

Notice of Annual General Meeting

Notice is hereby given that the 2011 Annual General Meeting of The Capita Group Plc will be held at Deutsche Bank, 1 Great Winchester Street, London EC2N 2DB, on Tuesday 10 May 2011 at 11am to transact the business set out below. Resolutions 1 to 16 and 20 and 21 will be proposed as ordinary resolutions and resolutions 17, 18, 19 and 22 will be proposed as special resolutions:

1. To receive the financial statements and the reports of the Directors and the Auditors for the year ended 31 December 2010.
2. To approve the Directors' remuneration report for the year ended 31 December 2010.
3. To declare a final dividend of 13.4p per share.
4. To re-elect Martin Bolland as a Director.
5. To re-elect Paul Pindar as a Director.
6. To re-elect Gordon Hurst as a Director.
7. To re-elect Maggi Bell as a Director.
8. To re-elect Paddy Doyle as a Director.
9. To re-elect Martina King as a Director.
10. To elect Paul Bowtell as a Director.
11. To elect Nigel Wilson as a Director.
12. To elect Vic Gysin as a Director.
13. To elect Andy Parker as a Director.
14. To appoint KPMG Auditors Plc as Auditors of the Company.
15. To authorise the Directors to fix the Auditors' remuneration.
16. That the Directors are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares ("Allotment Rights"), but so that:
 - (a) the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £4,180,603.69;
 - (b) this authority shall expire on 10 November 2012 or, if earlier, on the conclusion of the Company's next Annual General Meeting;
 - (c) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted or Allotment Rights to be granted after such expiry; and
 - (d) all authorities vested in the Directors on the date of the notice of this meeting to allot shares or to grant Allotment Rights, or to allot relevant securities (as defined in the Companies Act 2006), that remain unexercised at the commencement of this meeting are revoked.
17. That the Directors are empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities, as defined in section 560 of that Act, pursuant to the authority conferred on them by resolution 16 in the notice of this meeting or by way of a sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power is limited to:
 - (a) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the Financial Services Authority's listing rules) or any other pre-emptive offer that is open for acceptance for a period determined by the Directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the Directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and
 - (b) the allotment of equity securities (other than pursuant to paragraph (a) above) with an aggregate nominal value of £633,424,80, and shall expire when the authority conferred on the Directors by resolution 16 in the notice of this meeting expires save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry.

18. That any general meeting of the Company that is not an Annual General Meeting may be called by not less than 14 clear days' notice.
19. That the Company is generally and unconditionally authorised pursuant to section 701 of the Companies Act 2006 to make market purchases (as defined in section 693 of that Act) of ordinary shares of the Company provided that:
 - (a) the maximum aggregate number of such shares that may be acquired under this authority is 61,289,288;
 - (b) the minimum price (exclusive of expenses) which may be paid for such a share is its nominal value;
 - (c) the maximum price (exclusive of expenses) which may be paid for such a share is the maximum price permitted under the Financial Services Authority's listing rules or, in the case of a tender offer (as referred to in those rules), five per cent above the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange's Daily Official List) for the five business days immediately preceding the date on which the terms of the tender offer are announced;
 - (d) this authority shall expire on 10 November 2012, or if earlier, on the conclusion of the Company's next Annual General Meeting; and
 - (e) before such expiry the Company may enter into a contract to purchase shares that would or might require a purchase to be completed after such expiry.
20. That the rules of The Capita Group Plc Co-Investment Plan ("CIP"), the principal terms of which are summarised in the Appendix to this Notice and the draft rules of which are produced to the meeting and signed by the Chairman of the meeting for the purposes of identification, be approved and adopted and the Directors be authorised to make such modifications to the CIP as they may consider appropriate and to do all such other acts and things as they may consider appropriate to implement the CIP.
21. That the amendment to the rules of The Capita Group Plc 2010 Deferred Annual Bonus Plan ("DABP"), more particularly described in the Explanatory notes to this Notice and the rules of which (as proposed to be amended by this Resolution) are produced to the meeting and signed by the Chairman of the meeting for the purposes of identification, be approved and adopted and the Directors be authorised to make such modifications to the DABP as they may consider appropriate and to do all such other acts and things as they may consider appropriate to carry such amendments into effect.
22. That the name of the Company be changed to Capita plc with effect from 31 December 2011.

Registered Office:
71 Victoria Street
Westminster
London
SW1H 0XA

Registered in England No: 2081330

By Order of the Board

Gordon M Hurst
Company Secretary
Dated: 4 April 2011

Notes to the Notice of Annual General Meeting

- (1) A member who is entitled to attend and vote at the meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting.
- (2) The right of a member of the Company to vote at the meeting will be determined by reference to the register of members. A member must be registered on that register as the holder of ordinary shares by 6.00pm on Friday 6 May 2011 in order to be entitled to attend and vote at the meeting as a member in respect of those shares.
- (3) A member wishing to attend and vote at the meeting in person should arrive prior to the time fixed for its commencement. A member that is a corporation can only attend and vote at the meeting in person through one or more representatives appointed in accordance with section 323 of the Companies Act 2006. Any such representative should bring to the meeting written evidence of his appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment. Any member wishing to vote at the meeting without attending in person or (in the case of a corporation) through its duly appointed representative must appoint a proxy to do so. Forms for the appointment of a proxy that can be used for this purpose have been provided to members with this notice of meeting. If you do not have a proxy appointment form and believe that you should have one, or if you require additional forms, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras). To be valid, a proxy appointment form must be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Capita Registrars, Proxy Department at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by 11am on Friday 6 May 2011. Alternatively, a member may appoint a proxy online by following the instructions for the electronic appointment of a proxy at www.capitashares.co.uk. To be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received by the same time. Members who hold their shares in uncertificated form may also use "the CREST voting service" to appoint a proxy electronically, as explained below. Appointing a proxy will not prevent a member from attending and voting in person at the meeting should he so wish.
- (4) Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under section 146 of the Companies Act 2006 (a "nominated person") may have a right under an agreement between him and that member to be appointed, or to have someone else appointed, as a proxy for the meeting. If a nominated person has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in note 1 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.
- (5) As at 15 March 2011 (the latest practicable date prior to the printing of this document) (i) the Company's issued share capital consisted of 627,477,695 ordinary shares, carrying one vote each, and (ii) the total voting rights in the Company were 612,892,889.
- (6) Each member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting which, in accordance with section 319A of the Companies Act 2006 and subject to some exceptions, the Company must cause to be answered. Information relating to the meeting which the Company is required by the Companies Act 2006 to publish on a website in advance of the meeting may be viewed at www.capita.co.uk. A member may not use any electronic address provided by the Company in this document or with any proxy appointment form or in any website for communicating with the Company for any purpose in relation to the meeting other than as expressly stated in it.
- (7) It is possible that, pursuant to members' requests made in accordance with section 527 of the Companies Act 2006, the Company will be required to publish on a website a statement in accordance with section 528 of that Act setting out any matter that the members concerned propose to raise at the meeting relating to the audit of the Company's latest audited accounts. The Company cannot require the members concerned to pay its expenses in complying with those sections. The Company must forward any such statement to its auditors by the time it makes the statement available on the website. The business which may be dealt with at the meeting includes any such statement.
- (8) CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a "CREST proxy appointment instruction") must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ("Euroclear"), and must contain all the relevant information required by the CREST Manual. To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Capita Registrars (ID RA10), as the Company's "issuer's agent", by 11am on Friday 6 May 2011. After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on "Practical limitations of the system". In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.
- (9) Please note the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that the members subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.

Explanatory notes to certain of the resolutions to be proposed at the Annual General Meeting

(1) Resolution 1 – Financial statements and reports 2010

For each financial year the Directors are required to present the Directors' report, the audited accounts and the Auditors' reports to shareholders at a general meeting. The financial statements and reports laid before the 2011 AGM are for the financial year ending 31 December 2010.

(2) Resolution 2 – Directors' remuneration report

The Company is required by law to prepare a Directors' remuneration report for each relevant financial year and to seek shareholder approval for that report at the general meeting before which its annual accounts are laid. The result of this resolution is advisory only and the Directors' entitlement to remuneration is not conditional on this resolution being passed. The Directors' remuneration report is on pages 79 to 90 of the 2010 Annual Report and Accounts.

(3) Resolution 3 – Declaration of a Final Dividend

The payment of a final dividend requires the approval of shareholders in general meeting. The Directors recommend a final dividend in respect of 2010 of 13.4 pence per ordinary share. Subject to approval of this resolution by the shareholders, the final dividend will be paid on 23 May 2011 to ordinary shareholders who are on the register of members on 15 April 2011 in respect of each ordinary share.

(4) Resolutions 4 to 13 – Election and re-Election of Directors

In accordance with the Company's Articles of Association, Nigel Wilson, Paul Bowtell, Vic Gysin and Andy Parker, having been appointed to the Board since the last AGM, are obliged to retire to seek election by shareholders. Additionally, under the Articles of Association Directors are obliged to retire by rotation at Annual General Meetings and may not serve beyond three years without being re-elected by shareholders. This year, in accordance with the UK Corporate Governance Code, which requires all directors of companies who form part of the FTSE 350 to be subject to annual re-election, the Company intends to propose all of its Directors for re-election at this and future Annual General Meetings. Resolutions 4 to 13 deal with each of these elections and re-elections.

Brief biographical details of the Directors seeking election or re-election can be found on pages 62 and 63 of the 2010 Annual Report and Accounts. All were subject to appraisal by the other Board members prior to being put forward for appointment by shareholders. The Board has concluded that all of the Directors continue to be effective, showing commitment to their roles, and making the necessary time available for Board and Committee meetings and other duties as required.

(5) Resolutions 14 and 15 – Appointment and remuneration of Auditor

The Company is required to appoint an auditor to serve for each financial year of the Company. The appointment must be made before the end of the general meeting before which accounts are laid. KPMG Auditors Plc have indicated that they are willing to continue as the Company's Auditors for another year. Resolution 14 is, therefore, to appoint KPMG Auditors Plc as Auditor for the financial year ending 31 December 2011. As a separate resolution, resolution 15 authorises the Directors to determine the remuneration of the Auditor.

(6) Resolution 16 – Renewal of Directors' authority to allot shares

The Directors are currently authorised to allot relevant securities (which includes ordinary shares and preference shares) of the Company, but their authorisation ends on the date of the Annual General Meeting. This resolution seeks to renew the Directors' authority to allot shares.

This resolution would give the Directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal value equal to £4,180,603.69 (representing 202,254,653 ordinary shares). This represents 33% of the total ordinary share capital in issue (excluding treasury shares) as at 15 March 2011, being the latest practicable date prior to the publication of this document. The renewed authority will remain in force until 10 November 2012 or, if earlier, the conclusion of the Company's next Annual General Meeting. As at 15 March 2011, the Company held 14,584,806 treasury shares, being approximately 2.38% of the total ordinary share capital in issue (exclusive of treasury shares).

The Directors have no present intention of exercising this authority. The purpose of giving the Directors this authority is to maintain the Company's flexibility to take advantage of any appropriate opportunities that may arise.

(7) Resolution 17 – Disapplication of statutory pre-emption rights

Resolution 17, which will be proposed as a special resolution, seeks to renew the authority conferred on the Directors at last year's Annual General Meeting to issue equity securities of the Company (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings. Other than in connection with a rights or other similar issue or scrip dividend (where difficulties arise in offering shares to certain overseas shareholders and in relation to fractional entitlements) the authority contained in this resolution will be limited to an aggregate nominal value of £633,424.80 (representing 30,644,644 ordinary shares). This represents approximately 5% of the Company's issued ordinary share capital (excluding treasury shares) as at 15 March 2011 (being the latest practicable date prior to the publication of this document). The renewed authority will remain in force until on 10 November 2012 or, if earlier, on the conclusion of the Company's next Annual General Meeting.

The Board confirms its intention to adhere to the provisions in the Pre-Emption Group Statement of Principles regarding cumulative usage of authorities of no more than 7.5% of the issued ordinary share capital within a rolling three year period. The Directors have no present intention of exercising this authority.

(8) Resolution 18 – Notice of General Meetings

The Companies Act 2006 requires the notice period for general meetings of the Company to be at least 21 days. The Company is currently able to call general meetings (other than an AGM) on 14 clear days' notice and would like to preserve this ability. In order to be able to do so, shareholders must approve the calling of meetings on 14 clear days' notice. Resolution 18 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company must also make a means of electronic voting available to all shareholders before it can call a general meeting on 14 clear days' notice.

The shorter notice period would not be used as a matter of routine for general meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

(9) Resolution 19 – Authority to make market purchases of ordinary shares

Resolution 19, which will be proposed as a special resolution, is to renew the authority granted to the Directors at last year's Annual General Meeting, which expires on the date of the forthcoming Annual General Meeting, and to give the Company authority to buy back its own ordinary shares in the market as permitted by the Companies Act 2006.

The authority limits the number of ordinary shares that could be purchased to a maximum of 61,289,288 which represents approximately 10% of the issued ordinary share capital of the Company (excluding treasury shares) as at 15 March 2011, (being the latest practicable date prior to the publication of this document). The authority also sets minimum and maximum prices. The renewed authority will remain in force until on 10 November 2012 or, if earlier, on the conclusion of the Company's next Annual General Meeting.

The total number of options to subscribe for ordinary shares for all executive and employee share schemes of the Company which were outstanding as at 15 March 2011 (the latest practicable date prior to publication of this document) was 14,348,774 which represents 2.34% of the issued share capital of the Company (excluding treasury shares) as at 15 March 2011, and would represent 2.60% of the issued share capital of the Company (excluding treasury shares) if the full authority to repurchase ordinary shares as proposed by resolution 19, was exercised. As at 15 March 2011, the Company held 14,584,806 treasury shares, being approximately 2.38% of the total ordinary share capital in issue (exclusive of treasury shares).

Any ordinary shares purchased under this authority would be by means of market purchases through the London Stock Exchange. Shares so purchased would be held as treasury shares or cancelled and the number of ordinary shares in issue reduced accordingly. The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account other investment opportunities. The authority to repurchase ordinary shares will, if approved by shareholders, only be exercised after careful consideration by the Directors, and if such exercise would result in an increase in earnings per share and would be in the best interests of shareholders generally.

(10) Resolution 20 – Adoption of the rules of The Capita Group Plc Co-Investment Plan (“CIP”)

Capita's remuneration policy is to set Executive Director salaries at the lower quartile relative to comparably-sized companies and reward upper quartile performance with upper quartile total compensation. While this policy has served the Company well to date in terms of retention and performance, the Remuneration Committee cannot ignore the advances in FTSE executive pay practices over the last few years.

The Remuneration Committee (“the Committee”) has, with the assistance of the Group's advisers, PWC, been reviewing the structure of remuneration for Executive Directors and senior management. As part of this exercise, the Committee has decided that the introduction of a new one-off CIP for the Chief Executive (“CEO”) is key to supporting the business strategy going forward. The new one-off CIP provides an opportunity to retain, motivate and help bridge the competitive pay gap with the CEO's annualised total compensation increasing to around the median rather than the top quartile of market practice in 4 years time.

The proposed changes provide an opportunity to motivate and retain key executives in a way that is aligned with shareholders' interests while being sensitive to the current economic and market environment. Only one Matching Award can be granted under the CIP (“Matching Award”). A Matching Award is an award over a fixed number of Company shares (“shares”) that ‘matches’ the number of shares that the CEO purchases with his own money and which are invested in the CIP (“Contributory Shares”). The Matching Award can only be awarded if performance criteria regarding the financial performance of the Group are achieved.

The Committee considers that the proposed CIP will align the interests of the CEO with those of shareholders, whilst taking into account institutional shareholder guidelines and the provisions of the UK Corporate Governance Code.

The principal features of the CIP are summarised in the Appendix to the Notice. The rules of the CIP will be available for inspection at the Company's registered office at 71 Victoria Street, Westminster, London SW1H 0XA from the date of this document until the close of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes before and during the meeting.

(11) Resolution 21 – Amendment to the rules of The Capita Group plc 2010 Deferred Annual Bonus Plan (DABP)

The Directors' remuneration report outlines the proposed changes to Executive Directors' remuneration for 2011 in order to help bridge the competitive pay gap and retain key executives in a way that is aligned with shareholders' interests while being sensitive to the current environment. As part of these changes the Committee proposes to make the following changes to the rules of the DABP.

Under the rules of the DABP, part of senior management's annual bonus is deferred in shares and, in addition, a matching share award (“Matching Share Award”) is made. Rule 3.14 of the DABP contains a maximum permitted limit which states how many Matching Share Awards to participants as against the number of deferred shares acquired with their bonus. The current limit of 1.5 times is to be replaced with 2 times, moving the scheme closer to general market practice.

The rules of the DABP will be available for inspection at the Company's registered office at 71 Victoria Street, Westminster, London SW1H 0XA from the date of this document until the close of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes before and during the meeting.

(12) Resolution 22 - Change name to Capita plc

This resolution proposes that the name of the Company be changed to Capita plc with effect from 31 December 2011. This brings our name in line with our branding and marketing strategy.

(13) Recommendation

The Board considers the resolutions are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

(14) Voting

Voting on resolutions at the Annual General Meeting will be by a poll. The results of the voting on the resolutions proposed at the Annual General Meeting will be announced to the London Stock Exchange and will appear on our website www.capita.co.uk/investors.

Appendix to the Notice of Annual General Meeting

Summary of the principal terms of The Capita Group Plc Co-Investment Plan ("CIP")

Supervision

The Remuneration Committee of the Board of Directors of the Company ("the Committee") will supervise the operation of the CIP.

Eligibility

The Chief Executive of the Company will be eligible to participate in the CIP at the discretion of the Committee ("the Participant").

Matching award

Only one matching award can be granted under the CIP ("Matching Award"). A Matching Award is an award over a fixed number of Company shares ("shares") that 'matches' the number of shares that the Participant purchases with his own money and which are invested in the CIP ("Contributory Shares"). Contributory Shares may also include existing shares already held by the Participant. Any existing shares invested in the CIP must be shares held over and above those shares required to be held in accordance with the Company's guidelines on executive shareholdings. Contributory Shares may be held by a trustee of one of the Company's employee benefit trusts or through such other arrangements as determined by the Committee.

Individual limits

A Matching Award may be granted up to a maximum matching ratio of 3:1 (shares subject to a Matching Award to Contributory Shares).

The maximum number of Contributory Shares that the Participant can invest in the CIP is £1,000,000.

Structure of the Matching Award

The Matching Award granted under the CIP is structured as a nil cost option, with an exercise period of six years should the Matching Award vest.

No payment will be required for the grant of the Matching Award. The Matching Award will not be transferable except on death nor will it be pensionable.

Timing of the acquisition of the contributory shares and grant of the matching award

The Contributory Shares may be acquired before or up to a maximum of 12 months after the grant of the Matching Award.

The Matching Award may not be granted later than 31 December 2011.

Vesting of Matching Awards

The Matching Award will normally vest 4 years after the date of grant to the extent that: (i) any applicable performance conditions (see below) have been satisfied; (ii) the Participant is still employed in the Company's group at that time; and (iii) the Participant has retained ownership of his Contributory Shares. If, prior to the vesting of the Matching Award, Contributory Shares are withdrawn from the CIP (e.g. they are sold or transferred), this will reduce, on a pro-rata basis, the equivalent number of "matching" shares comprised in the Matching Award that may ultimately be transferred to the Participant on vesting.

Performance conditions

The Matching Award will be subject to performance conditions set by the Committee that reflect the Company's performance over a fixed four-year period, which will commence at the date of grant of the Matching Award ("Performance Period"). The Committee considers that the Matching Award should be subject to a performance condition based on the Company's relative Total Shareholder Return ("TSR") compared to the FTSE 100 over the Performance Period.

The Matching Award will vest in full if Capita's TSR over the Performance Period is at the upper quartile compared to the constituents of the FTSE 100 Index. One third of the Matching Award (i.e. equivalent to the number of Contributory Shares) will vest for achieving median TSR, with straight-line vesting between median and upper quartile. There will be no vesting of the Matching Award below median TSR. In addition, the vesting of any Matching Award will be subject to the Committee being satisfied with the underlying financial performance of the Company over the Performance Period. The Committee may consider various factors when assessing underlying performance but the minimum requirement for any vesting is that the earnings per share of the Company must have grown over the Performance Period.

The Committee may amend the performance condition applying to the Matching Award if an event occurs or circumstances arise, which cause the Committee to consider that it would be appropriate to amend the performance conditions, provided that the Committee considers that the amended condition is fair and reasonable and not materially less challenging to achieve than the original performance condition would have been but for the event in question.

Clawback

In circumstances where the Committee considers in good faith that the vesting of the Matching Award was determined on the basis of materially misstated or other financial data, it shall take such steps as it considers appropriate to recover the difference in value between the incorrect Matching Award and the Matching Award that would have vested had the correct data been used.

Ceasing employment

As a general rule, the Matching Award will lapse when the Participant ceases employment with the Company's group. However, if prior to the normal vesting date the Participant ceases employment by reason of ill-health, injury, redundancy, retirement or in other circumstances at the discretion of the Committee, then his Matching Award will vest on the normal vesting date. Whether a Matching Award will vest in these situations will depend upon 2 factors: (i) the extent to which the performance conditions have been satisfied; and (ii) the pro-rating of the Matching Award to reflect the reduced period of time between grant and vesting (relative to Performance Period), although the Committee can decide not to pro-rate the Matching Award if it regards it as inappropriate to do so given the circumstances prevailing at the time.

In exceptional circumstances, the Committee can decide that a Matching Award should vest on the date of cessation to the extent that the performance condition have been satisfied at that time and subject to time pro-rating as described above.

If the Participant ceases employment with the Company's group by reason of death, then his Matching Award will vest and be exercisable within 12 months of death, subject to the determination of the Committee as set out above.

Corporate events

In the event of a takeover (not being an internal corporate reorganisation) or the winding-up of the Company, the Matching Award will vest early subject to: (i) the extent to which the performance conditions have been satisfied at that time (interpreted in such manner as the Committee may reasonably determine, which may include taking account of the fact that the Performance Period will not have run its full course); and (ii) the pro-rating of the Matching Award to reflect the reduced period of time between grant and vesting (relative to the Performance Period), although the Committee can decide not to pro-rate the Matching Award if it believes that it would be inappropriate to do so given the circumstances prevailing at the time.

In the event of an internal corporate reorganisation, the Matching Award will vest as set out above only if they are not replaced by an equivalent new Matching Award over shares in the new holding company.

Variation of capital

In the event of any variation of the Company's share capital, the Committee may make such adjustments as it considers appropriate to the number of shares subject to the Matching Award.

CIP dilution limits

The CIP may operate over new issue shares, treasury shares or shares purchased in the market. In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 10% of the issued ordinary share capital of the Company under the CIP and any other discretionary share plan adopted by the Company;

Treasury shares will count as new issue shares for the purposes of these limits unless best practice suggests otherwise.

Participant's rights

The Matching Award will not confer any shareholder rights until they have vested and the Participant has received his shares.

Rights attaching to shares

Any shares allotted when the Matching Award vests or is exercised, will rank equally with all other shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Amendments to the CIP

The Committee may at any time and in any respect, amend the CIP, provided that the prior approval of shareholders will be obtained for any amendments that are to the advantage of the Participant in respect of the rules governing eligibility, the limits on participation, the overall limits on the issue of shares or the transfer of treasury shares, the basis for determining the Participant's entitlement to and the terms of, the shares to be acquired and the adjustment of the Matching Award.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor amendment made to benefit the administration of the CIP, to take account of a change in legislation, to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group. Prior shareholder approval will also not be required for any amendments to any performance condition applying to the Matching Award.