

## Notice of Annual General Meeting

Notice is hereby given that the 2010 Annual General Meeting of The Capita Group Plc will be held at Deutsche Bank, 1 Great Winchester Street, London, EC2N 2DB, on Tuesday 11 May 2010 at 11am to transact the business set out below. Resolutions 1 to 9, 13 and 14 will be proposed as ordinary resolutions and resolutions 10 to 12 will be proposed as special resolutions:

1. To receive the financial statements and the reports of the Directors and the Auditors for the year ended 31 December 2009.
2. To approve the Directors' remuneration report for the year ended 31 December 2009.
3. To declare a final dividend of 11.2p per ordinary share.
4. To re-elect Paul Pindar as a Director.
5. To re-elect Simon Pilling as a Director.
6. To re-elect Bill Grimsey as a Director.
7. To reappoint Ernst & Young LLP as Auditors of the Company.
8. To authorise the Directors to fix the remuneration of Ernst & Young LLP.
9. That the Directors are generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares ("Allotment Rights"), but so that:
  - (a) the maximum amount of shares that may be allotted or be made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £4,249,438.17;
  - (b) this authority shall expire on 10 November 2011 or, if earlier, on the conclusion of the Company's next Annual General Meeting;
  - (c) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted or Allotment Rights to be granted after such expiry; and
  - (d) all authorities vested in the Directors on the date of the notice of this meeting to allot shares or to grant Allotment Rights, or to allot relevant securities (as defined in the Companies Act 2006), that remain unexercised at the commencement of this meeting are revoked.
10. That the Directors are empowered pursuant to Section 570 of the Companies Act 2006 to allot equity securities, as defined in Section 560 of that Act, pursuant to the authority conferred on them by resolution 9 in the notice of this meeting or by way of a sale of treasury shares as if Section 561 of that Act did not apply to any such allotment, provided that this power is limited to:
  - (a) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the Financial Services Authority's listing rules) or any other pre-emptive offer that is open for acceptance for a period determined by the Directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the Directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and
  - (b) the allotment of equity securities (other than pursuant to paragraph (a) above) with an aggregate nominal value of £643,854.25, and shall expire when the authority conferred on the Directors by resolution 9 in the notice of this meeting expires save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry.
11. That any general meeting of the Company that is not an Annual General Meeting may be called by not less than 14 clear days' notice.

12. That the Company is generally and unconditionally authorised pursuant to Section 701 of the Companies Act 2006 to make market purchases (as defined in Section 693 of that Act) of ordinary shares of the Company provided that:
- (a) the maximum aggregate number of such shares that may be acquired under this authority is 62,298,429;
  - (b) the minimum price (exclusive of expenses) which may be paid for such a share is its nominal value;
  - (c) the maximum price (exclusive of expenses) which may be paid for such a share is the maximum price permitted under the Financial Services Authority's listing rules or, in the case of a tender offer (as referred to in those rules), 5% above the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange's Daily Official List) for the five business days immediately preceding the date on which the terms of the tender offer are announced;
  - (d) this authority shall expire on 10 November 2011, or if earlier, on the conclusion of the Company's next Annual General Meeting; and
  - (e) before such expiry the Company may enter into a contract to purchase shares that would or might require a purchase to be completed after such expiry.
13. THAT:
- (a) the rules of The Capita Group Plc SAYE Plan (the "SAYE Plan"), the principal terms of which are summarised in the Appendix to this notice of meeting (a draft of which is produced to the meeting and initialled by the Chairman for the purposes of identification), are approved and adopted and the Directors of the Company are authorised to make such amendments to the SAYE Plan as may be necessary to obtain HMRC approval to the SAYE Plan and to do all things necessary to carry the SAYE Plan into effect; and
  - (b) the Directors of the Company are authorised to establish further plans based on the SAYE Plan but modified to take account of local tax, exchange control or securities laws in any overseas jurisdiction provided that the shares made available under the SAYE Plan are treated as counting towards the limits on participation in the SAYE plan.
14. THAT:
- (a) the rules of The Capita Group Plc 2010 Deferred Annual Bonus Plan (the "DAB Plan"), the principal terms of which are summarised in the Appendix to this notice of meeting (a draft of which is produced to the meeting and initialled by the Chairman for the purposes of identification), are approved and adopted and the Directors of the Company are authorised to do or procure to be done all such acts and things as they, in their absolute discretion, may consider necessary or desirable to implement the DAB Plan in accordance with its terms; and
  - (b) the Directors of the Company are authorised to establish further plans based on the DAB Plan but modified to take account of local tax, exchange control or securities laws in any overseas jurisdiction provided that the shares made available under such further plans are treated as counting towards the limits on participation in the DAB Plan.

Registered Office:  
71 Victoria Street  
Westminster  
London  
SW1H 0XA

Registered in England No: 2081330

By Order of the Board

**Gordon M Hurst**  
Company Secretary  
Dated: 8 April 2010

## Notes to the Notice of Annual General Meeting

- (1) A member who is entitled to attend and vote at the meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting.
- (2) The right of a member of the Company to vote at the meeting will be determined by reference to the register of members. A member must be registered on that register as the holder of ordinary shares by 5.30 pm on Friday 7 May 2010 in order to be entitled to attend and vote at the meeting as a member in respect of those shares.
- (3) A member wishing to attend and vote at the meeting in person should arrive prior to the time fixed for its commencement. A member that is a corporation can only attend and vote at the meeting in person through one or more representatives appointed in accordance with Section 323 of the Companies Act 2006. Any such representative should bring to the meeting written evidence of his appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment. Any member wishing to vote at the meeting without attending in person or (in the case of a corporation) through its duly appointed representative must appoint a proxy to do so. Forms for the appointment of a proxy that can be used for this purpose have been provided to members with this notice of meeting. If you do not have a proxy appointment form and believe that you should have one, or if you require additional forms, please contact Capita Registrars on 0871 664 0300 (Calls cost 10p per minute plus network extras, lines are open 8.30am to 5.30pm Monday to Friday). If calling from abroad, please call +44 208 639 3399. To be valid, a proxy appointment form must be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Capita Registrars, Proxy Department at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by 11 am on Friday 7 May 2010. Alternatively, a member may appoint a proxy online by following the instructions for the electronic appointment of a proxy at [www.capitashares.co.uk](http://www.capitashares.co.uk). To be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received by the same time. Members who hold their shares in uncertificated form may also use "the CREST voting service" to appoint a proxy electronically, as explained below. Appointing a proxy will not prevent a member from attending and voting in person at the meeting should he so wish.
- (4) Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under Section 146 of the Companies Act 2006 (a "nominated person") may have a right under an agreement between him and that member to be appointed, or to have someone else appointed, as a proxy for the meeting. If a nominated person has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in note 1 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.
- (5) As at 29 March 2010 (the latest practicable date prior to the printing of this document) (i) the Company's issued share capital consisted of 625,737,578 ordinary shares, carrying one vote each, and (ii) the total voting rights in the Company were 622,984,294.
- (6) Each member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting which, in accordance with Section 319A of the Companies Act 2006 and subject to some exceptions, the Company must cause to be answered. Information relating to the meeting which the Company is required by the Companies Act 2006 to publish on a website in advance of the meeting may be viewed at [www.capita.co.uk](http://www.capita.co.uk). A member may not use any electronic address provided by the Company in this document or with any proxy appointment form or in any website for communicating with the Company for any purpose in relation to the meeting other than as expressly stated in it.
- (7) It is possible that, pursuant to members' requests made in accordance with Section 527 of the Companies Act 2006, the Company will be required to publish on a website a statement in accordance with Section 528 of that Act setting out any matter that the members concerned propose to raise at the meeting relating to the audit of the Company's latest audited accounts. The Company cannot require the members concerned to pay its expenses in complying with those sections. The Company must forward any such statement to its auditors by the time it makes the statement available on the website. The business which may be dealt with at the meeting includes any such statement.

- (8) CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in “the CREST voting service” section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a “CREST proxy appointment instruction”) must be properly authenticated in accordance with the specifications of CREST’s operator, Euroclear UK & Ireland Limited (“Euroclear”), and must contain all the relevant information required by the CREST Manual. To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Capita Registrars (ID RA 10), as the Company’s “issuer’s agent”, by 11 am on Friday 7 May 2010. After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message’s receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer’s agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on “Practical limitations of the system”. In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.
- (9) Please note the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that the members subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.

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

### 1. Resolution 1 – Financial statements and reports 2009

For each financial year the Directors are required to present the Directors' report, the audited accounts and the Auditors' reports to shareholders at a general meeting. The financial statements and reports laid before the 2010 AGM are for the financial year ending 31 December 2009.

### 2. Resolution 2 – Directors' remuneration report

The Company is required by law to prepare a Directors' remuneration report for each relevant financial year and to seek shareholder approval for that report at the general meeting before which its annual accounts are laid. The result of this resolution is advisory only and the Directors' entitlement to remuneration is not conditional on this resolution being passed. The Directors' remuneration report is on pages 79 to 84 of the 2009 Annual Report and Accounts.

### 3. Resolution 3 – Declaration of a Final Dividend

The payment of a final dividend requires the approval of shareholders in general meeting. The Directors recommend a final dividend in respect of 2009 of 11.2 pence per ordinary share. Subject to approval of this resolution by the shareholders, the final dividend will be paid on 24 May 2010 to ordinary shareholders who are on the register of members on 16 April 2010 in respect of each ordinary share.

### 4. Resolutions 4 to 6 – Re-election of Directors

Under the Company's Articles of Association Directors are obliged to retire by rotation at Annual General Meetings and may not serve beyond three years without being re-elected by shareholders. The Directors who now fall due for retirement and re-election, through separate resolutions numbered 4 to 6, are Paul Pindar, Simon Pilling and Bill Grimsey. Brief biographical details of the Directors seeking re-election can be found on pages 70 to 71 of the 2009 Annual Report and Accounts. All three individuals were subject to appraisal by the other Board members prior to their being put forward for appointment by shareholders. In accordance with the Combined Code, the Board has concluded that both Paul Pindar and Simon Pilling continue to be effective Executive Directors and that Bill Grimsey continues to be an effective Non-Executive, showing commitment to their roles, and making the necessary time available for Board and Committee meetings and other duties as required.

### 5. Resolutions 7 and 8 – Appointment and remuneration of Auditors

The Company is required to appoint an auditor to serve for each financial year of the Company. The appointment must be made before the end of the general meeting before which accounts are laid. Ernst & Young LLP have indicated that they are willing to continue as the Company's Auditors for another year. Resolution 7 is, therefore, to appoint Ernst & Young LLP as Auditor for the financial year ending 31 December 2010. As a separate resolution, resolution 8 authorises the Directors to determine the remuneration of the Auditors.

### 6. Resolution 9 – Renewal of Directors' authority to allot shares

The Directors are currently authorised to allot relevant securities (which include ordinary shares and preference shares) of the Company, but their authorisation ends on the date of the Annual General Meeting. This resolution seeks to renew the Directors' authority to allot shares. This year is the first time the Directors are seeking such an authority under the provisions of the Companies Act 2006. Other than changes to statutory references and a minor change in terminology, the allotment authority under the new Act has the same effect as under the Companies Act 1985.

This resolution would give the Directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal value equal to £4,249,438.17 (representing 205,584,817 ordinary shares). This represents 33% of the total ordinary share capital in issue (excluding treasury shares) as at 29 March 2010, being the latest practicable date prior to the publication of this document. The renewed authority will remain in force until 10 November 2011 or, if earlier, the conclusion of the Company's next Annual General Meeting. As at 29 March 2010, the Company held 2,753,284 treasury shares, being approximately 0.44% of the total ordinary share capital in issue (exclusive of treasury shares).

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

## 7. Resolution 10 – Disapplication of statutory pre-emption rights

Resolution 10, which will be proposed as a special resolution, seeks to renew the authority conferred on the Directors at last year's Annual General Meeting to issue equity securities of the Company (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings. This year is the first time the Directors are seeking such an authority under the provisions of the Companies Act 2006. Other than changes to statutory references, the disapplication authority under the new Act has the same effect as under the Companies Act 1985. Other than in connection with a rights or other similar issue or scrip dividend (where difficulties arise in offering shares to certain overseas shareholders and in relation to fractional entitlements) the authority contained in this resolution will be limited to an aggregate nominal value of £643,857.27 (representing 31,149,215 ordinary shares). This represents approximately 5% of the Company's issued ordinary share capital (excluding treasury shares) as at 29 March 2010 (being the latest practicable date prior to the publication of this document). The renewed authority will remain in force until on 10 November 2011 or, if earlier, on the conclusion of the Company's next Annual General Meeting.

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

## 8. Resolution 11 – Notice of General Meetings

The Companies (Shareholders' Rights) Regulations 2009 amended the Companies Act 2006 with effect from August 2009. The effect of one of the changes has been to increase the notice period for general meetings of the Company to 21 days. The Company is currently able to call general meetings (other than an AGM) on 14 clear days' notice and would like to preserve this ability. In order to be able to do so, shareholders must approve the calling of meetings on 14 clear days' notice. Resolution 11 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company must also make a means of electronic voting available to all shareholders before it can call a general meeting on 14 clear days' notice.

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

## 9. Resolution 12 – Authority to make market purchases of ordinary shares

Resolution 12, which will be proposed as a special resolution, is to renew the authority granted to the Directors at last year's Annual General Meeting, which expires on the date of the forthcoming Annual General Meeting, and to give the Company authority to buy back its own ordinary shares in the market as permitted by the Companies Act 2006.

The authority limits the number of ordinary shares that could be purchased to a maximum of 62,298,429 which represents approximately 10% of the issued ordinary share capital of the Company (excluding treasury shares) as at 29 March 2010, (being the latest practicable date prior to the publication of this document). The authority also sets minimum and maximum prices. The renewed authority will remain in force until on 10 November 2011 or, if earlier, on the conclusion of the Company's next Annual General Meeting.

The total number of options to subscribe for ordinary shares for all executive and employee share schemes of the Company which were outstanding as at 29 March 2010 (the latest practicable date prior to publication of this document) was 16,671,024 which represents 2.68% of the issued share capital of the Company (excluding treasury shares) and would represent 2.97% of the issued share capital of the Company (excluding treasury shares) if the full authority to repurchase ordinary shares as proposed by resolution 12, was exercised. As at 29 March 2010, the Company held 2,753,284 treasury shares, being approximately 0.44% of the total ordinary share capital in issue (exclusive of treasury shares).

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

## 10. Resolution 13 and 14 – Renewal of the DAB Plan and SAYE Plan

The Company is proposing to renew the DAB and SAYE Plans. The DAB Plan is intended to replace the 2005 Deferred Annual Bonus Plan which the Company has operated since 2005, but which is due to expire this year. The SAYE is intended to replace the 2000 Savings Related Share Option Scheme which the Company has operated since 2000, but which is also due to expire this year.

A summary of the principal terms of the proposed renewal of the DAB Plan and the SAYE Plan are set out in the Appendix to this document. The rules of the DAB and the SAYE Plans will be available for inspection at the Company's registered office at 71 Victoria Street, Westminster, London, SW1H 0XA from the date of this document until the close of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes before and during the meeting.

## 11. Recommendation

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

# APPENDIX

## Summary of the principal terms of the proposed Capita Group Plc SAYE Plan

### 1. General

The SAYE Plan is intended to be a share option plan designed to be approved by the HMRC so that the participants enjoy certain tax benefits. The SAYE Plan shall be administered by the Board or a duly authorised committee.

### 2. Eligibility

All UK executive full-time directors and employees of the Company and participating companies within the Group with at least five years service are entitled to participate. The Board may also permit executive directors and employees with a shorter period of service to participate in the SAYE Plan.

It is intended that invitations to apply for options over shares under the SAYE Plan will be made to all eligible employees and executive Directors who are employed on the date invitations under the SAYE Plan are issued.

### 3. The Savings Contract

To participate in the SAYE Plan, an eligible employee must enter into a Save-As-You-Earn contract (the "Savings Contract") with a savings carrier approved by the Company agreeing to make monthly contributions of between £5 and £250 for a period of three, or five years. A tax free bonus is payable after the end three, five or seven years. The savings together with the tax free bonus are used to buy shares on the exercise of an option at the option price.

### 4. Option price

Options granted to buy shares under the SAYE Plan will have an option price determined by the Board, which will be not less than 80% of market value of the shares at the time of grant or, if higher and shares are subscribed for, their nominal value.

### 5. Grant of options

The number of shares over which options may be granted must, as nearly as possible, be equal to, but not more than the number of shares which may be purchased out of the repayment proceeds (including, where the Board so allow, any bonus) of the relevant Savings Contract at the option price.

Invitations to join the SAYE Plan may be issued within 42 days following the date on which the SAYE Plan is adopted by the Company. Thereafter, invitations will normally only be issued in the 42 days following the announcement by the Company of its results for any period.

No invitations may be issued later than ten years after the approval of the SAYE Plan by shareholders.

Options may be satisfied with newly issued shares, treasury shares and shares purchased in the market by the Company's employee benefit trust.

No payment will be required for the grant of an option.

### 6. Benefits not Pensionable

Benefits under the SAYE Plan are not pensionable and options are not transferable (other than on death in which case they may be exercised by a participant's personal representatives).

### 7. Limits on the issue of shares

Following the limits in the existing plan, the maximum number of shares which may be used for the SAYE will be the greater of the following two limits:

- In any ten year period not more than 10% of the issued ordinary share capital of the Company from time to time may be issued or issuable pursuant to rights acquired under the SAYE Plan and any other employees' share scheme operated by the Company.
- In any 12 month period not more than 1% of the issued ordinary share capital of the Company from time to time may be issued or issuable pursuant to rights acquired under the SAYE Plan and any other employees' share scheme adopted by the Company.

For the purposes of this limit, options or other rights to acquire shares which lapse or have been released do not count. However, shares issued out of treasury will count towards the limits so long as required by the ABI.

## 8. Exercise of options

Options will only normally be exercisable for a period of six months commencing on the third, fifth or seventh anniversary (as the case may be) of the starting date of the related Savings Contract and, if not exercised by the end of that period, the option will lapse.

Earlier exercise may, however, be permitted early in specified circumstances, including cessation of employment as a result of death, injury, disability, redundancy, retirement or the sale of the subsidiary or business for which the participant works or in the event of a takeover of the Company.

On the early exercise of options, shares can only be purchased at the option price using the proceeds of the Savings Contract including any bonus.

## 9. Rights attaching to shares

All shares allotted or transferred under the SAYE Plan will rank equally with all other ordinary shares of the Company for the time being in issue (save as regards any rights attaching to such shares by reference to a record date prior to the date of allotment or transfer) and the Company will apply for any new shares issued under the SAYE Plan to be admitted to the Official List.

## 10. Takeover of the Company

In the event of a takeover, reconstruction or winding up of the Company, options may be exercised within six months of the change of control. Alternatively, options may be exchanged for new equivalent options where appropriate.

## 11. Variation of capital

In the event of any rights or capitalisation issue, subdivision, consolidation, reduction or other variation of share capital, the Board may make (subject to receiving prior approval of the HMRC) such adjustments as they consider appropriate to the number of shares subject to options and/or the price payable on the exercise of options.

## 12. Alterations to the SAYE Plan

The Board may alter the provisions of the SAYE Plan in any respect (subject to the approval of HMRC – where required) provided that the prior approval of shareholders in general meeting is obtained for alterations or additions to the advantage of participants to provisions relating to eligibility, limits on participation and the number of new shares available under the SAYE Plan, terms of exercise, the basis for determining a participant's entitlement to, and the terms of options and adjustment of options.

The requirement to obtain the prior approval of shareholders will not, however, apply in relation to any alteration or addition which is minor in nature and made to benefit the administration of the SAYE Plan, to comply with the provisions of any existing or proposed legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for the Company, any of its subsidiaries or for participants. Any amendment to a key feature of the SAYE Plan will require HMRC approval before it can take effect.

## Summary of the principal terms of the proposed Capita Group Plc Deferred Annual Bonus Plan

The Company is proposing to establish The Capita Group Plc 2010 Deferred Annual Bonus Plan (the "Plan"). The Plan is intended to replace the 2005 Deferred Annual Bonus Plan which the Company has operated since 2005 but which is due to expire this year.

### 1. Operation

The Remuneration Committee (the "Committee"), the members of which are non-executive directors of the Company, will supervise the operation of the Plan in respect of the Executive Directors and Divisional Directors of the Company.

### 2. Eligibility

Any person who is an employee or a full-time executive director of the Company or its subsidiaries (the "Group") may be selected to participate in the DAB Plan at the discretion of the Committee.

### 3. Form of Awards

Awards may be made in the form of Deferred Share Awards and Matching Share Awards. Awards are over ordinary shares in the Company.

Deferred Share Awards may be made in the form of nil-cost options, conditional rights to receive shares or as restricted (i.e. forfeitable) shares. Matching Share Awards will either be made in the form of nil-cost options or as conditional rights to receive shares.

Nil-cost options will be exercisable during a period specified by the Committee at the time of award. For the proposed initial awards in 2010, this will be three months from the vesting date.

No payment will be required for the grant of an award.

### 4. Number of Deferred and Matching Shares

The Committee will notify each selected participant of his bonus entitlement for a plan year and the proportion of annual bonus which will be represented by an award under the DAB Plan (the "Award Allocation"). For grants made under the existing plan for the 2010 financial year, the policy will be that the Award Allocation will form 70% of the pre-tax bonus relating to a Plan Year.

The number of shares over which a Deferred Share Award ("Deferred Shares") will be granted will be calculated by dividing the Award Allocation (before any deduction of tax) by the share price on the last business day preceding the date of award.

At the same time, at the discretion of the Committee, a Matching Share Award may be granted up to 1.5 shares ("Matching Shares") for every Deferred Share. The Matching Share Award will be subject to a performance condition.

The Committee proposes to apply the performance condition set out at section 6 below to the 2010 awards, which will be made under the Capita Group Plc 2005 Deferred Annual Bonus Plan (the "Existing Plan").

### 5. Vesting of Deferred and Matching Share Awards

Deferred Share Awards will be subject to a restricted period of at least three years from the date of award.

The Deferred Share Awards will normally vest on the expiry of this period. Awards may vest earlier on the cessation of Group employment (for reasons other than gross misconduct) and certain "Control Events" as set out in sections 8 and 9 below.

Matching Share Awards will vest on the third anniversary of the date of award (or other later vesting date specified at the date of award) to the extent that the performance condition has been met.

Except in the case of Deferred Share Awards granted in the form of restricted shares, the participant shall not be entitled to the legal or beneficial ownership of the Deferred Shares or Matching Shares until vesting. On vesting, the participant will be entitled to receive the vested Deferred Shares and Matching Shares subject to the Company's articles of association but free from restrictions other than any applicable dealing restrictions.

In the case of Deferred Share Awards made in the form of restricted shares, the participant will have a beneficial interest in shares held by an employee benefit trust established by the Company, subject to equivalent vesting terms and restrictions until the vesting date.

## 6. Performance conditions

The performance conditions to be attached to the vesting of the Matching Share Awards granted under the Existing Plan in 2010 will be based on the Company's average growth in earnings per share ("EPS") relative to the growth in the UK Retail Price Index ("RPI") over the three financial years starting on 1 January 2010 as follows:

- No Matching Shares will vest if the average EPS growth is less than the average growth in RPI plus 4% per annum
- 33% of the Matching Shares will vest if the average EPS growth is equal to the average growth in RPI plus 4% per annum
- 100% of the Matching Shares will vest if the average EPS growth is equal to the average growth in RPI plus 14% per annum.

The Matching Shares will vest on a straight line basis between 33% and 100% for average EPS growth between RPI plus 4% and RPI plus 14% per annum over the performance period.

There will be no retesting of performance although the Committee may vary a performance condition if events happen which cause the Committee to consider that the performance condition has ceased to be a fair measure of performance. A varied performance condition must, in the opinion of the Committee, be no more or less difficult to satisfy.

The Committee may set different performance conditions for future Matching Share Awards granted from 2011 onwards under the DAB Plan, having regard to the Company's strategic priorities, shareholder expectations and market conditions prevailing at that time.

## 7. Rights attaching to the shares

During the vesting period a Participant will not be entitled to vote or receive dividends in connection with the Deferred Share Awards or Matching Share Awards.

However, in relation to Deferred Shares and/or Matching Shares the Committee may decide to make dividend equivalent payments which will be paid at the time the Deferred Shares vest. Any dividend equivalents relating to a Matching Share Award shall only vest in proportion to the portion of the Matching Share Award that vests. Dividend equivalents can be paid in the form of cash or shares when the award vests. For the initial awards, the Committee proposes to make dividend equivalent payments on the Deferred Share Awards but not the Matching Share Awards.

All shares allotted under the DAB Plan will otherwise carry the same rights as any other issued ordinary share capital in the Company and application will be made, as required, for any new issue shares to be listed by the UK Listing Authority and traded on the London Stock Exchange.

## 8. Ceasing employment

In the event of gross misconduct, as determined by the Committee, the Deferred Share Award shall lapse.

The Matching Share Award will lapse on cessation of employment, unless the Committee in its discretion determines otherwise. If the Committee determines otherwise, it will take account of the extent to which the performance condition has been met and other relevant factors, including the time elapsed from the date of the award. It may then determine that the relevant part of the Matching Share Award shall not vest until the end of the performance period or that some or all of the Matching Share award shall vest early.

## 9. Change of control or winding-up

On a change of control ("Control Event"), all Deferred Share Awards will vest immediately and Matching Share Awards will vest pro rata to the length of time that has elapsed between the date of award and the date of the Control Event and to the extent that any performance conditions have been met at the date of the Control Event, as determined by the Committee. Similar provisions apply in the event of a voluntary winding up of the Company.

In the event of a Control Event which is an internal reconstruction, the Committee can prevent accelerated vesting and require that Deferred Share Awards and Matching Share Awards are replaced by awards over shares in the new holding company.

## 10. Variation of share capital

If there is a variation of the share capital of the Company (including without limitation a capitalisation, rights issue, open offer, consolidation, sub-division, reduction of share capital, capital distribution, demerger or other event having a material impact on the value of the shares) the Committee may make such adjustments as it reasonably considers appropriate to reflect that variation.

## 11. Amendments to the DAB Plan Rules

The Committee may amend the DAB Plan rules, provided that no amendment to the advantage of participants or eligible employees may be made to provisions relating to the key features of the DAB Plan without the prior approval of shareholders in general meeting unless the amendment is minor and made to benefit the administration of the DAB Plan, to take account of a change or proposed change in legislation or to obtain or maintain favourable (or avoid unfavourable) tax, exchange control or regulatory treatment.

Key features are: who can be a participant, the limit on the value of awards to a participant, the rights attaching to an award, the provisions relating to adjustments in the event of a variation in the Company's share capital and the amendment provisions themselves.

## 12. Employees outside the UK

Additional schedules to the rules or sub-plans can be established to operate the DAB Plan outside the UK although there is no current plan to do this. These schedules or sub-plans can vary the rules of the DAB Plan to take account of any tax, securities or exchange control laws or regulations.

## 13. Termination of the DAB Plan

Awards may be made under the Plan for a period of 10 years commencing on the date the DAB Plan is approved by shareholders (unless the Plan is terminated earlier). The termination of the DAB Plan will not affect any existing awards made under the DAB Plan.

## 14. Limits on the issue of Shares

The limits for the new Plan have been brought into line with the plan limits in the 2008 Long Term Incentive Plan.

The Plan will be subject to the limit that:

- in any ten year period, not more than 10% of the issued ordinary share capital of the Company from time to time may be issued or issuable under all the Company's employee share plans.
- not more than 1% of the issued ordinary share capital of the Company from time to time may be issued or issuable under awards made under all of the Company's employee share plans in any 12 month period.

The Committee will adopt appropriate policies to ensure that sufficient shares are available for the Plan throughout the ten year period, and may purchase shares in the market. The Committee may use treasury shares for the purposes of the Plan and transfers of such shares will count towards the limits referred to above for so long as it is a recommendation of the Association of British Insurers that they should do so.

Where awards are made over existing shares, these may be held in a discretionary employee benefit trust. The trust will also have the facility to subscribe for new shares within the limits referred to above.

## 15. Benefits not Pensionable

Any benefits received under the DAB Plan shall not form part of pensionable remuneration.

