

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, fund manager, solicitor, accountant or other appropriate independent financial adviser who is authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser.**

If you sell or transfer or have sold or transferred all of your Ordinary Shares, please forward this document, with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through or to whom the sale or transfer was effected for delivery to the purchaser or transferee. If you sell or transfer or have sold or otherwise transferred only part of your holding of Ordinary Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected as to the action you should take.

**Your attention is drawn in particular to Part II of this document which sets out and describes certain risk factors that you should consider carefully when deciding whether or not to vote in favour of the Disposal Resolution to be proposed at the General Meeting. The whole of this document should be read in light of these risk factors.**

---

## **TRIBAL GROUP PLC**

*(Registered in England and Wales under the Companies Act 2006 with registered number 4128850)*

### **Proposed Disposal of the Government and Health Businesses**

**and**

### **Notice of General Meeting**

---

**Your attention is drawn to the letter from the Chairman of the Company, which is set out in Part I of this document and which contains the unanimous recommendation of the Directors that you vote in favour of the Disposal Resolution to be proposed at the General Meeting of the Company referred to below. Please read the whole of this document.**

A Notice of General Meeting, to be held at the offices of Osborne Clarke, One London Wall, London EC2Y 5EB at 9.30 a.m. on 28 April 2011 to consider, and if thought fit, approve the Disposal Resolution, is set out at the end of this document.

A Form of Proxy for the General Meeting accompanies this document. To be valid, Forms of Proxy should be completed, signed and returned in accordance with the instructions printed on them so as to be received by the Company's Registrar, Capita Registrars, at PXS, 34 Beckenham Road, Beckenham BR3 4TU, as soon as possible and in any event by 9.30 a.m. on 26 April 2011. If you hold your Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Company's Registrar, Capita Registrars (under CREST participant ID RA10), so that it is received by 9.30 a.m. on 26 April 2011. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting, should they so wish.

Investec Investment Banking, a division of Investec Bank plc, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for Tribal Group plc and for no one else in connection with the Disposal and will not be responsible to anyone other than Tribal Group plc for providing the protections afforded to clients of Investec Investment Banking or for affording advice in relation to the Disposal, the contents of this document or any transaction, arrangement or other matter referred to in this document.

## IMPORTANT NOTICE

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about, and observe, any applicable restrictions or requirements. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This document has been prepared for the purposes of complying with English law and the Listing Rules and the applicable rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England and Wales.

This document does not constitute an offer to sell or the solicitation of any offer to buy any security.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and publication of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of the Company, the Continuing Group or the Government and Health Businesses except where otherwise stated.

## FORWARD-LOOKING STATEMENTS

This document contains certain “forward-looking statements” with respect to the financial condition, results of operations and business of the Company, the Continuing Group and the Government and Health Businesses and certain plans and objectives of the members of the Group. In some cases, these forward looking statements can be identified by the fact that they do not relate to historical or current facts and by the use of forward-looking terminology, including the terms “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “prepares”, “goal”, “target”, “will”, “may”, “should”, “could” or “would” or, in each case, their negative or other variations or comparable terminology. These statements are based on assumptions and assessments made by the Directors in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. Investors should specifically consider the factors identified in this document that could cause actual results to differ before making any decision. You should not place undue reliance on forward-looking statements as they involve known and unknown risks, uncertainties and other factors that are in many cases beyond Tribal’s control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or the Continuing Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. They are also based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which it is believed that the Continuing Group will operate in the future. These forward-looking statements speak only as at the date of this document. Except as required by the FSA, the Listing Rules, the Disclosure and Transparency Rules, the London Stock Exchange or applicable law, the Company expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. **Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document.**

# CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	5
PART I LETTER FROM THE CHAIRMAN OF TRIBAL GROUP PLC	6
PART II RISK FACTORS	15
PART III PRINCIPAL TERMS OF THE DISPOSAL	22
PART IV FINANCIAL INFORMATION RELATING TO THE GOVERNMENT AND HEALTH BUSINESSES	28
PART V UNAUDITED PRO FORMA STATEMENT OF NET ASSETS	30
PART VI ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS	32
PART VII ADDITIONAL INFORMATION	34
PART VIII DEFINITIONS	42
NOTICE OF GENERAL MEETING	46

## DIRECTORS, COMPANY SECRETARY AND ADVISERS

<b>Directors</b>	John Ormerod ( <i>Chairman</i> ) Peter Martin ( <i>Chief Executive</i> ) Keith Evans ( <i>Chief Operating Officer</i> ) Stephen Breach ( <i>Group Finance Director</i> ) Lady Katherine Innes Ker ( <i>Non-executive Director</i> ) Mathew Masters ( <i>Non-executive Director</i> ) Simon Ball ( <i>Non-executive Director</i> )
<b>Company Secretary</b>	Stephen Breach
<b>Registered Office</b>	87 – 91 Newman Street London W1T 3EY
<b>Sponsor and Stockbroker</b>	Investec Bank plc 2 Gresham Street London EC2V 7QP
<b>Solicitors</b>	Osborne Clarke 2 Temple Back East Temple Quay Bristol BS1 6EG
<b>Auditor and Reporting Accountants</b>	Deloitte LLP Abbots House Abbey Street Reading RG1 3BD
<b>Registrar</b>	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2011
Publication date	11 April
Latest time and date for receipt of Forms of Proxy	9.30 a.m. on 26 April
General Meeting to approve the Disposal	9.30 a.m. on 28 April

*References to times in this document are to London time.*

## PART I

### LETTER FROM THE CHAIRMAN OF TRIBAL GROUP PLC

#### TRIBAL GROUP PLC

*(Registered in England and Wales under the Companies Act 2006 with registered number 4128850)*

*Directors:*

John Ormerod (*Chairman*)  
Peter Martin (*Chief Executive*)  
Keith Evans (*Chief Operating Officer*)  
Stephen Breach (*Group Finance Director*)  
Lady Katherine Innes Ker (*Non-executive Director*)  
Mathew Masters (*Non-executive Director*)  
Simon Ball (*Non-executive Director*)

*Registered Office:*

87 – 91 Newman Street  
London  
W1T 3EY

11 April 2011

*To: All Shareholders and, for information only, holders of options or awards under the Tribal Share Plans*

Dear Shareholder,

#### **Proposed Disposal of the Government and Health Businesses**

##### **1. Introduction**

On 11 April 2011, your Board announced that Tribal had entered into conditional agreements to sell its Government and Health Businesses to certain subsidiaries of The Capita Group Plc, for a total consideration of up to £15.87 million (the “Disposal”). Of the total consideration payable, £13.37 million is payable in cash on Completion (which, if the Disposal Resolution is passed, is expected to occur on the day of the General Meeting). Further cash consideration of up to £2.5 million is payable in certain circumstances as explained in paragraph 5 below.

The Disposal is of sufficient size relative to that of the Group to constitute a Class 1 transaction under the Listing Rules and is therefore conditional upon the approval of Shareholders.

Your approval of the Disposal is therefore being sought at a General Meeting of the Company to be held at 9.30 a.m. on 28 April 2011 at the offices of Osborne Clarke, One London Wall, London EC2Y 5EB. A notice of the General Meeting setting out the Disposal Resolution to be considered at the General Meeting can be found at the end of this document. A summary of the action you should take is set out in paragraph 10 of this letter and on the Form of Proxy that accompanies this document.

The purpose of this document is (i) to provide you with information on the Disposal, (ii) to explain the background to and reasons for the Disposal and why the Board believes the Disposal is in the best interests of Tribal Group and its Shareholders as a whole and (iii) to recommend that you vote in favour of the Disposal Resolution.

Tribal has been in an offer period under the City Code on Takeovers and Mergers (the “City Code”) since 17 December 2010. The Company remains in an offer period and, accordingly, the Board confirms that the Disposal is being undertaken in accordance with note 1 of rule 21.1 of the City Code. Any further updates will be provided in due course.

***Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter.***

## **2. Background to and reasons for the Disposal**

The markets in which the Government and Health Businesses operate have been very challenging over the last year as a result of reduced spending on consultancy work, particularly in central government, and delayed procurement decisions across the public sector. On 16 August 2010, and subsequently on 5 October 2010, Tribal announced that the trading environment had become increasingly difficult, particularly in the UK advisory businesses of the Government and Health Businesses. On 5 October 2010, Tribal announced that the adjusted profit before tax for the Group for the year ended 31 December 2010 would be below previous expectations. On 30 March 2011, the Group published its audited results for the year ended 31 December 2010. An extract of the results announcement is reproduced in paragraph 8 below.

During the course of 2010, Tribal has significantly rationalised the Government and Health Businesses' cost bases. Over the past three months, some stability has returned to the markets for the Government and Health Businesses and the Tribal Board is confident that the actions taken to reduce costs will lead to an improving trading performance for the two businesses in 2011. Whilst opportunities exist to grow the revenues of the Government and Health Businesses and to expand through the development of service delivery and technology propositions, it is the opinion of the Tribal Board that, in order to generate acceptable levels of profitability, the two businesses will require significant investment over a sustained period of time.

The Education Business has continued to grow its revenues during 2010 and has maintained consistently good levels of profitability. The business entered 2011 with high levels of committed income and a strong sales pipeline, particularly internationally.

The Tribal Board believes that the Education Business offers attractive growth opportunities but that, given the current size and capital structure of the Group, the level of investment that can be made to realise these opportunities will be constrained.

In these circumstances, the Directors have decided that it would be appropriate for Tribal to consider a sale of the Government and Health Businesses in order to create a group focused on the education and training markets and with significantly reduced levels of financial leverage.

In the opinion of the Directors, the terms of the transaction proposed by Capita properly reflect the value of the Government and Health Businesses. In addition, two of the TCL Subsidiaries being sold participate in certain defined benefit pensions schemes. The primary funding obligations in respect of these schemes will therefore pass out of the Group on Completion.

The Tribal Board therefore believes that the Disposal is in the best interests of Shareholders.

## **3. Information on the Government and Health Businesses**

### ***Government Business***

Tribal supplies a range of strategic and operational advisory services to government clients in the UK, working principally across the home and foreign affairs, local government and social housing markets. Tribal also provides consultancy and programme delivery services in developing countries on behalf of major government-funded donor organisations and national governments and agencies.

The principal markets addressed by Tribal comprise:

*Home and Foreign Affairs:* Tribal provides advisory services to the home affairs market, working with the Home Office and the UK Borders Agency, police forces, national policing agencies and a range of partners involved in the criminal justice system. In foreign affairs, Tribal has long-standing relationships with key government departments, principally the Foreign & Commonwealth Office, supporting strategic and operational initiatives both domestically and internationally.

*Local Government:* Tribal has a large team of specialist local government consultants with wide ranging expertise that supports commissioners and deliverers of local public services. The services provided include cost reduction and efficiency programmes, procurement and commissioning advice and the provision of business intelligence tools.

*Social Housing:* Tribal provides consultancy services to the social housing sector, delivering advice, support and solutions to local authorities, arms-length management organisations (ALMOs), housing associations and government departments. Tribal provides its clients with operational and strategic advice on improving business performance and implementing major transformation.

*Donor Aid:* Tribal works with major donor organisations supporting international development programmes. Tribal provides advice on public financial management reform in developing and post conflict nations and also supports national governments and agencies with advice on ICT and professional development issues.

### **Health Business**

Tribal provides a range of professional services to the UK healthcare industry, from strategic advice to the provision of managed services to NHS and private healthcare clients. The division operates across two principal areas: Advisory (performance improvement and informatics) and Services (commissioning, informatics outsourcing and clinical support services).

*Advisory:* The Advisory business provides strategic support to NHS and private sector organisations, including working with healthcare providers to improve service quality and clinical productivity and with healthcare commissioners to plan and develop patient services.

*Services:* The Services business provides both healthcare commissioners and healthcare providers with a range of technical services and solutions, with a particular focus on clinical informatics, resource utilisation and clinical coding. Tribal provides commissioning support services to Primary Care Trusts, with several of its larger programmes being delivered under multi-year contracts.

During the three financial years ended 31 December 2010, the Government and Health Businesses recorded the following results:

<i>£m</i>	<i>Year ended 31 December 2008</i>	<i>Year ended 31 December 2009</i>	<i>Year ended 31 December 2010</i>
<b>Revenue</b>	82.0	94.1	70.8
<b>Gross profit</b>	20.1	21.5	12.1
Other administrative expenses	(12.7)	(15.6)	(14.8)
<b>Operating profit after other administrative expenses but before exceptional administrative expenses, amortisation and goodwill impairment</b>	7.4	5.9	(2.7)
Exceptional administrative expenses	–	–	(4.2)
Amortisation of IFRS 3 intangibles	(0.2)	(0.7)	(0.7)
Goodwill impairment	–	(30.7)	(51.6)
Total administrative expenses	(12.9)	(47.0)	(71.3)
<b>Operating profit/(loss)</b>	7.2	(25.5)	(59.2)

As at 31 December 2010, the Government and Health Businesses had gross assets of £71.7 million and net assets of £6.8 million. The loss before tax for the year ended 31 December 2010 was £60.1 million.

#### **4. Financial effects of the Disposal and use of proceeds**

The gross cash proceeds due at Completion will be £13.37 million; or £12.47 million net of tax and transaction costs of approximately £800,000 and cash of approximately £100,000 included in the Disposal. The net proceeds will be applied in reducing the Group's overall indebtedness. As a result of the Initial Sale, the Continuing Group will have a substantially reduced interest charge for the year ending 31 December 2011. A further programme of cost savings will be implemented over the coming months in order to align overheads with the size of the Continuing Group. Accordingly, the overall impact of the Disposal is expected to be broadly neutral for earnings in the current year.

Following Completion, the Group's borrowing facilities will be reduced to £35 million, of which £30 million will be committed until February 2015.

The disposal will reduce the Group's net assets by £17.1 million to £52.6 million as shown in the pro forma financial information relating to the Continuing Group set out in Part V of this document, which is based on the audited balance sheet of the Group and the unaudited statement of net assets of the Government and Health Businesses, both as at 31 December 2010. This reduction includes a writedown of goodwill, which was assessed on a value in use basis as at 31 December 2010 of £22.5 million. The pro forma information is for illustrative purposes only and has been prepared to illustrate the effect of the Disposal as if it had taken place on 31 December 2010. The value of the gross assets the subject of the Disposal is £71.7 million, which is the sum of the gross assets of the Government and Health Businesses as extracted from the Government and Health Businesses' statement of net assets as at 31 December 2010 (as set out in Part IV of this document).

It is intended that the further cash consideration of up to £2.5 million, payable in the circumstances described below, will also be applied in reducing the Group's overall indebtedness.

## **5. Principal terms of the Disposal**

The Sellers and the Buyers entered into the Disposal Agreement on 8 April 2011. Pursuant to the Disposal Agreement, Tribal and Tribal Consulting have respectively conditionally agreed to sell to the Buyers the entire issued share capital of Tribal HELM and the business and assets (including the entire issued share capital of the TCL Subsidiaries) of Tribal Consulting. In addition Tribal and CBSL have granted to each other respectively the TCL Call Option and the TCL Put Option in relation to the intended transfer of the entire issued share capital of Tribal Consulting following Completion as described below. The obligations of Tribal Consulting under the Disposal Agreement have been guaranteed by Tribal.

The Disposal is conditional upon the passing of the Disposal Resolution at the General Meeting. If the Disposal Resolution is not passed by 13 May 2011 then the Disposal Agreement shall terminate (unless such period is extended by mutual agreement of the parties).

The consideration payable for the Initial Sale is £13.37 million, which shall be satisfied in cash on Completion. In addition, CBSL has agreed to assume the TCL Liabilities and the obligations of Tribal Consulting under the TCL Contracts and to indemnify Tribal Consulting accordingly.

Additionally, further deferred cash consideration of up to £2.5 million is payable under the Disposal Agreement in certain circumstances, as explained below.

Of the deferred consideration, £1.5 million is payable under the Disposal Agreement on completion of the TCL Share Sale following any exercise of the TCL Put Option or the TCL Call Option, or in certain other circumstances where the Buyers have satisfactorily assumed all identified material contracts of Tribal Consulting. Pending its payment, such amount will be held in a retention account (the "**Retention Account**") and may be used by CBSL in settling any agreed or finally determined claims under the Disposal Agreement, the TCL Put and Call Agreement and certain other ancillary agreements, provided that such claims are agreed or finally determined prior to the date at which the funds in the Retention Account are otherwise due to be released to the Tribal Group.

In addition, £0.5 million is payable in circumstances where a specific key contract is novated to CBSL and certain assurances are obtained in respect of a limited number of further material contracts. This element of deferred consideration is not subject to any retention arrangements.

A further £0.5 million is to be held in a retention account pending clarification by HMRC of certain tax matters relating to the status of a number of consultants and associates engaged by Tribal Consulting and Tribal HELM. The retention amount, if not fully called upon to meet relevant liabilities, will be released to Tribal following the earlier to occur of the date of an adjudication by HMRC which enables the relevant liabilities to be reasonably determined, and the expiry of 24 months from the date of Completion.

The TCL Put Option granted to Tribal by CBSL, which requires CBSL to complete the TCL Share Sale, is conditional, amongst other matters, on there being no material breach of certain restrictions in the TCL Put Option, and no material breach of certain warranties given in respect of Tribal Consulting and its subsidiaries during the period from the date of the TCL Put and Call Option Agreement to TCL Share Sale Completion. The TCL Put Option is also conditional upon: (i) certain changes taking place in tax law, and on certain tax exemptions being available to Tribal (as explained below); or (ii) HMRC confirming that the Initial Sale is effective in eliminating the Degrouping Charge (as defined below) by virtue of value transferring from Tribal Consulting on the Initial Sale. If Tribal wishes to exercise the TCL Put Option following 6 April 2012, CBSL may elect to pay the deferred consideration of £1.5 million in lieu of completing the TCL Share Sale pursuant to the TCL Put Option and in such circumstances may elect to terminate certain subcontracting arrangements entered into between Tribal Consulting and CBSL.

The TCL Call Option granted to CBSL by Tribal, which requires Tribal to complete the TCL Share Sale, is exercisable: (i) conditionally upon certain changes taking place to tax law, and on certain tax exemptions being available to Tribal (as explained below); or (ii) irrespective of whether such conditions have been satisfied, at any time after 6 April 2012 at which point the tax exposure to the Tribal Group will have materially reduced (as explained below).

Certain historic intra-group transactions could result in a material degrouping charge (the “**Degrouping Charge**”) if the shares in Tribal Consulting were to be sold by Tribal at the time of the Initial Sale. The Directors have been advised that HMRC has included draft legislation in the Finance (No.3) Bill 2010-11 (the “**Finance Bill 2011**”) which will amend the legislation giving rise to the Degrouping Charge. The proposed amendments are such that, if the changes are enacted as currently set out in the Finance Bill 2011, a disposal of the shares in Tribal Consulting would be able to be made without the majority of the adverse tax consequences described above being incurred (provided that the substantial shareholdings exemption from corporation tax (“**SSE**”) applies on the sale, in relation to which a clearance application has been made to HMRC). The changes are due to come into force on Royal Assent of the Finance Bill 2011 which is currently expected in July 2011. If the relevant provisions of the Finance Act 2011 are enacted without adverse amendment, the Directors intend to exercise the TCL Put Option (subject to such option being exercisable in accordance with its terms and to the availability of SSE in respect of the TCL Share Sale at such time) as soon as practicable following the required legislation coming into effect. If the proposed legislation is not enacted as currently set out in the Finance Bill 2011 in the form currently anticipated, the extent of the Degrouping Charge will in any event be reduced over time following the expiry of the six year statutory period applicable to each relevant intra-group transaction referred to above, the majority of which took place on or before March 2006. In addition, the business and assets sale of Tribal Consulting pursuant to the Initial Sale may prevent the Degrouping Charge arising as value will have passed out of Tribal Consulting at that time. As indicated above, the TCL Call Option is exercisable at any time after 6 April 2012 following the expiry of certain of the limitation periods referred to above. Whilst the possibility of a Degrouping Charge affecting the Tribal Group exists if the TCL Call Option is exercised at such time, the Directors believe that the possibility of a material Degrouping Charge is diminished by the passing of value from Tribal Consulting on the Initial Sale. In addition, other mitigation strategies could be adopted by the Tribal Group to further manage the exposure.

The purpose of the TCL Put and Call Option Agreement is to enable CBSL to obtain ownership of the legal title to the TCL Contracts in addition to beneficial ownership which will pass under the other transaction documents on Completion.

The TCL Call Option is not capable of completion after the final release date for the Retention Account. If neither option is exercised by that date, and the other conditions to the release of the Retention Account are not fulfilled by that time, the balance of the Retention Account at that time will be released to the Buyers.

The Sellers have agreed to procure that, between the date of the Disposal Agreement and Completion, the Government and Healthcare Businesses will be conducted in the ordinary course and that the Transferring Government and Health Companies will not, other than in the ordinary course of business or with the consent of the Buyers, undertake certain restricted actions. In addition, Tribal and Tribal Consulting have agreed to certain restrictions on the activities of Tribal Consulting prior to any exercise of the Consulting Put Option.

If at any time on or before Completion: (a) the Sellers have breached certain warranties as to capacity and title; (b) the Sellers are in breach of the pre-Completion obligations referred to above to such a degree which, in the Buyers' reasonable opinion (acting in good faith), has a material adverse effect on the business, operations, assets, liabilities or financial position of the Government and Health Businesses taken as a whole; or (c) the Buyers become aware of any fact or circumstance arising from 8 April 2011 which in the Buyer's reasonable opinion (acting in good faith) has a material adverse effect on the business, operations, assets, liabilities or financial or trading position of the Government and Health Businesses taken as a whole, then the Buyers may terminate the Disposal Agreement provided that the Disposal Agreement will terminate automatically if the Condition is not satisfied prior to 13 May 2011 (unless such period is extended by mutual agreement of the parties).

Materiality for these purposes means an adverse effect which does or will result in a diminution of £1,000,000 or more in either the net assets or the profit of the Government and Health Businesses.

The Sellers have given certain warranties and indemnities to the Buyers which are customary for a transaction of this nature, and certain additional indemnities in respect of identified potential liabilities as set out in paragraph 2.8 of Part III.

The Sellers (in the case of Tribal for itself and on behalf of the Tribal Group, including certain limited categories of subsequent holding companies) and the Buyers have agreed to enter into restrictive covenants that are customary for a transaction of this nature, subject to certain limitations, for a period of two years from Completion.

Tribal, Tribal Consulting and CBSL have also entered into sub-contracting arrangements in relation to certain contracts of Tribal Consulting pending any assignment or novation of such contracts to CBSL, or the acquisition by CBSL of Tribal Consulting pursuant to the terms of the TCL Put and Call Option Agreement.

The principal terms of the Disposal are set out in more detail in Part III (*Principal terms of the Disposal*) of this document.

## **6. Information on the Continuing Group**

On Completion, the Continuing Group will be comprised solely of the trading activities of Tribal's Education Business. The Education Business provides a range of services to the education, skills and training sectors in the UK and in certain international markets. These services support government policy initiatives aimed at improving standards, increasing quality and delivering better outcomes for learners. Private sector employers also use Tribal's education services to improve the skills of their workforces through web-based learning services. Tribal provides student management software for a large number of colleges and universities in the UK and overseas and has developed an innovative suite of software for school improvement operations.

Tribal has expanded its overseas activities significantly and now has operations in a number of markets, including the USA, Middle East, Australia and New Zealand for a range of education software, school improvement and school inspections services and professional development activities.

The Continuing Group will be a significantly less leveraged, more focused business with, in the opinion of the Board, good growth opportunities, particularly internationally. The Education Business is the most profitable of the three existing businesses of the Group, with revenue of £106.6 million and operating profit of £14.1 million for the year ended 31 December 2010.

The Tribal Board believes that on Completion the Continuing Group will benefit from the following characteristics:

- *Focus:* The Continuing Group will be focused on providing a range of services to the education and training markets in the UK and internationally.
- *Revenue resilience:* Less than 10 per cent. of the Continuing Group's revenue is derived from short-term advisory work. Approximately 60 per cent. of revenue is sourced from service delivery and programme management activities and close to one third from software and technology solutions.

- *Growth prospects:* At 28 February 2011, the qualified sales pipeline of the Continuing Group totalled £161 million.
- *Good margins:* The Education Business has reported consistently good margins. Following Completion, a programme of cost reduction will be implemented to reduce overheads, both centrally and within the Education Business.
- *Committed income:* At 28 February 2011, the Education Business had total committed income of £187 million and had actual and secured income for the year ending 31 December 2011 equal to approximately 66 per cent. of planned revenue.
- *Reduced debt:* Following Completion, the Continuing Group will have significantly reduced levels of debt which will provide additional capacity to invest in the Education Business, particularly in the areas of product development and new business initiatives.

As announced on 30 March 2011, Peter Martin will be standing down as Chief Executive on 30 April 2011. On 23 February 2011, Tribal announced that Keith Evans, previously Tribal's Commercial Director, had been appointed Chief Operating Officer and had joined the board of Tribal. In his new role as Chief Operating Officer, Keith Evans has assumed responsibility for the day to day operations of the Group and for the Continuing Group following Completion.

## **7. Information on the Capita Group**

The Capita Group Plc is a leading provider of business process outsourcing and professional support services. It delivers consultancy, back office administration and front office customer contact services to private and public sector organizations, including central and local government and the health, life and pensions and insurance industries, across the UK and Ireland. The Capita Group Plc is a FTSE 100 company, quoted on the London Stock Exchange, with a market capitalisation of approximately £4.5 billion as at 8 April 2011.

## **8. Current trading and prospects**

On 30 March 2011, the Group published its audited financial results for the year ended 31 December 2010. An extract from that statement is reproduced below. This statement remains the Board's opinion of current trading as at the date of this document.

"The Group encountered challenging market conditions during 2010 with reduced levels of government spending in the UK, particularly on advisory work in our Health and Government businesses, coupled with delays in procurement decisions. As a result, our Health and Government businesses performed significantly below our expectations, particularly in the second half of the year.

Despite the challenges, the Group continued to make progress in a number of key areas. The level of committed income increased and our international business, particularly in Education, made encouraging progress. We also undertook a restructuring of our technology activities in order to create a more integrated and coherent approach to product development and customer support.

During the course of 2010, we implemented an extensive programme of actions to reduce our cost base significantly, dispose of non-core activities and create a more integrated and coherent operating structure. Our staff numbers at the start of 2011 were 1,937 against 2,246 twelve months earlier and, in our continuing businesses, we expect to achieve overall annualised savings of £28.0 million.

In the year ended 31 December 2010, the Group's revenue from continuing operations was £175.4 million (2009: £193.7 million). Adjusted operating profit was £7.4 million (2009: £14.9 million) and adjusted operating margin was 4.2 per cent. (2009: 7.7 per cent.). Adjusted profit before tax was £5.9 million (2009: £13.8 million) and adjusted diluted earnings per share were 5.0p (2009: 10.7p). The adjusted numbers set out above exclude exceptional costs of £10.4 million associated with our restructuring programme and a goodwill impairment charge against our Health and Government businesses of £51.6 million. The statutory loss before tax was £57.8 million.

During 2010, the Group generated operating cash flows from continuing operations of £20.1 million (2009: £20.3 million) and, at 31 December 2010, net debt was £18.5 million (2009: £27.8 million). A significant part of the reduction in net debt was generated through favourable working capital terms from third parties which will have reversed by the end of the first quarter of 2011. The Group has operated in full compliance with its banking covenants during 2010 and, in order to provide additional flexibility and headroom during 2011, the Group has recently agreed with its lenders a revised set of banking covenants. The Group's borrowing facilities total £45 million, of which £40 million are committed until February 2015.

Over the next few years, public sector organisations in the UK will be adapting to an environment of spending constraints. The need for reform will continue, creating opportunities for organisations that are able to support changes in the way public services are commissioned and delivered. Tribal is well placed to participate in this reform process through a combination of its domain expertise, technology capability and track record of service delivery.

During the past year, the Group has implemented a substantial change programme to address both the short-term trading challenges facing the business and the longer-term market opportunities. The key elements in this programme included:

- the disposal of non-core assets;
- a significant reduction in the Group's cost base;
- the establishment of a single integrated software development and customer support capability; and
- the securing of revised bank facilities that are committed until 2015.

Strategically, we remain focused on growing our service delivery and technology activities, both in the UK and overseas. We have maintained strong levels of committed income and our sales pipeline, particularly internationally, remains healthy. At 1 March 2011, we had secured 62 per cent. of our planned revenue for the year (2010: 65 per cent.), with a further 10 per cent. of 2011 revenue at preferred bidder stage, and our sales pipeline totalled £260 million.

The Group has traded in line with expectations during the first two months of the year. As a result of the actions we have taken across the Group, the Board is confident that the Group now has a sound footing from which to make progress during 2011."

## **9. Risk factors**

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Disposal Resolution please refer to Part II (*Risk Factors*) of this document.

## **10. Action to be taken**

**You will find accompanying this document a Form of Proxy for use at the General Meeting. Whether or not Shareholders propose to attend the General Meeting in person, it is important that Shareholders complete and sign the Form of Proxy in accordance with the instructions printed thereon and return it to Capita Registrars as soon as possible and, in any event, so as to be received not later than 9.30 a.m. on 26 April 2011. The completion and return of a Form of Proxy will enable you to vote at the General Meeting without having to be present in person but will not preclude you from attending the General Meeting and voting in person if you so wish. If a Shareholder has appointed a proxy and attends the General Meeting in person, his proxy appointment will automatically be terminated and his votes in person will stand in his place.**

**If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to ID RA10 so that it is received by no later than 9.30 a.m. on 26 April 2011.**

## **11. Further information**

Your attention is drawn to the principal terms of the Disposal in Part III, the financial information on the Government and Health Businesses in Part IV, the unaudited pro forma financial information in Part V and the additional information in Part VII, of this document.

## **12. Recommendation**

**The Board, having been so advised by Investec, is of the opinion that the Disposal is in the best interests of the Company and Shareholders as a whole. In providing advice to the Board, Investec has taken into account the Board's commercial assessments.**

**Accordingly, the Board unanimously recommends that you vote in favour of the Disposal Resolution to be proposed at the General Meeting, as the Directors (and certain of their connected persons) who are interested in Ordinary Shares have irrevocably undertaken to do in respect of their own beneficial holdings, which amount in aggregate to 587,206 Ordinary Shares and represent approximately 0.63 per cent. of Tribal Group's issued share capital as at 8 April 2011 (the latest practicable date prior to publication of this document).**

Yours faithfully,

John Ormerod  
*Chairman*  
*For and on behalf of the Tribal Directors*

11 April 2011

## PART II

### RISK FACTORS

This Part II addresses certain existing and future material risks and uncertainties known to Tribal in relation to the Continuing Group and the Government and Health Businesses. These risks and uncertainties should be carefully considered by Shareholders when deciding whether or not to vote in favour of the Disposal Resolution to be proposed at the General Meeting. These risk factors should be read in conjunction with all other information relating to the Continuing Group, the Government and Health Businesses and the Disposal, and Shareholders should not rely solely on the information set out in this Part II.

If any or a combination of the following risks or uncertainties materialise, the business, results of operations, cash flow, financial condition, turnover, profits or assets of the Continuing Group and/or the Government and Health Businesses may be materially and adversely affected. In such cases, the market price of the Ordinary Shares may decline and investors may lose all or part of their investment.

The risks and uncertainties set out below do not necessarily comprise all those associated with the Group or an investment in the Company and are not set out in order of priority. Additional risks and uncertainties of which Tribal and the Directors are currently unaware, or which Tribal and the Directors believe to be immaterial, may also have an adverse effect on the financial condition or business of the Continuing Group and/or the Government and Health Businesses.

#### **1. Risks relating to the Disposal not proceeding**

The Disposal is conditional on the passing of the Disposal Resolution at the General Meeting. If the Disposal Resolution is not passed, the Disposal will not proceed and the Group will nevertheless be required to meet its costs in respect of the aborted Disposal.

*If the Initial Sale does not proceed, the Group will continue to operate with its current indebtedness and will remain subject to financial covenants which, depending on the future financial performance of the Group, may restrict its ability to invest in the future growth of the business.*

As explained in paragraph 4 of Part I of this document, the Directors intend to use the net proceeds of the Initial Sale to reduce the net indebtedness of the Continuing Group. The Directors believe that by reducing the net indebtedness of the Continuing Group in this way, the Continuing Group will be better placed to pursue the strategy for the Continuing Group as set out in Part 1.

If the Initial Sale in particular does not proceed, the Group will not be in a position to reduce indebtedness as envisaged above. In such circumstances, a greater amount of the Group's cash flow from the Group's operations will be required to service the Group's debt.

*If the Initial Sale does not proceed, the Group will remain exposed to material contingent liabilities under certain defined pension benefit obligations of the Consulting Subsidiaries*

Tribal HCH Limited and SDP Regeneration Services 2 Limited, comprising two of the Consulting Subsidiaries, participate in the Social Housing Pension Scheme and London Pensions Fund Authority Pension Fund, respectively, both of which are defined benefit schemes. These Consulting Subsidiaries are exposed to material contingent liabilities in respect of such schemes. The most recent estimates of the maximum liability to the Group under these schemes on a relevant cessation event is approximately £11.8 million in aggregate. Under the terms of the Initial Sale, both Tribal HCH Limited and SDP Regeneration Services 2 Limited will be acquired by the Buyers and the primary funding obligations in respect of such schemes will therefore pass out of the Continuing Group. If the Initial Sale did not proceed, whilst the Directors believe appropriate strategies can be adopted to minimise the risk of a cessation event occurring, there can be no assurance that such a cessation event will not occur in the future and accordingly that the material liabilities of the Group referred to above will not crystallise.

## **2. Risks relating to the Disposal**

The following risks and uncertainties relate to the Disposal.

### ***The Continuing Group's operations will be less diversified following Completion***

Following Completion, the Continuing Group's business will be less diversified. Weak performance in part or all of the remaining business, or the materialisation of any of the risks set out in this Part II (or other risks) in relation to the Continuing Group may have a proportionately greater adverse impact on the business and financial condition of the Continuing Group.

### ***The Disposal may expose the Continuing Group to costs or other claims***

The Disposal Agreement and the TCL Put and Call Option Agreement contain certain warranties and indemnities, which are customary for a transaction of this nature, given by the Sellers in favour of the Buyer. In addition to such customary warranties, Tribal has given indemnities in respect of SDP Regeneration Services 2 Limited's ability to participate in the London Pensions Fund Authority Pension Fund, an intra-group business transfer, and certain lease obligations of Tribal HELM. If the Continuing Group incurs any liabilities or costs under any of these warranties or indemnities, such costs could have an adverse effect on its business, financial condition and operating results.

### ***The Disposal may complete but the further consideration of £2.5 million may not be realised***

The Disposal Agreement may complete, but the conditions to the release of the further consideration of £2.5 million may never subsequently be satisfied. In such circumstances, none or part only of the potential further cash consideration of up to £2.5 million would be payable to the Group and Tribal Consulting would remain part of the Group. Alternatively, such conditions may be satisfied, but a breach of any of the warranties given on Completion, or assurances given in the TCL Put and Call Option may mean that no further consideration is received on the transfer of Tribal Consulting.

### ***The Group may be exposed to a material tax liability if the TCL Call Option is exercised in certain circumstances where expected advantageous changes to tax legislation have not been implemented***

As explained in paragraph 5 of Part I of this document, the TCL Call Option is exercisable at any time after 6 April 2012, irrespective of whether the changes to tax legislation referred to in that paragraph have been implemented as currently expected, or the SSE exemption is available in respect of the TCL Share Sale. In the absence of these circumstances, a Degrouping Charge may arise if the TCL Call Option is exercised following 6 April 2012.

At this time, the relevant six year limitation period applicable to certain of the intra-group transactions giving rise to the potential Degrouping Charge will have expired, reducing the maximum Degrouping Charge which could be incurred. However, whilst the Directors believe that both (i) the passing of value from Tribal Consulting on the Initial Sale may prevent any residual Degrouping Charge arising in any event; and (ii) that other mitigation strategies could be adopted by the Tribal Group to further manage the exposure in the event a Degrouping Charge did arise, there can be no assurance that the Tribal Group would be wholly successful in avoiding a Degrouping Charge were the TCL Call Option to be exercised in such circumstances.

## **3. Risks common to the Continuing Group and the Government and Health Businesses**

### **3.1 Business risks**

#### ***The Group's clients are increasingly adopting a "risk/reward" contract model***

The Group's clients are increasingly moving towards "risk/reward" contracts as an alternative to traditional contracts. In these agreements, buyers risk paying more fees for the work but are rewarded by having their objectives met or exceeded; suppliers risk reduced profits if they fail to deliver to agreed targets but are rewarded for superior performance. Whilst the Group has adopted appropriate structures which aim to identify, assess and manage the risks and opportunities associated with these increasingly complex contractual arrangements, the results of operations and/or the financial condition of the Continuing Group and the Government and Health Businesses could be adversely affected by any failure to deliver services to the required standard under arrangements of this type.

*The Group is partly dependent on access to public sector frameworks for a significant proportion of its work*

A significant proportion of Tribal's revenue comes from contracts awarded through a wide number of government and other public sector framework agreements. Failure to be granted access to these frameworks in the future may have an adverse effect on Tribal's ability to maintain its future revenue streams. Criteria for qualification include financial strength, competitiveness and reputation as well as an ability effectively to undertake work likely to be tendered through frameworks. Tribal's future access to frameworks can be affected by many business and market factors, some of which lie outside the Group's ability to control.

*The Group is dependent on certain key executives and employees*

The departure of key employees from the Continuing Group or the Government and Health Businesses could, in the short term, adversely affect some or all of such group's business. The Group has entered into standard form agreements with each of these relevant individuals and seeks to offer all of its staff competitive remuneration packages, career development opportunities and a good working environment. However, despite these measures, there can be no guarantee that the Continuing Group or the Government and Health Businesses will be able to recruit and retain suitable key personnel.

*The Group is exposed to operational and information security risks*

The successful operation of the Group's business depends upon maintaining the integrity of the Group's operational systems, including its computer, communication and information technology systems. However, these operational systems are vulnerable to damage, breakdown or interruption from events which are beyond the Group's control, such as fire, flood and other natural disasters; power loss or telecommunications or data network failures; improper or negligent operation of the Group's system by employees, or unauthorised physical or electronic access and interruptions to internet system integrity generally, as a result of attacks by computer hackers or viruses or other types of security breaches.

For reasons of business efficiency, the Group has concentrated its activities in a limited number of hub offices in regional centres, particularly London. This increases exposure to such operational risks if any event were to have a material adverse effect on one of these hub offices. Whilst the Group actively mitigates these operational risks through processes embedded in the Group's businesses which aim to identify, evaluate and manage these risks, any such damage or interruption could cause significant disruption to the operations of the Continuing Group or the Government and Health Businesses. This could be harmful to the business, financial condition and/or reputation of the Continuing Group or the Government and Health Businesses and could deter current or potential customers from using its services. In addition, there can be no guarantee that the security measures of the Continuing Group or the Government and Health Businesses in relation to its computer, communication and information systems will protect it from all potential breaches of security, and any such breach of security could have an adverse effect on the business, results of operations and/or financial condition of the Continuing Group and the Government and Health Businesses.

*The Group may be obliged to assume material obligations to provide defined benefit pension benefits to public sector employees acquired by Tribal in the course of its service delivery activities*

The Group is seeking to grow its service delivery activities, a significant proportion of which may come through contracts with the UK public sector. This may involve transfers of staff from the public sector to Tribal, under which Tribal could be obliged to provide matching defined benefit pension arrangements. The Group already provides such benefits to a number of its employees. The assumption of such pension commitments can require significant funding over an extended period, and places the risk for the provision of future pensions on the Group. In order to mitigate this risk, the Group monitors the performance and investment strategy of pension funds carefully, and maintains a close working relationship with pension fund trustees to ensure it influences and manages these commitments effectively.

### 3.2 **Market risks**

*The Group's performance will be affected by general economic and market conditions*

The Group's sales, expenses and operating results could vary significantly from period to period as a result of a variety of factors, some of which are outside the Group's control. These factors include general economic conditions, conditions specific to each of the markets served by the Continuing Group and the Government and Health Businesses, capital expenditure and economic and political activities (including the extent of taxation and any governmental regulation).

*The Group is exposed to changes in public sector spending*

Given the significance of public sector contracts to the Group, any cut in relevant public spending could have, and has already had, a material adverse effect on the businesses, results of operations and financial condition of the Continuing Group and the Government and Health Businesses. In addition, any change in Government policy away from using independent providers for relevant services could have similar effects. Changes in Government policy or cuts in public spending may occur for a variety of reasons, none of which is in the control of the Continuing Group or the Government and Health Businesses.

As explained in paragraph 1 of this Part II, the Continuing Group's operations will be less diversified following Completion and accordingly any changes in Government policy or public spending affecting the education sector in which the Continuing Group operates would have proportionately greater impact on the business and financial condition of the Continuing Group. The international operations of the Education Business carried on by the Continuing Group described in paragraph 6 of Part I of this document may mitigate some of the risk of changes in relevant domestic public sector spending.

*The Group's regulatory environment may change in the future*

The Group's operations are subject to relevant laws and regulations. There can be no assurance that its operations will not be subject to increased regulations which could have a material adverse effect on the business (including, without limitation, increasing its administrative or regulatory compliance costs or by restricting its operations) of the Continuing Group or the Government and Health Businesses. There can be no assurance on the level of costs that the Continuing Group or the Government and Health Businesses will need to support in order to comply with any new regulations or law to which they might become subject.

*The Group is exposed to high levels of competition which may increase in the future*

There is already a high level of competition in the markets in which the Group provides its services. Any such increase could further limit the future ability of the Continuing Group and the Government and Health Businesses to maintain their market share and revenue levels. Many contracts have high levels of sustained bidding activity and/or bidding for longer periods in more complex situations, which increases the strain on available financial resources for the Continuing Group and the Government and Health Businesses.

*Industry standards change*

The markets for the Group's products and services are characterised by evolving industry standards and increasingly sophisticated customer requirements. Changing customer requirements and the introduction of products and services embodying new technology and the emergence of new industry standards may render the existing products and services of the Continuing Group or the Government and Health Businesses obsolete and unmarketable and may exert downward pressure on the pricing of existing products and services. It is critical to the success of the Continuing Group and the Government and Health Businesses that they are able to anticipate changes in technology or in industry standards and successfully develop and introduce new, enhanced and competitive products and services on a timely basis.

Neither the Continuing Group nor the Government and Health Businesses can give assurances that they will successfully develop new products and services or enhance and improve their existing products and services or that new or enhanced products and services will achieve market acceptance. The potential inability of the Continuing Group and the Government and Health Businesses to develop products and services that are competitive and that meet customer needs could have a material adverse effect on the business, financial condition and operations of the Continuing Group and the Government and Health Businesses.

*The Group is dependent upon key intellectual property*

The Group's success depends in part on its ability to protect its rights in its intellectual property. The Group relies upon various intellectual property protections, including copyright, trademarks, trade secrets and contractual provisions, to preserve its intellectual property rights. Despite these precautions, it may be possible for third parties to obtain and use the Group's intellectual property without its authorisation.

Enforcing intellectual property rights can be difficult and expensive. To protect the intellectual property of the Continuing Group or the Government and Health Businesses, the relevant group may become involved in litigation which, even if successful, could result in substantial expense, divert the attention of its management, cause significant delays, materially disrupt the conduct of the business or adversely affect the revenue, financial condition and operations of the Continuing Group or the Government and Health Businesses.

#### **4. Risks relating to the Continuing Group**

##### **4.1 Business risks**

*The Continuing Group's strategy of overseas expansion may expose it to additional risks*

The geographic footprint of the Education Business carried on by the Continuing Group has been expanding in recent years, and the Continuing Group now has operations in a number of overseas jurisdictions, including the USA, Middle East, Australia and New Zealand. The Directors intend to pursue further targeted opportunities in other overseas markets.

The Continuing Group's future success will depend in part on its ability to manage this anticipated overseas expansion. Such expansion is expected to place significant demands on management, support functions, accounting and financial control, sales and marketing and other resources. If the Continuing Group is unable to manage its overseas expansion effectively, its business and financial results could suffer.

In addition, any overseas expansion remains subject to certain risks, including possible political or economic instability, changes in laws and/or state intervention in the operation of the markets in which the Continuing Group operates. These risks, including any changes in law or regulation or shifts in political attitudes, are beyond the control of the Continuing Group and may adversely affect its business, results of operations and/or financial conditions.

##### **4.2 Market risks**

*The Continuing Group's exposure to foreign exchange risk is likely to increase*

The Continuing Group's current overseas operations expose the Continuing Group to movements in foreign currency exchange rates. It is anticipated that the Continuing Group's exposure to such movements is likely to increase in the future in light of its plans for overseas expansion. Adverse exchange rate movements could have a negative effect on the Continuing Group's business, financial condition and operating results. Whilst the Continuing Group has adopted a hedging strategy against foreign currency movements, it is likely that the Continuing Group will need to develop and enhance this strategy as the Continuing Group's exposure to foreign exchange risk increases. However, there can be no assurance that any such strategy will be effective in compensating for such adverse exchange rate movements.

## **5. Risks related to the Government and Health Businesses**

### **5.1 Business risks**

*The Government Business' overseas operations are focused on developing nations*

The Government Business involves operations in a number of overseas jurisdictions outside the United Kingdom, with a particular focus on developing nations and territories, such as Rwanda, Southern Sudan, Bangladesh and the Philippines. Overseas operations, particularly in developing nations and territories, are subject to certain risks, including possible political or economic instability, the safety and security of staff, changes in laws and/or state intervention in the operation of the markets in which the Government operates in those countries. These risks, including any changes in law or regulation or shifts in political attitudes, are beyond the control of the Government Business and may adversely affect its business, results of operations and/or financial conditions.

The Government Business future success will depend in part on its ability to effectively manage its overseas operations, in particular in developing nations and territories. Such operations are expected to place significant demands on management, support functions, accounting and financial control, sales and marketing and other resources. If the Government Business is unable to manage its overseas operations effectively, its business and financial results could suffer.

*Exposure to short-term advisory work*

The Government and Health Businesses have a significant exposure to short-term advisory work and a cost base which, at least in the short-term, has a significant fixed component. The two businesses therefore have relatively high levels of operational gearing and are exposed to material fluctuations in business activity.

### **5.2 Market risks**

*The Government Business is exposed to foreign exchange risk*

The Government Business is exposed to movements in foreign currency exchange rates, principally through its overseas Donor Aid operations, the functional currency of which is predominantly the euro or dollar. Adverse exchange rate movements could have a negative effect on the Government Business, its financial condition and results of operations. Whilst the Government Business' exposure to exchange rate fluctuations is naturally hedged to an extent as operational costs are incurred in local currency, there can be no assurance that such natural hedging, nor any wider hedging strategy adopted by the Group, will be effective in compensating for adverse exchange rate movements.

*Changes in the NHS structure may affect the Health Business' operations*

A large proportion of Tribal's Health Business income is from the NHS. The present government is implementing significant structural changes to this organisation in England. The Health Business is well placed to support these changes and the Directors perceive strong business opportunities here. However, delays in implementing the new structure, an inability to forge new commercial partnerships and unforeseen changes in the manner in which the new structure is established may have a detrimental effect on the business and financial results of the Health Business.

*Recent government policy has adversely affected the Government and Health Businesses and may continue to do so in the future*

The impact of the 2010 General Election and the policy changes introduced by the new coalition government have already had a significant and detrimental impact on Tribal's business. The Government and Health Businesses have been particularly exposed to this change because of their high dependency on advisory work, which has been an area in which public sector cost savings have been sought. Although the board believes that the outlook is now more stable, the Government and Health Businesses remain exposed to future changes in policy, particularly in respect of its impact on consultancy spend.

## **6. Risks relating to trading in Tribal Shares**

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of Tribal Shares may prove to be highly volatile and may fluctuate in response to a number of factors, some of which are beyond Tribal's control, including: changes in financial estimates by securities analysts; changes in the market valuation of similar companies; announcements of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments; loss of a major customer; additions or departures of key personnel; any shortfall in turnover or profits or any increase in losses from levels expected by securities analysts; future issues or sales of shares; and stock market price and volume fluctuations.

## PART III

### PRINCIPAL TERMS OF THE DISPOSAL

#### 1. Overview of the Disposal

The Sellers and the Buyers entered into the Disposal Agreement on 8 April 2011. Pursuant to the Disposal Agreement, Tribal, and Tribal Consulting have respectively conditionally agreed to sell to the Buyers the entire issued share capital of Tribal HELM and the business and assets (including the entire issued share capital of the TCL Subsidiaries) of Tribal Consulting. In addition Tribal and CBSL have granted to each other respectively the TCL Call Option and the TCL Put Option in relation to the intended transfer of the entire issued share capital of Tribal Consulting following Completion as described below. Tribal, Tribal Consulting and CBSL have also entered into sub-contracting arrangements in relation to certain contracts of Tribal Consulting pending any assignment or novation of such contracts to CBSL, or the acquisition by CBSL of Tribal Consulting pursuant to the terms of the TCL Put and Call Option Agreement. The obligations of Tribal Consulting under the Disposal Agreement have been guaranteed by Tribal.

#### 2. Disposal Agreement

##### 2.1 *Conditionality*

The Disposal is conditional upon the passing of the Disposal Resolution (the “**Condition**”). The Sellers have undertaken to use their reasonable endeavours to procure that the Condition is satisfied by 13 May 2011. If the Condition is not satisfied by this time, the Disposal Agreement shall terminate (unless extended by mutual agreement of the parties).

##### 2.2 *Initial Sale*

The consideration payable under the Disposal Agreement for the Initial Sale is £13.37 million, which shall be satisfied in cash on Completion. In addition, CBSL has agreed to assume the TCL Liabilities and the obligations of Tribal Consulting under the TCL Contracts and to indemnify Tribal Consulting accordingly.

##### 2.3 *Additional consideration and the TCL Put and Call Option Agreement*

Further deferred cash consideration of up to £2.5 million is payable under the Disposal Agreement in certain circumstances, as explained below.

Of the deferred consideration, £1.5 million is payable under the Disposal Agreement on completion of the TCL Share Sale following any exercise of the TCL Put Option or the TCL Call Option, or in certain other circumstances where the Buyers have satisfactorily assumed all identified material contracts of Tribal Consulting. Pending its payment, such amount will be held in a retention account (the “**Retention Account**”) and may be used by CBSL in settling any agreed or finally determined claims under the Disposal Agreement, the TCL Put and Call Agreement and certain other ancillary agreements, provided that such claims are agreed or finally determined prior to the date at which the funds in the Retention Account are otherwise due to be released to the Tribal Group.

In addition, £0.5 million is payable in circumstances where a specific key contract is novated to CBSL and certain assurances are obtained in respect of a limited number of further material contracts. This element of deferred consideration is not subject to any retention arrangements.

A further £0.5 million is to be held in a retention account pending clarification by HMRC of certain tax matters relating to the status of a number of consultants and associates engaged by Tribal Consulting and Tribal HELM. The retention amount, if not fully called upon to meet relevant liabilities, will be released to Tribal following the earlier to occur of the date of an adjudication by HMRC which enables the relevant liabilities to be reasonably determined, and the expiry of 24 months from the date of Completion.

The TCL Put Option granted to Tribal by CBSL, which requires CBSL to complete the TCL Share Sale, is conditional amongst other matters, on there being no material breach of certain restrictions in the TCL Put Option, and no material breach of certain warranties given in respect of Tribal Consulting and its subsidiaries during the period from the date of the TCL Put and Call Option Agreement to TCL Share Sale Completion. The TCL Put Option is also conditional upon: (i) certain changes taking place in tax law, and on certain tax exemptions being available to Tribal (as explained below); or (ii) HMRC confirming that the Initial Sale is effective in eliminating the Degrouping Charge (as defined below) by virtue of value transferring from Tribal Consulting on the Initial Sale. If Tribal wishes to exercise the TCL Put Option following 6 April 2012, CBSL may elect to pay the deferred consideration of £1.5 million in lieu of completing the TCL Share Sale pursuant to the TCL Put Option and may elect to terminate certain subcontracting arrangements entered into between Tribal Consulting and CBSL in such circumstances.

The TCL Call Option granted to CBSL by Tribal, which requires Tribal to complete the TCL Share Sale, is exercisable: (i) conditionally upon certain changes taking place to tax law, and on certain tax exemptions being available to Tribal (as explained below); or (ii) irrespective of whether such conditions have been satisfied, at any time after 6 April 2012 at which point the tax exposure to the Tribal Group will have materially reduced (as explained below).

Certain historic intra-group transactions could result in a material degrouping charge (the “**Degrouping Charge**”) if the shares in Tribal Consulting were to be sold by Tribal at the time of the Initial Sale. The Directors have been advised that HMRC has included draft legislation in the Finance (No.3) Bill 2010-11 (the “**Finance Bill 2011**”) which will amend the legislation giving rise to the Degrouping Charge. The proposed amendments are such that, if the changes are enacted as currently set out in the Finance Bill 2011, a disposal of the shares in Tribal Consulting would be able to be made without the majority of the adverse tax consequences described above being incurred (provided that the substantial shareholdings exemption from corporation tax (“**SSE**”) applies on the sale, in relation to which a clearance application has been made to HMRC). The changes are due to come into force on Royal Assent of the Finance Bill 2011 which is currently expected in July 2011. If the relevant provisions of the Finance Act 2011 are enacted without adverse amendment, the Directors intend to exercise the TCL Put Option (subject to such option being exercisable in accordance with its terms and to the availability of SSE in respect of the TCL Share Sale at such time) as soon as practicable following the required legislation coming into effect. If the proposed legislation is not enacted as currently set out in the Finance Bill 2011 in the form currently anticipated, the extent of the Degrouping Charge will in any event be reduced over time following the expiry of the six year statutory period applicable to each relevant intra-group transaction referred to above, the majority of which took place on or before March 2006. In addition, the business and assets sale of Tribal Consulting pursuant to the Initial Sale may prevent the Degrouping Charge arising as value will have passed out of Tribal Consulting at that time. As indicated above, the TCL Call Option is exercisable at any time after 6 April 2012 following the expiry of certain of the limitation periods referred to above. Whilst the possibility of a Degrouping Charge affecting the Tribal Group exists if the TCL Call Option is exercised at such time, the Directors believe that the possibility of a material Degrouping Charge is diminished by the passing of value from Tribal Consulting on the Initial Sale. In addition, additional mitigation strategies could be adopted by the Tribal Group to further manage the exposure.

The purpose of the TCL Put and Call Option Agreement is to enable CBSL to obtain ownership of the legal title to the TCL Contracts in addition to beneficial ownership which will pass under the other transaction documents on Completion.

The TCL Call Option is not capable of completion after the final release date for the Retention Account. If neither option is exercised by that date, and the other conditions to the release of the Retention Account are not fulfilled at that time, the balance of the Retention Account at that time will be released to the Buyers.

#### 2.4 ***Inter-company debt***

Tribal has undertaken to procure that inter-company debts owed by the Transferring Government and Health Companies to the Sellers shall be repaid to the relevant Seller on Completion and, in respect of Tribal Consulting only, on TCL Share Sale Completion, as the case may be.

#### 2.5 ***Pre-Completion and pre-TCL Share Sale Completion undertakings***

The Sellers have agreed to procure that, between the date of the Disposal Agreement and Completion, the Government and Healthcare Businesses shall be conducted in the ordinary course and that the Government and Health Companies shall not, other than in the ordinary course of business or with the consent of the Buyers, undertake certain acts including, without limitation, passing any shareholder resolutions; incurring any capital expenditure in excess of certain agreed limits; amending any material contract; paying or declaring any dividends or making any change to the share capital of the Government and Health Companies.

In addition, Tribal and Tribal Consulting have agreed to certain restrictions on the activities of Tribal Consulting prior to TCL Share Sale Completion.

#### 2.6 ***“Locked box” mechanism***

The Disposal Agreement contains a locked-box mechanism to regulate the transfer of monies to and from Tribal and the Government and Health Companies from 31 January 2011 to Completion. Tribal has agreed that, if certain restricted payments are made by any Government and Health Companies between 31 January 2011 and Completion, it shall pay to the relevant Buyer in cash at Completion an amount on a pound for pound basis equal to such payments. The relevant Buyer has also agreed to pay likewise to the relevant Seller in the event of any payment of certain additional monies required to be made available to the Government and Health Companies in the ordinary course prior to Completion.

#### 2.7 ***Termination rights***

If at any time on or before Completion:

- (a) the Sellers have breached certain warranties as to capacity and title;
- (b) the Condition is not satisfied by 13 May 2011;
- (c) the Sellers are in breach of the pre-Completion obligations referred to in clause 2.4 to such a degree which in the Buyers’ reasonable opinion (acting in good faith) has a material adverse effect on the business, operations, assets, liabilities, or financial position of the Government and Healthcare Businesses taken as a whole; or
- (d) the Buyers become aware of any fact or circumstance arising from today’s date which in the Buyer’s reasonable opinion (acting in good faith) has a material adverse effect on the business, operations, assets, liabilities or financial or trading position of the Government and Health Businesses taken as a whole,

then the Buyers may terminate the Disposal Agreement, provided that the Disposal Agreement will terminate automatically if the Condition is not satisfied by 13 May 2011 (unless extended by mutual agreement of the parties).

Materiality for these purposes means an adverse effect which does or will result in a diminution of £1,000,000 or more in either the net assets or the profit of the Government and Health Businesses.

#### 2.8 ***Warranties and indemnities***

The Sellers have given certain warranties to the Buyers which are customary for a transaction of this nature, including warranties concerning the Government and Health Companies, accounts and financial matters, trading and contracts, regulatory and legal matters, the assets of the Government and Health Companies, intellectual property, employment, pensions and properties.

The parties have given certain customary indemnities in relation to employment matters. In addition to such customary warranties, Tribal has given an indemnity in respect of certain matters relating to the status of SDP Regeneration Services 2 Limited and its ability to participate in the London Pensions Fund Authority Pension Fund, an indemnity in respect of an intra-group business transfer effected prior to the date of the Disposal Agreement, and a further indemnity in respect of certain lease obligations of Tribal HELM.

## 2.9 ***Tax***

It has been agreed that sufficient cash will be left in Tribal HELM and the TCL Subsidiaries to cover any of their tax liabilities to 31 January 2011 and, in respect of Tribal Consulting and the remaining Consulting Subsidiaries, to cover any tax liabilities at TCL Share Sale Completion. Tribal will take advantage of group relief to reduce the corporation tax liabilities as close to nil as possible.

Tribal has covenanted to the relevant Buyers to pay to it a sum equal to any tax liabilities of the relevant Transferring Government and Health Companies arising on or before Completion and any tax liabilities in respect of Tribal Consulting and the remaining Consulting Subsidiaries on or before TCL Share Sale Completion, as the case may be, except to the extent that those liabilities are provided for in the accounts prepared for in the locked box mechanism or arise in the ordinary course since 31 January 2011.

Tribal has also given certain standard tax warranties to the relevant Buyers in respect of the historic tax position of Tribal HELM and the TCL Subsidiaries. Tribal will also give a set of warranties in respect of Tribal Consulting and the remaining Consulting Subsidiaries when the TCL Put Option or TCL Call Option is exercised.

Claims under the tax warranties and tax covenant will be limited as briefly referred to in paragraph 2.11. In addition, no tax claims will arise for Tribal to the extent that it is able to utilise Group tax reliefs generated prior to Completion or TCL Share Sale Completion, as the case may be, to mitigate the liability. There is no tax covenant in respect of the sale of the business and assets of Tribal Consulting pursuant to the Initial Sale as the tax liabilities of Tribal Consulting will stay with it and not pass with the assets. Only a limited set of tax warranties is given as part of the Initial Sale.

Tribal and the Buyers believe that the transfer of the business and assets of Tribal Consulting pursuant to the Initial Sale is a transfer of a going concern for tax purposes and as a result the transfer will be outside the scope of VAT.

## 2.10 ***Defined benefit pensions liabilities***

Tribal HCH Limited and SDP Regeneration Services 2 Limited, comprising two of the Consulting Subsidiaries, participate in the Social Housing Pension Scheme and London Pensions Fund Authority Pension Fund, respectively, both of which are defined benefit schemes. These Consulting Subsidiaries are exposed to material contingent liabilities in respect of such schemes. The most recent estimates of the maximum liability to the Group under these schemes on a relevant cessation event is approximately £11.8 million in aggregate. Under the terms of the Initial Sale, both Tribal HCH Limited and SDP Regeneration Services 2 Limited will be acquired by the Buyers and the primary funding obligations in respect of such schemes will therefore pass out of the Continuing Group.

## 2.11 ***Limitations on liability***

Claims by the Buyers against the Sellers under the terms of the Disposal Agreement, the TCL Put and Call Option Agreement and certain ancillary agreements are subject to certain financial limitations that are customary for a transaction of this nature. The Sellers' liability for all claims under these agreements is capped at the amount actually received by the Sellers under the Disposal Agreement, being a maximum of £15.87 million save for claims relating to non-permitted payments by the Sellers from the locked box which must be made or notified within six months of Completion, and certain taxation matters, including in relation to the Degrouping Charge, each of which are indemnified to an unlimited level. The Sellers shall have no liability for a non-tax warranty claim unless notice of such

claim has been served on the Company within 24 months from Completion and no liability for a tax claim unless notice of such claim has been served on the Sellers within seven years from Completion or TCL Share Sale Completion, as applicable. Claims are also subject to various other limitations that are customary for a transaction of this nature.

#### **2.12 *Restrictive covenants***

The Sellers (in the case of Tribal for itself and on behalf of the Tribal Group including certain limited categories of subsequent holding companies) have agreed to enter into restrictive covenants that are customary for a transaction of this nature, subject to certain limitations, for a period of two years from Completion.

#### **2.13 *Governing Law***

The Disposal Agreement is governed by English law.

### **3. Other principal transaction documents**

#### **3.1 *TCL Put and Call Option Agreement***

In addition to the terms and conditions referred to above, the TCL Put and Call Option Agreement also contains certain negative warranties given by Tribal on an indemnity basis in respect of, amongst other matters, there being at TCL Share Sale Completion no new non-ordinary course liabilities in Tribal Consulting arising after Completion, no employees, no litigation, no third party debts and no assets (save for legal title to certain contracts and other limited assets). Tribal has also agreed that, in the period from Completion until TCL Share Sale Completion to procure that Tribal Consulting's affairs are conducted in accordance with certain specified restrictions pending any purchase of Tribal Consulting by CBSL.

#### **3.2 *Subcontracting arrangements***

Tribal, Tribal Consulting and CBSL have also entered into sub-contracting arrangements in relation to certain contracts of Tribal Consulting pending any assignment or novation of such contracts to CBSL, or the acquisition by CBSL of Tribal Consulting pursuant to the terms of the TCL Put and Call Option Agreement.

### **4. Resolution to sanction the Disposal**

The Notice of General Meeting which contains the Disposal Resolution is set out at the end of this document.

### **5. Effect of the Disposal on the Tribal Share Plans and other arrangements**

The Initial Sale will trigger the right of Transferring Employees to exercise options under the Tribal ESOS II and the Tribal Sharesave Plan. Options may be exercised within the period of six months following Completion; at the end of the six-month period unexercised options lapse. Under the Tribal Acquired Plans, options generally lapse when the optionholders' employment within the Tribal Group ceases, but the Board has discretion to allow options to be exercised for up to six months (in the case of approved options) and up to 40 days (in the case of enterprise management incentive options). If the Board exercises its discretion to allow options to be exercised, remaining options lapse to the extent unexercised at the end of the specified period. Many of the options outstanding under the Tribal Share Plans have an exercise price which is higher than the current market value of a Tribal Share. Transferring Employees who hold SAYE options will be entitled to continue their savings contract as an alternative to exercising their options. This will entitle them to receive any bonus payments due at the end of the savings period.

Tribal shares held by the SIP trustee on behalf of Transferring Employees will be transferred to the Transferring Employees (subject to the sale of sufficient Tribal shares to satisfy any income tax and National Insurance contributions liabilities). With effect from the date of Completion Transferring Employees will not be eligible to participate in future awards under the Tribal SIP.

Unvested LTIP awards held by Transferring Employees will lapse on the date of the Completion, unless the trustee considers the circumstances of their cessation of employment to be exceptional and, having consulted the remuneration committee, exercises its discretion to allow early vesting of all or part of the unvested LTIP award.

One of the Transferring Employees holds an award under the LTIP. The Remuneration Committee will be requested to determine whether, and the extent to which, the award has vested at the date of the Initial Sale.

Participation of employees of the Continuing Group in the Tribal Share Plans will continue unaffected. However, the remuneration committee may consider it appropriate to make adjustments to the performance conditions in relation to the unvested ESOS I, ESOS II and LTIP awards (if relevant).

## **6. Payments in relation to the Disposal**

No payments are due to any director or employee of Tribal or its subsidiaries (including the Government and Health Companies) in connection with the Disposal.

## **7. UK taxation in relation to the Disposal**

### **7.1 Tribal**

In respect of the Initial Sale, Tribal would be treated as making a market value sale of Tribal HELM and the TCL Subsidiaries. No chargeable gain is expected to arise on this sale due to the availability of the tax base cost.

The sale of the business and assets of Tribal Consulting pursuant to the Initial Sale will constitute a disposal for tax purposes of each asset transferred. The assets transferred include the TCL Subsidiaries as already referred to above. Due to the base cost of the various assets, it is expected that a net loss will arise as a result of these disposals and will not give rise to any corporation tax payable.

If the TCL Put Option or TCL Call Option is exercised this will trigger a disposal by Tribal of the shares in Tribal Consulting.

As a result of historic intra-group transactions, a degrouping charge may arise in Tribal Consulting triggered by the disposal. This will only be the case if Tribal Consulting holds the beneficial interest in any of the previously transferred assets at the time. It is expected that the transfer of the business and assets of Tribal Consulting under the Initial Sale may result in the beneficial ownership being transferred.

By way of additional protection, if legislation currently contained in the Finance Bill 2011 is enacted as currently drafted and if SSE applies on the sale of Tribal Consulting, any gains arising from degrouping charges from capital assets will be added to the share sale proceeds and then exempted by SSE. It is expected that SSE will apply to the sale of Tribal Consulting and clearance has been requested from HMRC in this respect.

The proposed legislation does not apply to profits arising from the sale of intangible fixed assets created since 1 April 2002 and so would not exempt all de-grouping charges which could arise. However, these should not come into charge if all the beneficial ownership passes at the point of the Initial Sale.

### **7.2 Shareholders**

There will be no United Kingdom tax consequences for Shareholders as the Disposal will not give rise to any sale of Tribal Shares.

## PART IV

### FINANCIAL INFORMATION RELATING TO THE GOVERNMENT AND HEALTH BUSINESSES

The following financial information relating to the Government and Health Businesses has been extracted without material adjustment from the consolidation schedules underlying the audited financial statements of the Group for the three years ended 31 December 2010.

The financial statements of the Group are prepared in accordance with International Financial Reporting Standards (“IFRS”).

Shareholders should read the whole of this document and not rely on the summarised financial information contained in this section.

The financial information contained in this Part IV does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006. The auditors’ reports in respect of the statutory accounts for the three years ended 31 December 2010 were unqualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985. The consolidated statutory accounts of Tribal Group in respect of the two years ended 31 December 2009 have been delivered to the Registrar of Companies. The consolidated statutory accounts of Tribal Group in respect of the year ended 31 December 2010 have not yet been filed with the Registrar of Companies.

Deloitte LLP were the auditors for the Group in respect of the three years to 31 December 2010.

The historical income statements for the Government and Health Businesses for the three years to 31 December 2010, were as follows:

	<i>Year ended 31 December</i>	<i>Year ended 31 December</i>	<i>Year ended 31 December</i>
<i>£m</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
<b>Revenue</b>	82.0	94.1	70.8
Cost of sales	(61.9)	(72.6)	(58.7)
<b>Gross profit</b>	20.1	21.5	12.1
Other administrative expenses	(12.7)	(15.6)	(14.8)
Operating profit after other administrative expenses but before exceptional administrative expenses, amortisation and goodwill impairment	7.4	5.9	(2.7)
Exceptional administrative expenses	–	–	(4.2)
Amortisation of IFRS 3 intangibles	(0.2)	(0.7)	(0.7)
Goodwill impairment	–	(30.7)	(51.6)
<b>Total administrative expenses</b>	(12.9)	(47.0)	(71.3)
Operating profit/(loss)	7.2	(25.5)	(59.2)
Finance costs	(0.7)	(0.6)	(0.9)
<b>Profit/(loss) before tax</b>	6.5	(26.1)	(60.1)
Taxation	(2.0)	(1.4)	2.3
Profit/(loss) from discontinued operations	1.8	(7.1)	–
<b>Profit/(loss) for the period</b>	6.3	(34.6)	(57.8)

#### Notes

Included in administrative expenses are management charges made which cover a portion of central and head office costs. There has been no allocation of central and head office costs not covered by the management charges.

The Tribal Group finance cost has been allocated to the Government and Health Businesses on the basis of capital employed.

The Tribal Group tax charge has been allocated to the Government and Health Businesses by applying the effective tax rate to the profit/(loss) before tax.

The historical statement of net assets for the Government and Health Businesses, as at 31 December 2010, was as follows:

	<i>£m</i>
<b>Summary of assets and liabilities</b>	
<b>Non-current assets</b>	
Goodwill	22.5
Other intangible assets	2.9
Property, plant and equipment	2.2
Deferred tax asset	0.3
	<hr/> 27.9
<b>Current assets</b>	
Trade and other receivables	38.5
Cash and short-term deposits	5.3
	<hr/> 43.8
<b>Total assets</b>	<hr/> 71.7
<b>Current liabilities</b>	
Trade and other payables	(66.0)
Corporation tax payable	2.0
	<hr/> (64.0)
<b>Non-current liabilities</b>	
Pension liabilities	(0.9)
	<hr/> (0.9)
<b>Total liabilities</b>	<hr/> (64.9)
<b>Net assets</b>	<hr/> 6.8

## PART V

### UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The unaudited pro forma statement of net assets set out below has been prepared to illustrate the effect of the Disposal on the consolidated net assets of Tribal Group at 31 December 2010 as if the Disposal had taken place at 31 December 2010.

The information, which is produced for illustrative purposes only, by its nature addresses a hypothetical situation and therefore does not represent the actual financial position of the Group.

The unaudited pro forma net assets statement is compiled on the basis set out below from the audited consolidated balance sheet of Tribal Group as at 31 December 2010 and from the financial information for Government and Health Businesses set on out in Part IV of this document and in accordance with the requirements of Listing Rule 13.3.3R.

	<i>Adjustments</i>				<i>Pro forma</i>
		<i>Government and Health at</i>	<i>Other</i>	<i>Disposal</i>	<i>Continuing</i>
	<i>31 December</i>	<i>31 December</i>	<i>adjustments</i>	<i>adjustments</i>	<i>Group as at</i>
	<i>2010</i>	<i>2010</i>			<i>31 December</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>2010</i>
	<i>Note (i)</i>	<i>Note (ii)</i>	<i>Note (iii)</i>	<i>Note (iv)</i>	<i>Note (v)</i>
<b>Non-current assets</b>					
Intangible assets					
– Goodwill	95.1	(22.5)	–	–	72.6
– Other	7.8	(2.9)	–	–	4.9
Property, plant and equipment	6.2	(2.2)	–	–	4.0
Deferred tax asset	3.3	(0.3)	–	–	3.0
	<u>112.4</u>	<u>(27.9)</u>	<u>–</u>	<u>–</u>	<u>84.5</u>
<b>Current assets</b>					
Inventories and work in progress	0.6	–	–	–	0.6
Trade and other receivables	34.9	(38.5)	24.5	2.5	23.4
Cash and short-term deposits	14.7	(5.3)	–	14.6	24.0
Assets held for sale	4.3	–	–	–	4.3
	<u>54.5</u>	<u>(43.8)</u>	<u>24.5</u>	<u>17.1</u>	<u>52.3</u>
<b>Current liabilities</b>					
Trade and other payables	(50.8)	66.0	(53.9)	(1.2)	(39.9)
Corporation tax payable	(2.2)	(2.0)	–	–	(4.2)
Provisions	(0.5)	–	–	–	(0.5)
Liabilities held for sale	(5.4)	–	–	–	(5.4)
	<u>(58.9)</u>	<u>64.0</u>	<u>(53.9)</u>	<u>(1.2)</u>	<u>(50.0)</u>
<b>Net current (liabilities)/assets</b>	<u>(4.4)</u>	<u>20.2</u>	<u>(29.4)</u>	<u>15.9</u>	<u>2.3</u>
<b>Non-current liabilities</b>					
Bank loans	(33.2)	–	–	3.2	(30.0)
Pension liabilities	(1.2)	0.9	–	–	(0.3)
Derivative financial instruments	(2.2)	–	–	–	(2.2)
Deferred tax liabilities	(1.0)	–	–	–	(1.0)
Other payables	(0.7)	–	–	–	(0.7)
	<u>(38.3)</u>	<u>0.9</u>	<u>–</u>	<u>3.2</u>	<u>(34.2)</u>
<b>Net assets</b>	<u>69.7</u>	<u>(6.8)</u>	<u>(29.4)</u>	<u>19.1</u>	<u>52.6</u>

## Notes

The unaudited pro forma statement of net assets as at 31 December 2010 has been compiled on the following basis:

- (i) The net assets of Tribal Group at 31 December 2010 have been extracted without material adjustment from the audited consolidated balance sheet of the Tribal Group.
- (ii) The net assets of the Government and Health Businesses as at 31 December 2010 have been extracted without material adjustment from the historical financial information set out in Part IV of this document.
- (iii) Other adjustments represent intra-group assets and liabilities included in the Government and Health Businesses' reported net assets which will not form part of the disposal. These assets and liabilities will be written off or written back either prior to or after completion.
- (iv) The disposal adjustments include the net consideration on disposal of £12.6 million (£13.4 million gross proceeds, less £0.8 million of transaction costs), plus a further £2.5 million deferred consideration payable following the exercise of the Consulting Put Option. An adjustment is included to provide for onerous lease liabilities and redundancy costs on completion (total £1.2 million). The disposal adjustments also include £5.2 million of cash reported in the Government and Health Businesses at 31 December 2010 on the basis that the Transaction will (bar £0.1 million of cash) be cash-free, debt-free. The adjustments are scheduled out in more detail below.

	<i>£m</i>
Cash consideration on completion	13.4
Transaction costs	(0.8)
<b>Net consideration on completion</b>	<b>12.6</b>
Government and Health Businesses' cash retained on completion	5.2
Assumed onerous lease liabilities and closure costs	(1.2)
Deferred consideration	2.5
<b>Total disposal adjustments</b>	<b>19.1</b>
Applied to reduce bank loans to £30m	3.2
Deferred consideration included in other receivables	2.5
Onerous lease liabilities and closure costs included in other payables	(1.2)
Balance received as cash/cash retained on completion	14.6
<b>Total</b>	<b>19.1</b>

- (v) The unaudited pro forma statement of net assets does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Save for the adjustments outlined above, no account has been taken of the trading or other transactions of the Group since 31 December 2010.

## PART VI

### ACCOUNTANT'S REPORT ON THE UNAUDITED PROFORMA STATEMENT OF NET ASSETS

**Deloitte.**

Deloitte LLP  
Abbots House  
Abbey Street  
Reading RG1 3BD

The Board of Directors  
on behalf of Tribal Group plc  
87-91 Newman Street  
London  
W1T 3EY

Investec Bank plc  
2 Gresham Street  
London  
EC2V 7QP

11 April 2011

Dear Sirs,

#### **Tribal Group plc (the “Company”)**

We report on the pro forma financial information (the “Pro forma financial information”) set out in Part V of the Class 1 circular dated 11 April 2011 (the “Circular”), which has been prepared on the basis described in notes thereto, for illustrative purposes only, to provide information about how the disposal of the Government and Health Businesses might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2010. This report is required by Annex I item 20.2 of Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) as applied by Listing Rule 13.3.3R and is given for the purpose of complying with that requirement and for no other purpose.

#### **Responsibilities**

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Pro forma financial information in accordance with Annex I item 20.2 and Annex II items 1 to 6 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

It is our responsibility to form an opinion, in accordance with Annex I item 20.2 of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept

responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

### **Opinion**

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

Deloitte LLP  
Chartered Accountants

*Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see [www.deloitte.co.uk/about](http://www.deloitte.co.uk/about) for a detailed description of the legal structure of DTTL and its member firms.*

**Member of Deloitte Touche Tohmatsu Limited**

## PART VII

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Directors, whose names are set out in paragraph 4.1 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. The Company

- 2.1 Tribal is a public company limited by shares and incorporated in England and Wales under the Companies Act 1985 with registered number 4128850.
- 2.2 The legal and commercial name of the Company is Tribal Group plc. The registered office and principal place of business of the Company is at 87 – 91 Newman Street, London, W1T 3EY. The telephone number of the Company's registered office is 0207 323 7100.

#### 3. Working capital

In the opinion of the Company, taking into account available bank facilities and the net proceeds of the Disposal, the Continuing Group has sufficient working capital for its present requirements that is, for at least the 12 months following the date of this document.

#### 4. Directors

- 4.1 The names of the Directors and their principal functions at the date of this document are as follows:

John Ormerod	<i>Chairman</i>
Peter Martin	<i>Chief Executive</i>
Keith Evans	<i>Chief Operating Officer</i>
Stephen Breach	<i>Group Finance Director</i>
Lady Katherine Innes Ker	<i>Non-Executive Director</i>
Mathew Masters	<i>Non-Executive Director</i>
Simon Ball	<i>Non-Executive Director</i>

#### 5. Directors' interests in Tribal Shares

- 5.1 As at the close of business on 8 April 2011 (being the latest practicable date prior to the publication of this document), the voting rights held, directly or indirectly, by the Directors, any member of their immediate families or any person connected with them (within the meaning of section 252 of the Companies Act 2006) in the issued share capital of the Company, all of which are beneficial, are as follows:

<i>Name</i>	<i>Number of Tribal Shares</i>	<i>Percentage of issued share capital</i>
John Ormerod	50,000	0.0%
Peter Martin	505,062	0.5%
Stephen Breach	32,144	0.0%

Other than as disclosed in the table above, no Director has any interest in the issued share capital of the Company.

- 5.2 As at the close of business on 8 April 2011, options over Tribal Shares granted under the Tribal Share Plans to Peter Martin (being the sole Director to hold options over Tribal Shares) that remained outstanding were as follows:

<i>Tribal Share Plan</i>	<i>Number of Tribal Shares under option</i>	<i>Date of grant</i>	<i>Exercise price (p)</i>	<i>Exercise period</i>
Tribal ESOS I II	40,000	26 June 2001	283	30 June 2003–26 June 2011
Tribal LTIP	92,408	30 April 2007	Nil	23 March 2010–30 June 2011
Tribal LTIP	278,127	20 June 2008	Nil	31 March 2011–30 September 2012
Tribal LTIP	150,000	12 May 2009	Nil	31 March 2012–30 April 2012

92, 408 Tribal Shares granted to Mr. Martin pursuant to the Tribal LTIP have vested and are exercisable. All other share options awarded to Mr. Martin will lapse on cessation of his employment, pursuant to the terms of his compromise agreement summarised in paragraph 8.1(a) below.

## **6. Key individuals in the Government and Health Businesses**

- 6.1 The names and principal functions of the key individuals of the Government and Health Businesses are set out below:

<i>Name</i>	<i>Position</i>
Alan Norton	Finance Director
Kingsley Manning	Executive Chairman, Health
Robert Garner	Managing Director, Government and Society
Stephen Vinall	Managing Director, Health Advisory
Andrew Lawrence	Managing Director, Health Services
Steve Bannister	Technology and Programmes Practice Director
Juliet Osborne	Home Affairs Markets Director

- 6.2 Pursuant to compromise agreements dated 23 February and 8 April 2011, respectively, Kingsley Manning and Robert Garner have agreed that their employment with the Tribal Group will terminate on 30 April 2011.

## **7. Significant shareholdings**

As at 23 February 2011 (being the latest practicable date prior to publication of this document), the Company had been notified of the following substantial interests in shares:

<i>Name</i>	<i>Number of Tribal Shares</i>	<i>Percentage of issued share capital</i>
Hermes Pension Management	20,784,733	22.18
Caledonia Investments	17,332,191	11.03
Schroder Investment Management	3,777,402	4.03

## **8. Directors' service agreements**

- 8.1 Set out below are details of the service agreements or letters of appointment of each of the Executive Tribal Directors:

- (a) Peter Martin is a director of Tribal employed as Chief Executive Officer pursuant to the terms of a service agreement dated 3 September 2007. The agreement is terminable by either party on not less than 12 months' written notice. Mr. Martin is paid a basic annual salary of £300,000 and is entitled to receive a bonus of up to 100 per cent. of basic salary in the event that Tribal and Mr. Martin achieve certain performance objectives. Mr. Martin's basic salary and bonus are subject to annual review by the Remuneration Committee of Tribal. In addition, Mr. Martin is entitled to membership of Tribal's permanent health insurance and medical expenses schemes and to a death in service benefit providing four times his basic salary. Mr. Martin receives a contribution of 12 per cent. of his basic salary to a personal pension plan of his choice and an annual car allowance of £9,500. Save in respect of any entitlement to notice under his service

agreement, payment in lieu of accrued salary or untaken holiday entitlements, there are no provisions for compensation payable upon early termination of Mr. Martin's employment. Mr. Martin is subject to certain non-competition and non-solicitation covenants for a period of 12 months following the termination of his employment. Pursuant to a letter dated 21 July 2010 the terms of Peter Martin's service agreement were amended to include a contractual indemnity as permitted by Tribal's articles of association.

Under the terms of a compromise agreement dated 7 November 2010 Mr. Martin's employment with Tribal was due to terminate on 31 December 2010, however this has been extended by mutual arrangement until 30 April 2011. Mr. Martin will be paid £225,000 in lieu of his contractual notice period in instalments on 2 May 2011 and 1 November 2011 (or 14 days after the date on which a change of control of Tribal becomes effective, if earlier). The payment in lieu of Mr. Martin's contractual benefits, which is payable on 1 November 2011, or 14 days after the date on which a change of control of Tribal becomes effective, if earlier, is subject to him providing an undertaking that he has not and will not accept any form of employment or self employment with a salary in excess of £200,000 per annum on or before 31 October 2011. All other payments due to Mr. Martin under the terms of the compromise agreement will be made by no later than 2 May 2011. It was also agreed that 18,481 Ordinary Shares, representing loyalty shares to which Mr. Martin is entitled pursuant to the Tribal LTIP would vest. Mr. Martin has also undertaken to remain subject to the non-competition and non-solicitation covenants contained in his service agreement for a period of 12 months following the termination of his employment. In consideration for entering into the compromise agreement and agreeing to certain part-employment restrictions Mr. Martin shall also receive a payment of £75,000.

- (b) Stephen Breach is a director of Tribal and employed as Group Finance Director pursuant to the terms of a service agreement dated 12 November 2009. The agreement is terminable by either party on not less than 12 months' written notice. Mr. Breach is paid a basic annual salary of £210,000 and is entitled to receive a bonus of up to 80 per cent. of basic salary in the event that Tribal and Mr. Breach achieve certain performance objectives. Mr. Breach's basic salary and bonus are subject to annual review by the remuneration committee of Tribal. In addition, Mr. Breach is entitled to membership of Tribal's permanent health insurance and medical expenses schemes and to a death in service benefit providing four times his basic salary. Mr. Breach also receives a contribution of 12 per cent. of his basic salary to a personal pension plan of his choice which is subject to Mr. Breach contributing 5 per cent. of his basic salary to the personal pension plan, an annual car allowance of £9,500 and an annual travel allowance of £6,000. Save in respect of any entitlement to notice under the service agreement, payment in lieu of accrued salary or untaken holiday entitlements, there are no provisions for compensation payable upon early termination of Mr. Breach's employment. Mr. Breach is subject to certain non-competition and non-solicitation covenants for a period of 12 months following the termination of his employment. Pursuant to a letter dated 21 July 2010 the terms of Mr. Breach's service agreement were amended to include a contractual indemnity as permitted by Tribal's articles of association. Mr. Breach has been awarded a retention bonus of £90,000 in respect of the financial year ending 31 December 2011. This will be paid on the condition that he remains employed by the Tribal Group until 31 December 2011, or on a change of control resulting in redundancy before that time. In addition, Mr. Breach is entitled to receive an LTIP award representing 100 per cent. of basic salary. This should have been granted during 2010 as part of the Company's annual LTIP grant but could not be awarded because the Company was in a close period at the relevant time. In the event of a change of control of the Company occurring before these LTIP awards have been made, the Company has agreed to pay Mr. Breach a cash sum of £20,000 in settlement of these obligations.
- (c) Keith Evans is a director of Tribal and employed as Group Commercial Director pursuant to the terms of a service agreement dated 14 October 2009 and amended by a side letter dated 10 March 2011. The agreement is terminable by either party on not less than twelve months' written notice. Mr. Evans is paid a basic annual salary of £210,000 and is entitled to receive a

bonus of up to 80 per cent. of basic annual salary in the event that Tribal and Mr. Evans achieve certain performance objectives. Mr. Evans's basic salary and bonus are subject to annual review by Tribal. In addition, Mr. Evans is entitled to membership of Tribal's permanent health insurance and medical expenses schemes and to a death in service benefit providing four times his basic salary. Mr. Evans also receives a contribution of 10 per cent. of his basic salary to a personal pension plan of his choice which is subject to Mr. Evans contributing 5 per cent. of his basic salary to the personal pension plan and an annual car allowance of £9,500. Save in respect of any entitlement to notice under the service agreement, payment in lieu of accrued salary or untaken holiday entitlements, there are no provisions for compensation payable upon early termination of Mr. Evans's employment. Mr. Evans is subject to certain non-competition and non-solicitation covenants for a period of twelve months following the termination of his employment. Pursuant to a letter dated 15 March 2011 the terms, of Keith Evans' service agreement were amended to include a contracted indemnity as permitted by Tribal's articles of association. Mr. Evans has been awarded a retention bonus of £90,000 in respect of the financial year ending 31 December 2011. This will be paid on the condition that he remains employed by the Tribal Group until 31 December 2011, or on a change of control resulting in redundancy before that time. In addition, Mr. Evans is entitled to receive an LTIP award representing 100 per cent. of basic salary. This should have been granted during 2010 as part of the Company's annual LTIP grant but could not be awarded because the Company was in a close period at the relevant time. In the event of a change of control of the Company occurring before these LTIP awards have been made, the Company has agreed to pay Mr. Evans a cash sum of £25,000 in settlement of these obligations.

8.2 The following are summaries of the principal terms pursuant to which the Non-Executive Tribal Directors are engaged by Tribal:

- (a) Simon Ball is engaged as a non-executive director of Tribal under the terms of a letter of engagement with Tribal dated 14 May 2010 at an annual fee of £35,000. Mr. Ball is required to commit not less than 25 days per annum to the role. In circumstances where Mr. Ball is required to commit in excess of the 25 days per annum, he is entitled to an additional fee at a suitable *pro rata* rate per day. An additional payment of £10,000 was made accordingly for additional time incurred in performing his role during the year ended 31 December 2010. Mr. Ball serves as chairman of the Audit Committee of the Tribal Board and is entitled to an additional annual fee of £5,000 in respect of this role. Save in respect of any entitlement to notice under the letter of engagement, payment in lieu of accrued salary or untaken holiday entitlements, there are no provisions for compensation payable upon early termination of Mr. Ball's appointment. Mr. Ball's appointment is for a term of between two and three years but will terminate automatically if Mr. Ball is removed from office by a resolution of the Tribal Shareholders or is not re-elected to office at Tribal's annual general meeting in 2011 in accordance with Tribal's articles of association. Mr. Ball's appointment is also terminable by either Tribal or Mr. Ball on three month's written notice or immediately in circumstances of gross misconduct, Mr. Ball's bankruptcy, mental incapacity or breach of his duties as a non-executive director. Pursuant to a letter dated 21 July 2010 the terms of Mr. Ball's letter of engagement were amended to include a contractual indemnity as permitted by Tribal's articles of association.
- (b) Lady Katherine Innes Ker is engaged as a non-executive director of Tribal under the terms of a letter of engagement dated 20 November 2008 at an annual fee of £35,000. Lady Innes Ker is required to commit not less than 25 days per annum to the role. In circumstances where Lady Innes Ker is required to commit in excess of the 25 days per annum, she is entitled to an additional fee at a suitable *pro rata* rate per day. An additional payment of £12,500 was made accordingly for additional time incurred in performing her role during the year ended 31 December 2010. Lady Innes Ker serves as chairperson of the Remuneration Committee of the Tribal Board and is entitled to an additional annual fee of £5,000 in respect of this role. Lady Innes Ker also receives an additional annual fee of £5,000 in respect of her role as a Senior Independent Director. Save in respect of any entitlement to notice under the letter of

engagement, payment in lieu of accrued salary or untaken holiday entitlements, there are no provisions for compensation payable upon early termination of Lady Innes Ker's appointment. Lady Innes Ker's appointment is for a term of between two and three years but will terminate automatically if Lady Innes Ker is removed from office by a resolution of Tribal's Shareholders or is not re-elected to office at Tribal's annual general meeting in 2011 in accordance with Tribal's articles of association. Lady Innes Ker's appointment is also terminable by either Tribal or Lady Innes Ker on three months' written notice or immediately in circumstances of gross misconduct, Lady Innes Ker's bankruptcy, mental incapacity or breach of her duties as a non-executive director. Pursuant to a letter dated 13 December 2010 the terms of Lady Innes Ker's letter of engagement were amended to include a contractual indemnity as permitted by Tribal's articles of association.

- (c) Mathew Masters is engaged as a non-executive director of Tribal under the terms of a letter of engagement dated 21 October 2009 at an annual fee of £35,000. Mr. Masters' fee is paid directly to Caledonia Group Services Limited in accordance with HM Revenue and Customs Extra-statutory Concession ESC/A37. Mr. Masters is required to commit not less than 25 days per annum to the role. In circumstances where Mr. Masters is required to commit in excess of the 25 days per annum, he is entitled to an additional fee at a suitable *pro rata* rate per day and if Mr. Masters is required to chair any of the committees of the Tribal's Board, he is entitled to an additional annual fee of £5,000. An additional payment of £10,000 was made accordingly for additional time incurred in performing his role during the year ended 31 December 2010. Save in respect of any entitlement to notice under the letter of engagement, payment in lieu of accrued salary or untaken holiday entitlements, there are no provisions for compensation payable upon early termination of Mr. Masters' appointment. This appointment is for a term of between two and three years but will terminate automatically if Mr. Masters is removed from office by a resolution of the Tribal Shareholders or is not re-elected to office at Tribal's annual general meeting in 2011. Mr. Masters' appointment is also terminable by either Tribal or Mr. Masters on three months' written notice or in accordance with Tribal's articles of association immediately in circumstances of gross misconduct, Mr. Masters' bankruptcy, mental incapacity or breach of his duties as a non-executive director.
- (d) John Ormerod is engaged as a non-executive director of Tribal under the terms of a letter of engagement dated 20 May 2010 at an annual fee of £110,000. Mr. Ormerod is required to commit not less than 50 days per annum to the role. Mr. Ormerod serves as chairman of the Nomination Committee of the Tribal Board and as a member of the Remuneration Committee of the Tribal Board. In circumstances where Mr. Ormerod is required to commit in excess of the 50 days per annum, he is entitled to an additional fee at a suitable *pro rata* rate per day. Save in respect of any entitlement to notice under the letter of engagement, payment in lieu of accrued salary or untaken holiday entitlements, there are no provisions for compensation payable upon early termination of Mr. Ormerod's appointment. This appointment is for a term of between two and three years but will terminate automatically if Mr. Ormerod is removed from office by a resolution of the Tribal's shareholders or is not re-elected to office at Tribal's annual general meeting in 2011. Mr. Ormerod's appointment is also terminable by either Tribal or Mr. Ormerod on three months' written notice or in accordance with Tribal's articles of association or immediately in circumstances of gross misconduct, Mr. Ormerod's bankruptcy, mental incapacity or breach of his duties as a non-executive director/chairman. Pursuant to a letter dated 21 July 2010 the terms of John Ormerod's letter of engagement were amended to include a contractual indemnity as permitted by Tribal's articles of association.

Pursuant to the terms of a supplementary letter of engagement with Tribal dated 20 May 2010, Mr. Ormerod has agreed to serve as Chairman of Tribal for a fixed term until the date of Tribal's Shareholders AGM in 2013 but this will terminate automatically if Mr. Ormerod is removed from office by a resolution of Tribal Shareholders or is not re-elected to office at Tribal's annual general meeting in 2011 or in circumstances of gross misconduct. Mr. Ormerod was elected to the role at Tribal's AGM in 2010. Mr. Ormerod's appointment is also terminable

by either Tribal or Mr. Ormerod on three month's written notice. Mr. Ormerod is subject to six month non-compete post-termination restrictions.

- 8.3 The total emoluments receivable by the Directors will not be varied as a consequence of the Disposal.
- 8.4 The total aggregate remuneration including pension contributions and other benefits paid or granted by any member of the Group to the Directors was £1,178,000 in the year ended 31 December 2010.
- 8.5 At the date of this document, there are no loans outstanding granted by any member of the Group to the Directors nor are there any guarantees that are provided by any member of the Group for the benefit of the Directors.

## **9. Material Contracts**

### **9.1 *The Continuing Group***

In addition to the Disposal Agreement and the TCL Put and Call Option Agreement, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Continuing Group: (i) within the period of two years immediately preceding the date of this document and that are, or may be, material; or (ii) that contain any provision under which any member of the Continuing Group has any obligation or entitlement that is material to the Continuing Group at the date of this document:

#### **(a) *Tribal Resourcing Limited business and asset sale agreement***

An asset purchase agreement dated 9 February 2011 was entered into between TMP (UK) Limited (1) Tribal Resourcing Limited (2) TMP (Holdings) Limited (3) and Tribal (4), pursuant to which Tribal Resourcing Limited disposed of the trade and assets of the Advertising and E-Solutions business streams of Tribal Resourcing Limited to TMP (UK) Limited ("TMP"). The consideration for the disposal comprised an initial payment of £1 and a further deferred consideration arrangement whereby TMP will pay to Tribal Resourcing 20 per cent. of the revenue received for three years following completion from existing clients for the Advertising and E-Solutions business streams up to a maximum deferred consideration of £6,000,000. Tribal guaranteed Tribal Resourcing's obligations under the agreement and TMP (Holdings) Limited guaranteed TMP's obligations under the agreement. The agreement contains customary representations, warranties and indemnities in connection with the disposal.

#### **(b) *Nightingale Architects Limited share purchase agreement***

A share purchase agreement dated 1 June 2010 was entered into between Tribal Group Property Holdings Limited ("TPHL") (1) IBI Holdco Limited (IBI) (2) Tribal Group (3) and IBI Group (4) for the disposal by TPHL of Nightingale Architects Limited to IBI, a subsidiary of IBI Group, a Canada based international architectural, urban and transportation systems design firm. Tribal guaranteed certain of TPHL's obligations under the agreement. The aggregate consideration payable in cash under the agreement was limited to £13.1 million, of which £8,172,250 was paid in cash at completion. A further payment of £1,789,000 (plus interest accrued on this amount from completion) was made in December 2010. Two further cash payments of up to an aggregate of £3,127,750 (depending on certain performance conditions) are payable on 1 June 2011 and 1 June 2012. The agreement contains customary representations, warranties and indemnities in connection with the disposal.

#### **(c) *Kindred Agency Limited business and asset agreement and subscription and loan agreement***

An asset purchase agreement dated 19 October 2010 was entered into between Kindred Agency Limited ("Kindred") (1) Weald Lane Limited ("Weald", a company formed by Kindred's management team) (2) and Tribal (3), whereby Kindred disposed of its communications agency business. The consideration for the disposal was £1. Tribal guaranteed Kindred's obligations under the agreement and granted Weald the option to acquire the entire issued share capital of Kindred for £1 at any time during the period of two years from 19 October 2010. The

agreement contains customary representations, warranties and indemnities in connection with the disposal.

A subscription and loan agreement dated 19 October 2010 was entered into between, amongst others, Kindred (1) Weald (2) and Tribal (as guarantor of Kindred's obligations) (3) whereby Kindred agreed to subscribe for 605,000 deferred shares in the capital of Weald at their par value of £1 per deferred share and further agreed to subscribe for an aggregate of up to £190,000 additional deferred shares at par. Under the terms of the agreement, Kindred granted Weald an interest free loan of £100,000, repayable no later than 1 May 2011.

(d) *Newchurch Limited share acquisition*

On 27 January 2009 Tribal acquired the entire issued share capital of Newchurch Limited. The total aggregate consideration payable under the agreement is limited to £10,175,000 of which £5,175,000 was paid in cash on completion, together with the issue of Tribal Shares having a value of £2,500,000. The maximum amount of deferred consideration that remains outstanding is £2,500,000, payable in cash or in loan notes at the election of the vendors (subject to the utilisation of certain tax losses). Certain of the majority sellers gave customary representations and warranties in relation to the acquisition.

9.2 *The Government and Health Businesses*

As at the date of this document, there are no contracts other than contracts entered into in the ordinary course of business and other than the Disposal Agreement that: (i) have been entered into within the immediately preceding two years that are or may be material to the Government and Health Businesses as a whole; or (ii) contain provisions under which the Government and Health Businesses has any obligation or entitlement that is material to the Government and Health Businesses as at the date of this document.

**10. Related Party Transactions**

Save in respect of Directors' remuneration, the disposal of the communications agency business of Kindred as disclosed in paragraph 9.1(c) of this Part VII or as disclosed in the published audited consolidated financial statements of the Tribal Group for the two years ended 31 December 2009, the Company has not entered into any related party transaction during the period covered by the historical financial information contained in Part IV of this document and up to the date of this document.

**11. Litigation**

11.1 *The Continuing Group*

There have been no governmental, legal or arbitration proceedings (including, so far as the Company is aware, any such proceedings which are pending or threatened) during the 12 months preceding the date of this document, which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company and/or the Continuing Group nor, so far as the Company is aware, are any such proceedings pending or threatened.

11.2 *The Government and Health Businesses*

There have been no governmental, legal or arbitration proceedings (including, so far as the Company is aware, any such proceedings which are pending or threatened) during the 12 months preceding the date of this document, which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Government and Health Businesses nor, so far as the Company is aware, are any such proceedings pending or threatened.

## **12. Significant change**

### **12.1 *The Continuing Group***

Save as disclosed in relation to the change in net debt from £18.5 million at 31 December 2010 to approximately £30.1 million at 28 February 2011 due to the reversal of the favourable working capital terms obtained from third parties at the 31 December 2010 year end, there has been no significant change in the financial or trading position of the Continuing Group since 31 December 2010.

### **12.2 *The Government and Health Businesses***

There has been no significant change in the financial or trading position of the Government and Health Businesses since 31 December 2010, being the date to which the financial information relating to the Government and Health Businesses as set out in Part IV of this document has been drawn up.

## **13. Consents**

13.1 Investec, which is authorised and regulated in the United Kingdom by the FSA, has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which it appears.

13.2 Deloitte LLP has given and not withdrawn its written consent to the inclusion of its report set out in Part V of this document in the form and context in which it appears.

## **14. Documents available for inspection**

Copies of the documents listed below will be available for inspection at the offices of Osborne Clarke, One London Wall, London, EC2Y 5EB and at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to and including the date of the General Meeting:

- (a) the memorandum and articles of association of the Company;
- (b) the published audited consolidated financial statements of the Tribal Group for the financial years ended 31 December 2008 and 2009;
- (c) the preliminary announcement of the results for the Group for the year ended 31 December 2010;
- (d) the interim report of the Tribal Group for the six months ended 30 June 2010;
- (e) the Disposal Agreement;
- (f) the TCL Put and Call Option Agreement;
- (f) the written consents referred to in paragraph 13 above;
- (g) the material contracts referred to in paragraph 9 above; and
- (h) this document.

Dated: 11 April 2011

## PART VIII

### DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<b>Board or Directors</b>	the current board of directors of Tribal, whose names are set out on page 34 of this document
<b>business day</b>	any day, other than a Saturday, Sunday or public or bank holiday, on which banks are generally open for business in the City of London
<b>Buyers</b>	CBSL and CHL, and Buyer shall mean either of them
<b>Capita</b>	The Capita Group Plc, a company incorporated in England and Wales with registered number 02081330 whose registered office is at 71 Victoria Street, London SW1H 0XA
<b>CBSL</b>	Capita Business Services Ltd, a company incorporated in England and Wales with registered number 02299747 whose registered office is at 71 Victoria Street, London SW1H 0XA
<b>CHL</b>	Capita Holdings Limited, a company incorporated in England and Wales with registered number 06027254 whose registered office is at 17 Rochester Row, London SW1P 1QT
<b>Companies Act 2006</b>	the Companies Act 2006, as amended from time to time
<b>Company or Tribal</b>	Tribal Group plc, a company incorporated in England and Wales with registered number 4128850 whose registered office is at 87–91 Newman Street, London W1T 3EY
<b>Completion</b>	the completion of the Initial Sale in accordance with the terms of the Disposal Agreement
<b>Condition</b>	the passing of the Disposal Resolution
<b>Consulting Subsidiaries</b>	Royal Borough of Kensington Assured Homes Limited, Tribal Treasury Services Limited, Tribal HCH Limited, SDP Regeneration Services 2 Limited, Tribal Property and Planning Limited, RSe Consulting Limited, Westhill Consulting Limited and CCSD Services Limited
<b>CREST</b>	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations)
<b>Disclosure and Transparency Rules</b>	the disclosure and transparency rules of the UK Listing Authority made under section 73(A) FSMA, as amended from time to time
<b>Disposal</b>	the Initial Sale and the TCL Share Sale
<b>Disposal Agreement</b>	the agreement in respect of the Disposal dated 8 April 2011 between (1) Tribal (2) Tribal Consulting and (3) CBSL and (4) CHL
<b>Disposal Resolution</b>	the ordinary resolution to approve the Disposal to be proposed at the General Meeting and set out in the Notice of General Meeting
<b>Education Business</b>	the education business of the Tribal Group, carried on by Tribal Education as at the date of this document

<b>Euroclear</b>	Euroclear UK and Ireland Limited, the operator of CREST
<b>Executive Tribal Director</b>	an executive director of Tribal
<b>Form of Proxy</b>	the form of proxy accompanying this document, for use at the General Meeting
<b>FSA</b>	the United Kingdom Financial Services Authority
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended from time to time
<b>Government and Health Businesses</b>	the Government Business and the Health Business
<b>Government and Health Companies</b>	Tribal Consulting and the Transferring Government and Health Companies
<b>Government Business</b>	the government business of the Tribal Group carried on by Tribal HELM and Tribal Consulting as at the date of this document
<b>General Meeting</b>	the general meeting of the Company convened by the Notice of General Meeting to be held at 9.30 a.m. on 28 April 2011 at the offices of Osborne Clarke, One London Wall, London EC2Y 5EB or any reconvened meeting following any adjournment thereof, to consider and, if thought fit, to approve the Disposal Resolution
<b>Group or Tribal Group</b>	Tribal and its subsidiaries, including Tribal HELM and Tribal Consulting
<b>Health Business</b>	the health business of the Tribal Group carried on by Tribal Consulting as at the date of this document
<b>HMRC</b>	HM Revenue & Customs
<b>Initial Sale</b>	the proposed sale of the entire issued share capital of Tribal HELM and the business and assets (including the TCL Subsidiaries) of Tribal Consulting
<b>Investec</b>	Investec Bank plc, a company incorporated in England and Wales with registered number 489604 whose registered office is at 2 Gresham Street, London EC2V 7QP
<b>Listing Rules</b>	the rules and regulations made by the FSA under Part VI of FSMA, as amended from time to time
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Long Stop Date</b>	13 May 2011
<b>LTIP</b>	the Tribal Group plc Long Term Incentive Plan
<b>NHS</b>	National Health Service
<b>Non-Executive Tribal Director</b>	a non-executive director of Tribal
<b>Notice of General Meeting</b>	the notice of General Meeting set out at the end of this document
<b>Ordinary Shares or Tribal Shares</b>	ordinary shares of five pence each in the capital of the Company
<b>Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No.3755)

<b>Retention Account</b>	the retention account referred to in paragraph 5 of Part I of this document
<b>Sellers</b>	Tribal and Tribal Consulting
<b>Shareholders</b>	holders of Ordinary Shares
<b>subsidiary and subsidiary undertaking</b>	have the meanings given to them in the Companies Act 2006
<b>TCL Call Option</b>	the conditional call option granted by Tribal to CBSL in respect of the entire issued share capital of Tribal Consulting
<b>TCL Contracts</b>	certain of the contracts entered into by Tribal Consulting in relation to the Health Business
<b>TCL Group</b>	the Tribal Group as constituted from time to time following the Initial Sale and the TCL Share Sale, as the case may be
<b>TCL Liabilities</b>	certain of the liabilities of Tribal Consulting incurred in relation to the Health Business
<b>TCL Put and Call Option Agreement</b>	the agreement in respect of the TCL Call Option and the TCL Put Option to be entered into between (1) Tribal and (2) CBSL pursuant to the Disposal Agreement
<b>TCL Put Option</b>	the conditional put option granted by CBSL to Tribal in respect of the entire issued share capital of Tribal Consulting
<b>TCL Share Sale</b>	the sale of the entire issued share capital of Tribal Consulting in accordance with the terms of the TCL Put and Call Option Agreement
<b>TCL Share Sale Completion</b>	the completion of the TCL Share Sale in accordance with the terms of the TCL Put and Call Option Agreement
<b>TCL Subsidiaries</b>	Tribal HCH Limited, SDP Regeneration Services 2 Limited and CCSD Services Limited
<b>Transferring Employees</b>	the employees of the Government and Health Divisions
<b>Transferring Government and Health Companies</b>	Tribal HELM and the TCL Subsidiaries, and, following completion of the TCL Share Sale, Tribal Consulting and the remaining Consulting Subsidiaries
<b>Tribal Acquired Plans</b>	the Renamed HACAS Group plc 1998 Approved Share Option Scheme and the HACAS Group plc EMI Share Option Plan
<b>Tribal Consulting</b>	Tribal Consulting Limited, a company incorporated in England and Wales with registered number 4268468 whose registered office is at 87–91 Newman Street, London, W1T 3EY
<b>Tribal Education</b>	Tribal Education Limited, a company incorporated in England and Wales with registered number 4163300 whose registered office is at 87–91 Newman Street, London, W1T 3EY
<b>Tribal ESOS I</b>	the Tribal Employee Share Option Scheme adopted on 16 January 2001
<b>Tribal ESOS II</b>	the Tribal Employee Share Option Scheme adopted on 7 February 2001

<b>Tribal HELM</b>	Tribal HELM Corporation Limited, a company incorporated in Northern Ireland with registered number NI025165 whose registered office is at Helm House, Demesne Court, 88 Main Street, Moira, County Armagh, Northern Ireland BT67 0LH
<b>Tribal LTIP</b>	the Tribal Long Term Incentive Plan adopted on 7 February 2001
<b>Tribal Share Plans</b>	the Tribal Acquired Plans, Tribal ESOS I, Tribal ESOS II, Tribal LTIP, Tribal Sharesave Plan and Tribal SIP
<b>Tribal Sharesave Plan</b>	the Tribal Savings Related Share Option Scheme
<b>Tribal SIP</b>	the Tribal Share Incentive Plan established on 23 January 2006
<b>UK Listing Authority or UKLA</b>	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland

References to “£” and “p” or “pence” are to pounds sterling and pence being the lawful currency of the United Kingdom.

# TRIBAL GROUP PLC

(Registered in England and Wales under the Companies Act 2006 with registered number 4128850)

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Tribal Group plc (the “**Company**”) will be held at 9.30 a.m. on 28 April 2011 at the offices of Osborne Clarke, One London Wall, London EC2Y 5EB, for the purpose of considering and, if thought fit, passing the following resolution which shall be proposed as an ordinary resolution.

### Ordinary Resolution

THAT the proposed disposal of the entire issued share capital of Tribal HELM Corporation Limited and the business and assets, and entire issued share capital, of Tribal Consulting Limited and the entire issued share capital of certain of its subsidiaries (the “**Disposal**”) as described in the circular to the shareholders of the Company dated 11 April 2011 (the “**Circular**”) and on the terms and subject to the conditions of the sale and purchase agreement dated 8 April 2011 between Tribal Group plc, Tribal Consulting Limited, Capita Business Services Ltd and Capita Holdings Limited (the “**Disposal Agreement**”) and the put and call option agreement to be entered into between Tribal Group plc and Capita Business Services Ltd (the “**Put and Call Agreement**”) (as both are described in the Circular and copies of which agreements are produced to the meeting and for, for identification purposes, initialled by the chairman of the meeting) be and is hereby approved and that the directors of the Company (or any duly authorised committee thereof) be and are hereby generally and unconditionally authorised to do or procure to be done all such acts and things and execute or procure the execution, on behalf of the Company and any of its subsidiaries, of all such deeds and documents as they may consider necessary, expedient or desirable in order to implement and complete the Disposal and any matters incidental to the Disposal in accordance with the terms and conditions of the Disposal Agreement and the Put and Call Agreement and to agree such amendments and variations to and waivers of such terms and conditions as the directors of the Company (or any duly authorised committee thereof) may in their absolute discretion think fit (provided such amendments, variations or waivers are not material in the context of the Disposal as a whole).

### *By order of the Board*

Stephen Breach  
Company Secretary  
11 April 2011

*Registered Office:*  
87-91 Newman Street  
London  
W1T 3EY

### NOTES:

1. A member who is entitled to attend, speak and vote may appoint a proxy to attend, speak and vote instead of him.
2. A proxy need not also be a member of the Company but must attend the General Meeting in order to represent his appointer. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A form of proxy is enclosed. The notes to the form of proxy include instructions on how to appoint the Chairman of the General Meeting or another person as proxy. To be effective the form must reach the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU by 9.30 a.m. on 26 April 2011. You may submit your proxy electronically using The Share Portal Service at <http://www.capitashareportal.com>.
3. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company at 6.00 p.m. on 26 April 2011 (or if the General Meeting is adjourned, two working days before the time fixed for the adjourned General Meeting) shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.
4. If you are a person who has been nominated by a member to enjoy information rights in accordance with section 146 of the Companies Act 2006, note 1 above does not apply to you but you may have a right under an agreement between you and the member by whom you were nominated to be appointed or to have someone else appointed, as a proxy for the meeting. If you have no such right or do not wish to exercise it, you may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

5. To appoint a proxy or to amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent (ID RA10) by 9.30 a.m. on 26 April 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsor or voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings, please refer to the CREST Manual (available at [www.euroclear.com/CREST](http://www.euroclear.com/CREST)).
6. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. Members attending the meeting have the right to ask and, subject to the provisions of the Companies Act 2006, the Company must cause to be answered, any questions relating to the business being dealt with at the meeting.
8. As at 8 April 2011 (being the latest practicable date prior to the publication of this notice of General Meeting) the Company's issued share capital consisted of 93,695,985 ordinary shares of 5p each carrying one vote each. Therefore the total voting rights in the Company as at 8 April 2011 are 93,695,985.
9. The following information is available at [www.tribalgroup.com/investors](http://www.tribalgroup.com/investors): (i) the matters set out in this notice of General Meeting; (ii) the total numbers of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting; (iii) the totals of the voting rights that members are entitled to exercise at the meeting; and (iv) members' statements, members' resolutions and members' matters of business received by the Company after the date on which notice of the meeting was given.
10. You may not use any electronic address provided in either this notice of general meeting or any related documents (including the Circular and the accompanying form of proxy) to communicate with the Company for any purposes other than those expressly stated.

