down from the Board at the close of the AGM, seek re-election at the AGM.

The Board is satisfied that each Non-Executive Director who is standing for election or re-election is independent and the Board considers that each individual's performance continues to be effective and to demonstrate commitment to the role. The Board therefore proposes the election and re-election of the following Directors.



Brian Cassin (48)

**Non-Executive
Director
Member of the Audit and
Nomination Committees**

Appointed to the Board on 1 April 2016, Brian is Chief Executive Officer of Experian plc. Brian joined Experian as Chief Financial Officer in April 2012, a post he held until his appointment as Chief Executive Officer in July 2014. Prior to this, Brian spent his career in investment banking at Baring Brothers International (1992-98), Greenhill & Co (1998-2012) where he was Managing Director and Partner and the London Stock Exchange (1988-92) where he held senior roles.



Matt Brittin (47)

**Non-Executive
Director
Member of the Audit and
Nomination Committees**

Appointed to the Board on 27 January 2011, Matt is Google's President – Europe, Middle East & Africa. Before joining Google to run its UK operations at the start of 2007, Matt spent much of his career in media and marketing, with particular interests in strategy, commercial development and sales performance. This included commercial and digital leadership roles in UK media. He is also a Director of two charities, The Climate Group and The Media Trust.



Mike Coupe (55)

Chief Executive Officer

Appointed Chief Executive Officer on 9 July 2014, Mike has been a member of the Operating Board since October 2004 and an Executive Director since 1 August 2007. He joined Sainsbury's from Big Food Group where he was a Board Director of Big Food Group plc and Managing Director of Iceland Food Stores. He previously worked for both ASDA and Tesco, where he served in a variety of senior management roles. Mike is also a Non-Executive Director of Greene King plc.



Mary Harris (50)

Non-Executive Director
Chairman of the Remuneration Committee and a member of the Corporate Responsibility & Sustainability and Nomination Committees

Appointed to the Board on 1 August 2007, Mary is a member of the supervisory boards of TNT Express NV and Unibail-Rodamco S.E. Mary is a Non-Executive Director of ITV plc and Reckitt Benckiser Group plc. She previously spent much of her career with McKinsey & Company, most recently as a partner, where she worked primarily with retail/consumer clients in China, South East Asia and Europe. Her previous work experience includes working for PepsiCo in Greece and the UK, as a sales and marketing executive.



John Rogers (47)

Chief Financial Officer

Appointed Chief Financial Officer on 19 July 2010, John is also a member of the Board of Sainsbury's Bank plc, and in June 2015, his role was expanded to include online, business development and strategy. John joined Sainsbury's in November 2005 as Director of Corporate Finance and then became Director of Group Finance from March 2007 to July 2008. In July 2008, he was appointed to the Operating Board as Property Director. Prior to Sainsbury's, John was Group Finance Director for Hanover Acceptances, a diversified corporation with wholly-owned subsidiaries in the food manufacturing, real estate and agri-business sectors. John is a Non-Executive Director of Travis Perkins plc and a director of Insight 2 Communication LLP.



David Keens (62)

Non-Executive Director
Chairman of the Audit Committee and a member of the Nomination Committee

Appointed to the Board on 29 April 2015, David is also a Non-Executive Director and the Senior Independent Director of Auto Trader Group plc, and chairs its Audit Committee. David was formerly Group Finance Director of NEXT plc (1991-2015) and their Group Treasurer (1986-1991). Previous management experience includes nine years in the UK and overseas operations of multinational food manufacturer Nabisco (1977-1986), and prior to that, seven years in the accountancy profession.



Jean Tomlin (61)

Non-Executive Director
Chairman of the Corporate Responsibility & Sustainability Committee and a member of the Nomination and Remuneration Committees

Appointed to the Board on 1 January 2013, Jean is an Independent Board member of Michael Kors Holdings Limited, Trustee Board Member of Join in Trust and Step up to Serve and a member of the Council of Loughborough University. Formerly, Jean was the Director of HR, Workforce and Accreditation for The London Organising Committee of the Olympic Games and Paralympic Games, where she oversaw the creation and execution of the hugely successful Games Maker volunteering programme. She was previously Group HR Director of Marks and Spencer Group plc, HR Director and founding member of Egg plc and Sales & Operations Director of Prudential Direct.



Susan Rice (70)

Non-Executive Director
Member of the Audit and Nomination Committees

Appointed to the Board on 1 June 2013 and is due to be appointed Senior Independent Director on 6 July 2016. Susan is also Chairman of Scottish Water, Business Stream, President of the Scottish Council for Development and Industry, and a Non-Executive Director of Big Society Capital Limited, the North American Income Trust and the Banking Standards Board. She is the first Chairman of Scotland's new Fiscal Commission and a lay member of Court of Edinburgh University. She also chairs the Parton's Board of Governors of the National Galleries of Scotland. Susan was formerly Chief Executive Officer and subsequently Chairman of Lloyds TSB Scotland plc (2000 – 2009), and a Non-Executive Director of Bank of England (2007 – 2014), SSE plc (2003 – 2014), the Edinburgh International Book Festival (2001 – 2015), and Scotland's Futures Forum.



David Tyler (63)

Chairman
Chairman of the Nomination Committee

Appointed to the Board on 1 October 2009, David became Chairman on 1 November 2009. He is also non-executive Chairman of Hammerson plc and of Domestic and General Group Limited. He was previously Finance Director of GUS plc (1997-2006) and has held senior financial and general management roles with Christie's International Plc (1989-96), County NatWest Limited (1986-89) and Unilever PLC (1974-86). He was Chairman of Logica plc (2007-12) and of 3i Quoted Private Equity PLC (2007-09), and a Non-Executive Director of Experian plc (2006-12), Reckitt Benckiser Group plc (2007-09) and Burberry Group Plc (2002-2015).

Re-appointment of the Auditor and Auditor's Remuneration (Resolutions 13 and 14)

At the 2015 AGM, the appointment of Ernst & Young LLP to succeed PricewaterhouseCoopers LLP as the Group's auditor was approved.

Resolution 13 proposes the re-appointment of Ernst & Young LLP as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company. The Company's Audit Committee recommends the re-appointment of Ernst & Young LLP.

Resolution 14 authorises the Audit Committee to agree the auditor's remuneration in accordance with the Competition and Markets Authority Audit Order 2014 which came into force on 1 January 2015.

General authority to allot shares (Resolution 15)

The purpose of Resolution 15 is to renew the Directors' power to allot shares.

The authority in Resolution 15 will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into shares up to a nominal value of £183,378,000, which is equivalent to approximately one third of the total issued ordinary share capital of the Company as at 17 May 2016. As at 17 May 2016, the Company did not hold any shares in treasury.

The Directors have no present intention of exercising the authority to be given by Resolution 15 other than in connection with employee share and incentive plans. The Directors will consider issuing shares if they believe it would be appropriate to do so in respect of business opportunities that arise consistent with the Company's strategic objectives.

If Resolution 15 is passed, the authority will expire on the earlier of the end of the AGM in 2017 or on 12 September 2017.

Disapplication of pre-emption rights (Resolutions 16 and 17)

If the Directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share plan), company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

The Pre-Emption Group's Statement of Principles, as updated in March 2015, supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities (and sales of treasury shares for cash) representing no more than 5 per cent. of issued ordinary share capital (exclusive of treasury shares), without restriction as to the use of proceeds of those allotments.

Accordingly, the purpose of Resolution 16 is to authorise Directors to allot new shares and other equity securities pursuant to the authority given by Resolution 15, or sell treasury shares, for cash in connection with a pre-emptive offer or otherwise up to a nominal amount of £27,506,700, equivalent to 5 per cent. of the total issued ordinary share capital of the Company as at 17 May 2016, in each case without the shares or other equity securities first being offered to existing shareholders in proportion to their existing holdings. As at 17 May 2016, the Company did not hold any shares in treasury.

The Pre-Emption Group's Statement of Principles also supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities (and sales of treasury shares for cash) representing no more than an additional 5 per cent. of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Pre-Emption Group's Statement of Principles defines "specified capital investment" as meaning one or more specific capital investment related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the Company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return.

Accordingly, and in line with the template resolutions published by the Pre-Emption Group in May 2016, the purpose of Resolution 17 is to authorise Directors to allot new shares and other equity securities pursuant to the authority given by Resolution 15, or sell treasury shares, for cash up to a

further nominal amount of £27,506,700, equivalent to 5 per cent. of the total issued ordinary share capital of the Company as at 17 May 2016, only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue. If the authority given in Resolution 17 is used, the Company will publish details of the placing in its next annual report.

The Board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles and not to allot shares or other equity securities (or sell treasury shares) for cash on a non pre-emptive basis pursuant to the authority in Resolution 16 in excess of an amount equal to 75 per cent of the total issued ordinary share capital of the Company, excluding treasury shares, within a rolling three-year period, other than:

- (i) with prior consultation with shareholders; or
- (ii) in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The Directors consider the authorities in Resolutions 16 and 17 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions.

Special business to be conducted at the AGM

In addition to the ordinary business of the Company, this year there will be the following items of special business at the AGM.

Political donations and expenditure (Resolution 18)

Part 14 of the 2006 Act requires companies to obtain shareholders' authority for donations to registered political parties and other political organisations totalling more than £5,000 in any 12 month period, and for any political expenditure, subject to limited exceptions.

The Company has a policy that it does not make donations to, or incur expenditure on behalf of, political parties, other political organisations or independent election candidates. However, the 2006 Act contains restrictions on companies making political donations or incurring political expenditure and it defines these terms very widely, such that activities that form part of the normal relationship between the Company and bodies concerned with policy review, law reform and other business matters affecting the Company may be included. Such activities, which are in shareholders' interests for the Company to conduct, are not designed to support or imply support for a particular political party, other political organisation or independent election candidate. The Company believes that the authority proposed under this Resolution is necessary to ensure that it does not commit any technical breach that could arise from the uncertainty generated by the wide definitions contained within the 2006 Act when carrying out activities in the furtherance of its legitimate business interests.

If the Resolution is passed, the authority will expire on the earlier of the end of the AGM in 2017 or on 12 September 2017. Any political expenditure incurred which is in excess of £2,000 will be disclosed in the Company's annual report and financial statements for next year, as required by the 2006 Act.

The Company made no political donations in 2015/16.

Share purchase (Resolution 19)

The 2006 Act permits a company to purchase its own shares provided that the purchase has been authorised by the Company in general meeting. Whilst the Directors have no present intention of making such purchases, it is common practice for listed companies to seek such authority and the Directors consider that it is prudent for them to do so.

Resolution 19, if passed, would give the Company the authority to purchase its own issued ordinary shares of 28 $\frac{4}{7}$ pence each at a price (exclusive of expenses) of not less than 28 $\frac{4}{7}$ pence per share (being the nominal value of the ordinary shares) and not more than the higher of 105 per cent of the average of the middle market quotations of the Company's ordinary shares as shown in the London Stock Exchange Daily Official List for the five business days immediately preceding the date the purchase is made, the highest current independent bid for the Company's ordinary shares on the London Stock Exchange at the time of the purchase and the price of the last independent trade in the Company's ordinary shares on the London Stock Exchange at the time of purchase. The authority is for the purchase of a maximum number of 192,546,900 shares, being approximately 10 per cent of the Company's issued ordinary share capital as at 17 May 2016 and will expire at the end of the AGM in 2017 or on 12 September 2017, whichever is the earlier. The Directors presently intend that a resolution to renew this authority will be proposed at each succeeding AGM.

The Directors would not propose to exercise their authority to make purchases other than for the purposes of the Company's employee share plans or unless the expected effect of the purchase would be to increase the earnings per share of the remaining shares in the capital of the Company and the purchase is in the best interest of the shareholders generally.

Any shares purchased under this authority may be either treated as cancelled and the number of shares in issue reduced accordingly, or held as treasury shares in accordance with the 2006 Act. The 2006 Act allows listed companies, with authorisation from shareholders, to buy and hold their shares instead of cancelling them immediately. Shares purchased under this authority and held in treasury can in the future be cancelled, re-sold or used to provide shares for employee share plans. No treasury shares are held by the Company as at the date of this Notice of Meeting and it is not intended that any shares purchased pursuant to this authority will be held in treasury although the decision whether to cancel any shares purchased by the Company or hold such shares as treasury shares, could be made by the Directors at the time of the purchase, on the basis of shareholders' best interests.

The total number of options to subscribe for shares outstanding as at 17 May 2016, being the latest practicable date prior to the publication of this Notice of Meeting, was 80,413,637 which, if exercised, would represent 4.18 per cent of the issued ordinary share capital at that date. If the Company were to buy back the maximum number of shares permitted pursuant to this Resolution, then the total number of options to subscribe for shares as at 17 May 2016 would represent 4.64 per cent of the reduced issued ordinary share capital.

Notice of general meetings (Resolution 20)

Under the 2006 Act, all general meetings must be held on 21 days' notice unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days (AGMs will continue to be held on at least 21 clear days' notice). Before the law was amended in 2009, the Company was able to call general meetings (other than AGMs) on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, Resolution 20 seeks such approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

You should note that in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole.

Approval of replacement Long Term Incentive Plan (Resolution 21)

The Company is seeking to approve the J Sainsbury plc Long Term Incentive Plan 2016 (the "LTIP" or "Plan").

The Company's existing Long Term Incentive Plan expires in 2016. The Remuneration Committee (the "Committee") have concluded that the design and structure of the existing incentives remain appropriate and the Company is therefore seeking shareholder approval for a renewal of arrangements to enable the Committee to continue granting share awards in future years.

The rules and proposed operation of the new plan will be substantially the same as the current plan adopted in 2006. Where appropriate, the detailed terms of the Plan have been updated to assist with the administrative operation or to align with evolving market and best practice, such as the inclusion of malus and clawback provisions.

Currently long term incentives are granted as conditional share awards subject to performance conditions. This incentive is known as "Future Builder". Following the implementation of the new Plan, the Committee does not currently propose any changes to the manner in which senior executive incentives are operated and therefore the intention is to continue to operate under the Directors' Remuneration Policy approved by shareholders at the 2014 AGM. No increase to incentive opportunity is being sought as part of this renewal.

Further details regarding the operation of the Company's senior executive incentive plans are set out in the Annual Report on Remuneration within the Annual Report 2016.

A summary of the principal terms of the Plan is set out in the Appendix to this document.

Appendix

Summary of the J Sainsbury plc Long Term Incentive Plan 2016 (the "LTIP" or "Plan")

1. Eligibility

Any employee (including an executive director) of J Sainsbury plc (the "Company") or any of its subsidiaries will be eligible to participate in the LTIP at the discretion of the Remuneration Committee.

2. Form of awards

Awards under the LTIP may be in the form of:

- a conditional right to acquire ordinary shares in the Company ("Shares") at no cost to the participant ("Conditional Award");
- an option to acquire Shares at no cost to the participant ("Nil-Cost Option"); or
- a right to receive a cash amount which relates to the value of a certain number of notional Shares ("Cash Award")

and Conditional Awards, Nil-Cost Options and Cash Awards are together referred to as "Awards" and each an "Award".

References in this summary to Shares include notional Shares to which a Cash Award relates, where appropriate.

3. Performance conditions

The Remuneration Committee may determine that Awards will be subject to the satisfaction of a performance condition. In the case of Awards to executive directors, these will be granted in accordance with the Policy Report approved by shareholders from time-to-time. Further detail regarding the approach for 2016 is set out in the Annual Report on Remuneration.

The current Policy Report provides that long term share awards to executive directors will be subject to the satisfaction of a performance condition which will determine the proportion (if any) of the Award which will vest at the end of a performance period of at least three years. The Remuneration Committee will determine the extent to which awards to other participants shall be subject to such performance conditions.

Any performance condition may be amended or substituted if one or more events occur which cause the Remuneration Committee to consider that an amended or substituted performance condition would be more appropriate. Any amended or substituted performance condition would not be materially less difficult to satisfy.

4. Individual limits

The Remuneration Committee will determine the annual Award levels to be granted under the LTIP. Award levels to executive directors will be limited in accordance with the Policy Report approved by shareholders from time-to-time. Currently long term share awards granted for any year under the Policy Report are capped at 250 per cent of basic salary.

It is the Remuneration Committee's intention that for 2016, the Chief Executive Officer will receive a core award of 62.5 per cent of salary (maximum 250 per cent) and the Chief Financial Officer will receive a core award of 50 per cent of salary (maximum 200 per cent).

5. Grant of awards

Awards may only be granted within the six week period following the approval of the LTIP by the Company's shareholders, a general meeting of the Company, the announcement of the Company's results for any period, or on any day on which the Remuneration Committee determines that exceptional circumstances exist.

6. Terms of awards

Awards may be granted over newly issued Shares, treasury Shares or Shares purchased in the market. Awards are not transferable (other than on death). No payment will be required for the grant of an Award. Awards will not form part of pensionable earnings.

7. Dividends

The Remuneration Committee may provide additional cash or Shares to participants based on the value of some or all of the dividends paid on Shares in respect of which their Award vests. The Remuneration Committee will determine the basis on which this additional amount will be calculated, which may assume the reinvestment of the relevant dividends into Shares.

8. Overall limits

The LTIP is subject to the following overall limits:

- in any 10 year period, the number of Shares which have been or may be issued under the LTIP and under any other discretionary share plan adopted by the Company may not exceed 5 per cent of the issued ordinary share capital of the Company from time to time; and
- in any 10 year period, the number of Shares which have been or may be issued under the LTIP and under any other employees' share plan adopted by the Company may not exceed 10 per cent of the issued ordinary share capital of the Company from time to time.

Treasury Shares will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.

9. Reduction for malus and clawback

Awards to executive directors (and any other participant identified by the Remuneration Committee) may be subject to malus and/or clawback provisions in certain circumstances including:

- a material misstatement of any Group member's financial results;
- serious reputational damage to the Company, any Group member or a relevant business unit as a result of the participant's misconduct or otherwise; or
- serious misconduct or fraud on the part of the participant.

On the occurrence of such event the Committee may either:

- prior to vesting reduce the number of Shares to which an Award relates and/or impose further conditions on an Award (malus); or
- in respect of a vested Award require the participant to repay to the Company (either in cash or Shares) some or all of the Shares or cash delivered to him under the Award (clawback).

10. Vesting and exercise

Awards that are subject to a performance condition will normally vest as soon as practicable after the end of any performance period (or on such later date as the Remuneration Committee determines) and then only to the extent that any performance condition has been satisfied. Awards that are not subject to a performance condition will normally vest on the third anniversary of the Grant Date or on such other date set by the Remuneration Committee on grant of the Award. Vested Nil-Cost Options may then be exercised until the tenth anniversary of the grant date.

Awards may be subject to an additional holding period before Awards vest and are released. Currently, for executive directors, half of the awards may be released immediately once the vesting outcome has been determined and the balance will only be available after a further year, provided the participant is still employed by the Company at that time.

The Remuneration Committee may determine that Awards will be subject to an additional retention period following their vesting. In these circumstances Awards will not be released to a participant until the expiry of such retention period, but will generally only lapse in the event of summary dismissal during the retention period.

The release of a Conditional Award or the exercise of a Nil-Cost Option is subject to obtaining any necessary approvals or consents from the United Kingdom Listing Authority, the Company's share dealing policy and any other applicable laws or regulations.

At any time before the point at which an Award (which is not a Cash Award) has been released, or a Nil-Cost Option has been exercised, the Remuneration Committee may decide to pay a participant, on the date of release/exercise, a cash amount equal to the value of the Shares he/she would otherwise have received.

11. Cessation of employment

Normally if a participant ceases to be an officer or employee of the Group his/her Award shall lapse on the date on which the participant ceases to hold that office or employment.

If a participant ceases to be an officer or employee of the Group by reason of ill-health, injury, disability, or the sale of the business or entity that employs him/her out of the Group or for any other reason at the Remuneration Committee's discretion (except where a participant is summarily dismissed), a participant's unvested Award will usually continue until the normal release date unless the Remuneration Committee determines that the Award will be released at an earlier date.

The Remuneration Committee will decide the extent to which an unvested Award vests in these circumstances, taking account of the extent to which any performance condition is satisfied at the end of any performance period or, as appropriate, such other date at or following cessation. Unless the Remuneration Committee in its discretion determines otherwise, the period of time that has elapsed since the beginning of the performance period (or, where there is no performance period, the grant date) until the date on which the participant ceases to be an officer or employee of the Group will also be taken into account.

If a participant dies, an unvested Award will, unless the Remuneration Committee determines otherwise, be released as soon as reasonably practicable after the participant's death to the extent that the Remuneration Committee determines, taking into account the satisfaction of any performance condition and, if the Remuneration Committee so determines, the period of time that has elapsed since the beginning of the performance period (or, where there is no performance period, the grant date) until the date of death.

12. Corporate events

In the event of a change of control of the Company, Awards will vest and be released taking into account the extent that any performance condition has been satisfied and any other relevant performance factors, and unless the Remuneration Committee determines otherwise, the period of time which has elapsed between the beginning of the performance period (or, where there is no performance period, the grant date) and the relevant event.

Alternatively, the Remuneration Committee may permit participants to exchange Awards for equivalent awards which relate to shares in a different company. If the change of control is an internal reorganisation of the Group or if the Remuneration Committee so decides, participants will be required to exchange their Awards (rather than Awards vesting).

If other corporate events occur such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee, may affect the current or future value of Shares, the Remuneration Committee may determine that Awards will vest taking into account the satisfaction of any relevant performance condition and, unless the Remuneration Committee determines otherwise, the period from the beginning of the performance period (or, where there is no performance period, the grant date) to the date of the relevant event.

13. Adjustments

In the event of a variation of the Company's share capital or a demerger, delisting, special dividend, rights issue or other event, which may, in the Remuneration Committee's opinion, affect the current or future value of Shares, the number of Shares subject to an Award and/or any performance condition attached to Awards, may be adjusted.

14. Amendment and termination

The Remuneration Committee may amend the LTIP or the terms of any Award at any time, provided that prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of eligible employees or participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash comprised in an Award and the impact of any variation of capital.

However, any minor amendment to benefit the administration of the LTIP, to take into account legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the Remuneration Committee without shareholder approval.

No amendment may be made to the material disadvantage of participants in the LTIP unless consent is sought from the affected participants and given by a majority of them.

The LTIP will terminate, at the latest, on the tenth anniversary of its approval by shareholders but the rights of existing participants will not be affected by any termination.

15. Legal entitlement

Participation in the LTIP does not form part of the terms of a participant's contract of employment and participants have no rights in respect of LTIP benefits.

16. Governing law

The LTIP will be governed in accordance with the laws of England and Wales and the parties submit to the exclusive jurisdiction of the Courts of England and Wales.

Meeting formalities and voting

Attending the Annual General Meeting

To be entitled to attend and vote at the meeting (and for the purposes of determining the number of votes shareholders may cast), shareholders must be entered on the Company's register of members at 6.00pm on Monday, 4 July 2016 or, if the meeting is adjourned, shareholders must be entered on the Company's register of members at 6.00pm on the day two days before the time fixed for the adjourned meeting.

The total number of issued ordinary shares in the Company on 17 May 2016, which is the latest practicable date before the publication of this document is 1,925,469,331. As at 17 May 2016, the Company did not hold any shares in treasury. Therefore, the total number of votes exercisable as at 17 May 2016 is 1,925,469,331. On a vote by show of hands every member who is present has one vote and every proxy present who has been duly appointed by a member entitled to vote has one vote. On a poll vote every member who is present in person or by proxy has one vote for every ordinary share of which they are the holder.

Voting at AGM

We will take all resolutions on a poll vote which is in line with best practice. On a poll, each shareholder has one vote for every share he or she holds. The results of the voting on the resolutions will be posted on the Company's website after the meeting and notified to the UK Listing Authority.

Appointment of a Proxy

Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to exercise all or any of his/her rights to attend, speak and vote at the AGM instead of them. If you wish to appoint a proxy you are requested to complete and return the form of proxy to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY to arrive as soon as possible but in any event not later than 11.00am on Monday, 4 July 2016. The completion and return of the form of proxy will not prevent you from attending and voting at the meeting if you so wish.

A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote instead of him, 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. Further details are given on the accompanying proxy card.

The 'vote withheld' option is provided on the proxy card to enable you to abstain on any particular resolution. However, it should be noted that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of votes 'for' and 'against' a resolution.

Although this Notice of Meeting is sent to beneficial owners of shares under the Sainsbury's Share Purchase Plan, only holders of ordinary shares or their proxy are entitled to attend and vote at the meeting.

If you are not a shareholder but enjoy "information rights" you should contact the person who nominated you to receive these rights to see if the agreement you have with them gives you the right to be appointed as a proxy. If you do not have this right, or do not wish to exercise it, you may still have the right to tell the person who nominated you how you would like them to vote.

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the 2006 Act ("Nominated Persons"). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

Vested Share Account

Shareholders who have deposited ordinary shares with Computershare Company Nominees Limited (the "Nominee") in connection with the Vested Share Account may exercise their voting rights in respect of those shares by completing and returning their form of direction to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or by submitting their vote via our Registrar's website at www.investorcentre.co.uk/eproxy, in either case so as to be received no later than 11.00am on Friday, 1 July 2016.

If your shares are held with the Nominee in the Vested Share Account and you wish to attend and vote at the AGM, you should contact the Nominee on 0370 702 0106 to arrange attendance.

Corporate representatives

A corporate shareholder may authorise a person to act as its representative(s) at the AGM. In accordance with the provisions of the 2006 Act, each such representative may exercise (on behalf of the corporate) the same powers as the corporation could exercise if it were an individual shareholder of the Company, provided that they do not do so in relation to the same shares.

Website statement

Shareholders should note that, under Section 527 of the 2006 Act, shareholders meeting the threshold requirements set out in that section have the right to require the Company 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 for the 52 weeks to 12 March 2016 or (ii) any circumstance connected with an auditor of the Company appointed for the 52 weeks to 12 March 2016 ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 (requirements as to website availability) of the 2006 Act. Where the Company is required to place a statement on a website under Section 527 of the 2006 Act, 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 for the relevant financial year includes any statement that the Company has been required under Section 527 of the 2006 Act to publish on a website.

Right to ask questions

Any shareholder attending the meeting has the right to ask questions. The Company must answer 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 for 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.

Electronic voting

If you would like to submit your proxy vote via the internet, you can do so by accessing our Registrar's website at www.investorcentre.co.uk/eproxy so as to be received no later than 11.00am on Monday, 4 July 2016. In order to submit your proxy vote electronically, you will require the meeting Control Number, your unique PIN (which will expire at the end of the voting period) and your Shareholder Reference Number ("SRN"), printed on the proxy card, or, if you have received electronic notification of the AGM, detailed in the email bulletin that you have received.

You can access this site from any internet enabled PC.

CREST voting facility

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

Time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which our Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him by other means. The Directors may treat a CREST Proxy Instruction which purports to be or is expressed to be sent on behalf of a shareholder as sufficient evidence of the authority of the person sending that instruction to send it on behalf of the holder.

CREST Proxy Instructions must be received by our Registrar (ID 3RA50) by 11.00am on Monday, 4 July 2016.

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 messages. 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/her CREST sponsor or voting service provider takes) 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 service providers) are referred, in particular, to 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.

Emails

No electronic addresses provided in this document (or any related documents) may be used to communicate with the Company for any purpose other than those expressly stated.

Disabled shareholders

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

Documents on display

A copy of the rules of the J Sainsbury plc Long Term Incentive Plan 2016 and copies of the service contracts and letters of appointment of the Directors will be available for inspection at the registered office of the Company during normal business hours on any weekday up to and including the date of the AGM and at the place of the AGM for 15 minutes prior to and during the meeting.

Website information

A copy of this Notice of Meeting and other information required by Section 311A of the 2006 Act can be found at www.j-sainsbury.co.uk.

Annual Report and Financial Statements

A copy of the Annual Report and Financial Statements for the 52 weeks to 12 March 2016 can be found at www.j-sainsbury.co.uk/ar16.

