

CAPITA

Dividend Reinvestment Plan

a convenient, easy and cost effective
way to build your shareholding

The Dividend Reinvestment Plan is a convenient, easy and cost effective way to build your shareholding in The Capita Group Plc by using your cash dividends to buy additional shares.

How the Plan works

- Your whole cash dividend is used to buy as many whole shares as possible on your behalf and
- your shares will be bought as soon as possible on or after the dividend payment date.

How do I join the Plan?

Simply complete and return the Dividend Reinvestment Plan application form attached.

Information provided in this document should not be regarded as a recommendation to buy or hold shares. If you are in any doubt as to the action you should take, please seek advice from an independent professional adviser.

If you have any questions about the information in this booklet just call the Capita IRG Trustees Limited helpline on 0870 162 3100 (or if calling from overseas +44 (0) 20 8639 2157) or e-mail ssd@capitaregistrars.com.

How much does it cost?

- 1% of the value of the shares (minimum charge of £2) plus
- stamp duty reserve tax ("SDRT") at the rate of 0.5%.

These costs will be automatically deducted from the cash dividend.

Am I eligible?

- UK shareholders – you may join the Plan if you are resident in the UK
- Overseas shareholders – please see paragraph 3 of the Terms and Conditions.

What are the application/cancellation deadlines?

Applications received less than 30 days before a dividend payment date will be effective from the next dividend. For the 2006 interim dividend, application forms must be received by 5pm on 6 September 2006.

If you are joining the Plan, you have a statutory right to cancel your participation within 14 days of your instructions to participate in the Plan being received by Capita IRG Trustees Limited by giving them notice in writing. The notice must state that you want to exercise your statutory cancellation right. You may withdraw from the Plan at any time by notifying Capita IRG Trustees Limited in writing at least 30 days prior to the dividend payment date. For full details please refer to paragraph 9 of the Terms and Conditions.

What happens when money is left over after the shares have been bought?

Following a share purchase, any remaining cash balance is carried forward and added to the next dividend. For full details please refer to paragraph 7 of the Terms and Conditions.

What are the tax implications?

You will be liable to income tax on dividends reinvested under the Plan as if you had received a cash dividend and arranged the purchase of additional shares yourself. For further details, please refer to paragraph 10 in the Terms and Conditions.

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 advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000, if you are resident in the United Kingdom, or from an appropriately authorised or recognised financial adviser, should you be resident elsewhere.

Terms and Conditions of The Capita Group Plc Dividend Reinvestment Plan

1. Introduction

The Capita Group Plc (the “**Company**”) Dividend Reinvestment Plan (the “**Plan**”) gives shareholders the opportunity to use their cash dividend to buy further shares in the Company by becoming participants (“**Participants**”) in the Plan. These further shares would be bought in the market on your behalf under a special low-cost dealing arrangement.

The Plan is administered by Capita IRG Trustees Limited (“**Capita IRG Trustees**”) or any successor Plan administrator that may be appointed.

Capita IRG Trustees Limited is a wholly owned subsidiary of Capita IRG Plc and is authorised and regulated by the Financial Services Authority (“**FSA**”) and entered on the FSA Register with registration number 184113.

This document sets out all the Terms and Conditions of the Plan. It replaces any previous terms and conditions which you may have received. Enquiries about the Plan, or these Terms and Conditions, should be addressed to **Capita IRG Trustees Limited, The Capita Group Plc Dividend Reinvestment Plan, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU** or made by telephone on **0870 162 3100** (or if calling from overseas **+44 (0) 20 8639 2157**) or by e-mail to **ssd@capitaregistrars.com**. Please note that telephone conversations may be recorded and monitored for quality control purposes and to resolve disputes.

2. How the Plan works

If you join the Plan the whole of your cash dividend (including any undistributed cash brought forward from previous dividends) will be used to purchase as many whole shares as possible on your behalf. Capita IRG Trustees will instruct the nominated broker to purchase shares under the Plan on or as soon as reasonably practicable after the relevant dividend payment date.

3. Who is eligible to participate in the Plan?

You may join the Plan provided that:

- you are not resident in the United States of America (or its territories and possessions) or in Canada and
- you do not live in any other jurisdiction outside the United Kingdom where your participation in the Plan would require the Company, Capita IRG Trustees or the broker purchasing the shares, to comply with governmental or regulatory procedures or any similar formalities.

If you are resident outside the United Kingdom you are responsible for ensuring that you may validly join the Plan and for observing all relevant formalities to enable you to buy shares through the Plan. If you are in any doubt as to whether you require any governmental or other consents or need to observe any other formalities to enable you to buy shares through the Plan, you should consult a suitable independent professional adviser.

4. What charges will I pay?

You will be charged a fee of 1% of the purchase price of the shares (minimum charge of £2) plus stamp duty reserve tax (“**SDRT**”) at the rate of 0.5%. These costs will be automatically deducted from the cash dividend to be re-invested through the Plan. Capita IRG Trustees may share any commission it receives with third parties and details of this will be given upon request.

5. At what price will the shares be bought and how many shares will I receive?

This will depend on the price of the Company's shares on the London Stock Exchange when the deal is carried out. You cannot specify a maximum or minimum price.

It may be necessary to carry out several transactions to acquire the shares needed for the Plan. The prices at which the shares are purchased may vary in which case these transactions will be aggregated and the shares will be allocated to you at the average purchase price. This may be higher or lower than the price achieved if each purchase had been made separately.

6. When will I get a Statement and Share Certificate?

It is expected that a statement will be sent to you within 10 business days of the dividend payment date. This will show how many shares have been purchased for you, the date of purchase, the purchase price and the associated costs together with the carried forward cash balance. The actual cost of the shares (including the purchase commission and stamp duty reserve tax) will form your base cost for United Kingdom capital gains tax purposes.

If you hold your shares in 'certificated' form, you will receive a share certificate. Please note that these documents are posted at your risk.

If you hold your shares through the "CREST" system, shares will be credited to your CREST account and you will receive by post a CREST notification.

7. What happens when money is left over after the shares have been bought?

Any cash dividend remaining which was insufficient to purchase a whole share will be carried forward without interest and added to future dividends for reinvestment under the terms of the Plan. Any cash held on your behalf will be treated as client money, as described in the FSA rules. Further information on this is set out below.

Upon withdrawal from the Plan, any residual cash balance of £3.00 or more will be sent to you by cheque on the payment date of the next dividend. Further information on this appears under paragraph 10.

8. How do I join in the Plan?

To join the Plan, just complete and sign the Dividend Reinvestment Plan application form enclosed with this document (if you have not already given the Company a Dividend Reinvestment Plan application form) and return it to Capita IRG Trustees at the address stated on the form or, alternatively, apply on-line at www.capitashares.co.uk. Forms may be obtained from Capita IRG Trustees.

The Dividend Reinvestment Plan application form must reach Capita IRG Trustees (either by post or on-line) no later than 30 days prior to the dividend payment date. Applications to join the Plan received after that date will take effect from the next dividend.

The Company may, at its discretion, and upon application in writing to Capita IRG Trustees, permit a registered shareholder to re-invest the cash dividend payment relating to a lesser number of shares than the full holding where such a shareholder is acting on behalf of two or more beneficial owners. The remaining cash dividend will automatically be paid on the shares which are not included in the Plan. These elections will apply only to one dividend and a fresh mandate must be given for each dividend.

Capita IRG Trustees reserves the right not to accept an application to join the Plan.

Once your application to participate in the Plan has been accepted, future dividends will be reinvested under the Plan until such time as you withdraw from the Plan or the Plan is suspended or terminated in accordance with these Terms and Conditions.

9. How can I withdraw from the Plan (including cancellation)?

If you are joining the Plan, you have a statutory right to cancel the Plan within 14 days (the “**Cancellation Period**”) after receipt by Capita IRG Trustees of a satisfactorily completed application form, by giving Capita IRG Trustees notice in writing to the address given in paragraph 1. The notice must state that you want to exercise your statutory cancellation right.

Cancellation will not apply to any transactions already started at the time the notice is received. There is no statutory right to cancel after expiry of the Cancellation Period but you may withdraw from the Plan at any time by sending Capita IRG Trustees either a letter to that effect or by using the online withdrawal process at www.capitashares.co.uk to provide notification of your intention to revoke your mandate. In either case, your notification of withdrawal must reach Capita IRG Trustees no later than 30 days prior to the payment date for a dividend if the Plan is not to apply to that dividend.

If you hold your shares in certificated form and you sell or transfer your entire shareholding before the last date for the receipt of Plan elections for a particular dividend, your Plan mandate will be cancelled. Any fractional cash balance remaining will be dealt with as detailed in the terms of the Plan.

However, if your sale or transfer is registered between the last date for Plan elections and the payment date for a particular dividend, you will receive additional shares under the Plan in respect of that dividend.

If you hold your shares in uncertificated form, and you sell or transfer your entire shareholding, your Plan mandate will be cancelled and any cash balance outstanding will be dealt with as detailed above. However, if your sale or transfer is registered between the record date and payment date for a particular dividend, you will receive additional shares under the Plan in respect of that dividend.

10. What are the tax implications?

If you are in any doubt as to your taxation position, whether in relation to the receipt of a dividend or arising from your purchase of shares pursuant to the Plan, you should contact an independent professional adviser.

Tax legislation can change from time to time. Please note that there is the possibility that other taxes or costs may exist that are not paid through Capita IRG Trustees or imposed by it.

You will be liable to income tax on dividends reinvested under the Plan as if you had received a cash dividend and arranged the purchase of additional shares yourself.

United Kingdom resident shareholders may, depending on their circumstances, be liable to capital gains tax on chargeable gains in respect of gains arising from a sale or other disposal of the shares. Shareholders resident in other jurisdictions should take their own local advice on the tax consequences of buying, holding, and disposing of shares.

11. Important note

The value of shares and the income from them can fall as well as rise and you may not recover the amount of money you invest. Past performance should not be seen as indicative of future performance. No information provided in this document should be regarded as a recommendation to buy or hold shares. You should note that the price of shares may change significantly between the time you decide to join the Plan and the date the shares are purchased. If you are in any doubt as to the action you should take, please seek advice from an independent professional adviser who, if you are taking advice in the United Kingdom, is a stockbroker, bank manager, solicitor, accountant or other financial adviser authorised pursuant to the Financial Services and Markets Act 2000 (“**FSMA**”).

12. Other terms and conditions of the Plan

All purchases of shares under the Plan will be made for you, on an Execution Only basis (in accordance with the FSA rules).

Capita IRG Trustees and its agents may effect transactions notwithstanding that they have a direct or indirect material interest or a relationship of any description with another party which may involve a conflict with its duty to Participants under the Plan. Capita IRG Trustees will not be able to consult you about this but will try to ensure that the terms of any transaction are as favourable to you as those carried out with a third party at arm's length.

Capita IRG Trustees is authorised to disclose any information regarding shareholders and their participation in the Plan to the Company, any relevant authority, or as required by such authority, whether by compulsion of law or not. Capita IRG Trustees will not be liable for any disclosure made in good faith provided that Capita IRG Trustees believes that such disclosure has been made in accordance with the foregoing requirements. All documents sent by post or electronic means are sent at your risk and neither the Company, Capita IRG Trustees nor the nominated broker will be liable for any failure to receive any document. All communications in relation to the Plan will be in the English language.

The main business of Capita IRG Trustees is the provision of trustee and ancillary services.

The operation of the Plan is subject always to the discretion of the Company. The Plan may be amended, suspended or terminated at any time. If the Plan is so amended, suspended or terminated notice will be given to all Participants as soon as is reasonably practicable. If you decide to participate in the Plan you will be deemed to have agreed that any mandate which you may have given to the Company for the payment of cash dividends directly to your bank or building society account shall be suspended for so long as you remain a Participant in the Plan.

Where shares are held jointly by 2 or more shareholders, continued participation in the Plan by the survivor(s) may continue following the death of a shareholder at the Company's discretion.

Capita IRG Trustees may, from time to time, modify or replace these Terms and Conditions (including charges and fees) and will give you at least 30 days' prior notice of any change that could affect your rights against us or liabilities to us. In particular, we may modify these Terms and Conditions for the following reasons:

- to comply with applicable laws and regulations
- to reflect decisions of the Financial Ombudsman Service
- to comply with new industry guidance and codes of practice
- to reflect changes in the Bank of England base rate, other specified market rates or indices or tax rates
- to rectify errors, inaccuracies or ambiguities; or to take account of any corporate restructuring within the Capita Group or
- to reflect alterations in the scope and nature of the services provided to you under these Terms and Conditions resulting from the alterations made to our agreement with the Company or our system capabilities or administration procedures.

If you have received our written notice and do not agree with the proposed changes, you may terminate our mandate at any time without charge (see paragraph 9 above). Any change will be deemed to have been accepted by you if you have already instructed us to trade on your behalf after the change has taken effect.

13. Client Money

Any money held for you by Capita IRG Trustees is classified as Client Money and will be held with money held for other Participants in a client bank account with an approved bank as required by the FSA. The money will not be used by Capita IRG Trustees in any transactions other than those required by the Participant in accordance with the terms of the Plan.

Client Money will be pooled with that held on behalf of other Participants and will not accrue interest at any time. It should be noted that, whilst the cash balance for each Participant will be recorded separately, should there be a default or failure of any person (other than the Participant) such as but not limited to either Capita IRG Trustees or a bank, which results in a Pooling Event, all Client Money bank accounts held by Capita IRG Trustees may be pooled. The funds may then be distributed on a pro rata basis to all Participants which could result in each Participant receiving less back than that which is held on their behalf before such an event. Money will cease to be Client Money when it is paid to, or to the order of, the Participant or to the designated charity. However Capita IRG Trustees is obliged to continue to treat as Client Money any sums drawn in favour of or to the order of the Participant by cheque or other payable order until this is presented and paid by Capita IRG Trustees' bank.

Any cash balance of £3.00 or over will be returned to you in any of the following circumstances:

- if you withdraw from the Plan
- if you sell or transfer your entire shareholding
- if Capita IRG Trustees receives proper notice of a Participant's bankruptcy or mental incapacity or
- if Capita IRG Trustees receives proper notice of a corporate shareholder who is a Participant being placed in liquidation.

If Capita IRG Trustees receives proper notice of a sole shareholder's death, any cash balance of £3.00 or over will be returned to the deceased's estate.

Any cash balance of £2.99 or less will be donated to a registered charity of the Company's choice if any of the events described above occur.

Any balance due to a Participant which is unclaimed after 6 years will cease to be treated as Client Money and will be retained by Capita IRG Trustees subject to it having taken reasonable steps to locate you and to give you at least 28 days' notice of this eventuality. Capita IRG Trustees undertakes to make good any valid claim which may subsequently be made against any balances retained in this way and reserves the right to request such evidence as it feels necessary to confirm the identity of the person claiming these funds in order to validate any claim prior to settlement in respect of funds so removed from the Client Money account and will not be liable for any losses or claims for interest whatsoever.

14. Client Classification

Each Participant will for the purposes of the FSMA be classified as a Private Customer. These Terms and Conditions and the application form will, for the purposes of satisfying the FSMA, be regarded as the Terms of Business and any person so applying to join the Plan agrees to be bound by these.

15. Data Protection

The Data Protection Act 1998 provides protection to individuals by governing, amongst other things, the way in which personal information is held and used.

Individuals are also afforded rights of access to such information held about them.

Capita IRG Trustees hereby warrants that it will comply with its notification obligations under the Data Protection (Notification and Notification Fees) Regulations 2000 and that it will protect your personal information in accordance with the principles of the Data Protection Act 1998.

By becoming a Participant in the Plan, you agree that Capita IRG Trustees may:

- keep personal details which you or others give it, and any information Capita IRG Trustees knows from running your account on a database, and use such information to carry out the services described in these Terms and Conditions and
- disclose information concerning you to the Company; to CRESTCo Limited (if entitled to such information) which may disclose the information to regulatory, tax or governmental authorities as appropriate; to any person with legal, administrative or regulatory power over Capita IRG Trustees in respect of the Plan administration; to any replacement Plan administrator; to the broker; or to affiliated companies of Capita IRG Trustees who are involved in carrying out functions related to the Plan administration including such affiliated companies which are outside of the EEA in countries which do not have similar protections in place regarding your information and its use.

Under the Data Protection Act 1998, you are entitled, on payment of a fee, to a copy of the information we hold about you. If you believe that any information held about you is incorrect or incomplete, you may also request that it be completed or corrected. Please address any requests for information under this clause to Capita IRG Trustees Limited, The Capita Group Plc Dividend Reinvestment Plan, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

16. Financial Promotions

These Terms and Conditions constitute a financial promotion (as described in the FSA's Conduct of Business Sourcebook) of the Plan, and have been approved by Capita IRG Trustees for the purposes of Section 21 (2) (b) of FSMA.

17. Assignment and sub-contracting

You cannot assign any of your rights in the Plan. Capita IRG Trustees may assign its duties to any affiliate within the Capita Group, provided that such affiliate has obtained all authorisations necessary to become the administrator of the Plan. If the new administrator writes to you confirming that it will undertake the duties of Plan administrator, Capita IRG Trustees Limited will cease to have any duties and obligations in respect to the Plan.

Capita IRG Trustees may also choose to delegate or sub-contract any of its duties to an affiliate within the Capita Group. In such case, Capita IRG Trustees will remain responsible for the performance of its duties under these Terms and Conditions.

18. Force Majeure

Capita IRG Trustees will not be liable for any losses or expenses suffered by you as a result of a delay or failure due to circumstances beyond its reasonable control (for example, because of failure of its or another person's computer systems or telecommunications links or overriding emergency procedures or industrial disputes, strikes, postal delays, war or terrorism). Capita IRG Trustees will, where possible, take such reasonable steps as it can to bring those circumstances to an end.

19. Limitation on liability

Where the Plan is suspended or terminated, Capita IRG Trustees will suspend or cease its performance, and neither Capita IRG Trustees nor any of its agents will have any liability in respect thereof.

Capita IRG Trustees accepts no liability for any loss resulting from a delay in taking action where such delay is caused by your delay or failure to provide information, materials or data reasonably requested by Capita IRG Trustees or regulatory authorities.

Capita IRG Trustees accepts no liability for any loss of profits, opportunity or goodwill, or any type of special, incidental, indirect or consequential damage or loss suffered by you.

Capita IRG Trustees is not acting as agent for the Company and is not responsible for any acts or omissions by the Company or those of the Company's agents.

Capita IRG Trustees will not be required to expend or risk its own funds in buying shares or otherwise incur any financial liability in the performance of any of its duties.

Nothing in these Terms and Conditions shall exclude any liability which is necessary under the FSA rules, and to the extent that the FSA rules require that Capita IRG Trustees is liable for any matter, these Terms and Conditions shall be read accordingly.

20. Governing law

This document and all dealings in relation to the Plan are governed by English law. The English courts will have exclusive jurisdiction to decide on any matters relating to the Plan.

These Plan Terms and Conditions (together with the application form) constitute the entire and only agreement between you and Capita IRG Trustees relating to the provision of the Plan and supersede any previous agreements or representations in respect of the Plan.

21. Complaints

If you think that you have reason to make a complaint, please write in the first instance to:

The Capita Group Plc Dividend Reinvestment Plan
Capita IRG Trustees Limited
The Registry
34 Beckenham Road
Beckenham
Kent, BR3 4TU.

Your complaint will be fully investigated and a full resolution sought. If you remain dissatisfied, you may complain to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London, E14 9SR.

Capita IRG Trustees's complaints procedure is available upon request, but a copy will be provided automatically to you in the event of a complaint being received.

Capita IRG Trustees is a member of the Financial Services Compensation Scheme (the "**Scheme**") established under the FSMA. You may be entitled to compensation from the Scheme if Capita IRG Trustees cannot meet its obligations. This depends on the type of business and the circumstances of the claim.

Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation is £48,000. The amounts of compensation may be changed from time to time and you should check your entitlement with the Scheme. A leaflet with further details is available on request from the Scheme. Call the Scheme's Helpline on +44 (0) 207 892 7300, log on to the Scheme's website at www.fscs.org.uk or write to the Financial Services Compensation Scheme, 7th Floor Lloyds Chambers, Portsoken Street, London, E1 8BN.

Dated July 2006

Capita IRG Trustees Limited

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34 Beckenham Road
Beckenham
Kent, BR3 4TU
England
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