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FOR IMMEDIATE RELEASE

23 April 2018

Capita plc

Transformation Update and Proposed fully underwritten £701m Rights Issue

Capita plc ("Capita") is today announcing its new strategy which aims to simplify and strengthen the business in order to deliver future success. Its objective is to become a more focused and predictable, client-centric company, generating sustainable free cash flow. Capita believes that under its new strategy, through introducing greater discipline in how it operates, together with re-focusing the business on growth markets and improving cost competitiveness, it will deliver enhanced performance through increased simplification, efficiency, standardisation and focus.

The Rights Issue forms a key component of the new strategy and is being undertaken in order to provide Capita with a sustainable capital base to support its clients and operations. The proceeds of the Rights Issue will therefore be used to: (i) support the delivery of Capita’s new strategy; (ii) continue to make further investments in the business; and (iii) reduce its indebtedness in order to help achieve its target leverage ratio of between 1.0x and 2.0x adjusted net debt to adjusted EBITDA (prior to the adoption of IFRS 16). Capita has agreed a pre-payment of £150 million of US Private Placement Notes for £150 million plus an estimated make-whole payment of £7 million. Capita is targeting annualised initial cost savings of £175 million by the end of 2020. The successful implementation of the new strategy is expected to generate at least £200 million of sustainable annual, post-tax free cash flow in 2020, before exceptional and restructuring charges and additional voluntary pension contributions. Capita also expects to achieve proceeds of approximately £300 million from non-core disposals in 2018.

Capita has also confirmed today that it continues to expect that its underlying pre-tax profits, before significant new contracts, restructuring costs and implementation costs of the strategy will be between £270 million and £300 million for the year ending 31 December 2018. Capita’s trading in the first quarter of 2018 was consistent with its full-year guidance.

Capita is announcing today a fully underwritten Rights Issue to raise gross proceeds of approximately £701 million and that a Prospectus containing full details of the Rights Issue is expected to be made available on Capita's website (www.capita.com), subject to certain restrictions, later today. Capita will host a conference call for investors and analysts at 08:30 a.m. UK time this morning, details for which can be found at the end of this announcement.

Each of the Directors who holds Shares intends to take up in full his or her rights in respect of his or her Shares to subscribe for New Shares under the Rights Issue. In addition, Jonathan Lewis has committed to invest £250,000 in Shares of the Company prior to the General Meeting and intends to take up in full his rights in respect of these Shares to subscribe for New Shares under the Rights Issue.

Background and Strategy Update

- Capita has a strong platform on which to build. It has a leading market position in the UK, a blue chip client base, a significant technology offering, a large number of high-performing contracts, approximately 70,000 skilled employees and an order book that is over £8 billion

- Over the past few months, Capita has strengthened its leadership and governance, announced its intention to dispose of non-core businesses to realise total proceeds of approximately £300 million in 2018 and launched a multi-year transformation plan

- Capita has today announced its new strategy which aims to simplify and strengthen the business in order to deliver future success. Capita's objective is to become a more focused and predictable, client-centric company, generating sustainable free cash flow. Capita believes that changes to its operating model under its new strategy will deliver enhanced performance through increased simplification, efficiency, standardisation and focus

- Capita's key strategic priority will be to focus on the attractive, growing and profitable markets where it has an established leading market presence and offering, which it believes will improve revenues in the longer term. Capita continues to believe that it has a core of market-leading positions, with a portfolio of contracts with blue chip clients that are performing well. Capita believes it can strengthen its client offering and grow its market positions further across the segments and markets it currently serves

- In line with its drive for simplification, Capita has reorganised its divisional structure around five markets: software, HR, customer management, Government services and IT Services. This will increase Capita's focus upon customer management, and brings together Capita's HR businesses, under dedicated management as a single division called People Solutions, for the first time

- Capita has also formed a sixth division, Specialist Services, which includes those businesses which either (a) are not within Capita's growth markets and/or (b) have little commonality with the other divisions and/or (c) are at an early phase in their development but may be scaled up in the future

- The divisions will be supported by a common set of group capabilities including operations, sales and marketing, technology and support functions

- Capita is initially targeting annualised initial cost savings of £175 million by the end of 2020, from rationalising costs within operations, SG&A, IT, procurement, and property. This includes £70 million which is expected to be realised in the year ending 31 December 2018. The Board believes that the targeted efficiencies will not be detrimental to Capita's ability to serve its clients and its ability to win new contracts. The cost to achieve these savings is expected to be £40 million for the year ending 31 December 2018 and £110 million in total in the following two years. Capita is also targeting double-digit EBIT margins within three years

- Capita plans to increase investment in its business to upgrade key infrastructure and create differentiated offerings to drive future growth, and plans to invest a total of up to £500 million over the next three years

- Capita's objective is to become a more focused and predictable, client-centric company, generating sustainable free cash flow of at least £200 million of sustainable annual, post-tax free cash flow in 2020, before exceptional and restructuring charges and additional voluntary pension contributions

Current trading and prospects

On 31 January 2018, Capita highlighted that there is likely to be a significant negative impact on underlying profits for 2018 from contract and volume attrition, the non-recurrence of certain specific items that benefitted Capita in 2017, and increases in some cost items. Capita does not expect to be able to offset these challenges through the benefit of cost actions and new business wins. Capita continues to expect that its underlying pre-tax profits, before significant new contracts, restructuring costs and implementation costs of the strategy will be between £270 million and £300 million for the year ending 31 December 2018. Capita's trading in the first quarter of 2018 was consistent with its full-year guidance.

Details of the Rights Issue and use of proceeds

3 for 2 fully underwritten Rights Issue of 1,001,032,281 New Shares to raise gross proceeds of approximately £701 million.

The Issue Price of 70 pence per New Share represents:

- a discount of approximately 56.2 per cent. to the Closing Price of 159.8 pence on 20 April 2018 (being the last Business Day prior to the date of this announcement); and
- a discount of approximately 33.9 per cent. to the theoretical ex-rights price of 105.9 pence per New Share calculated by reference to the Closing Price on the same day

The Rights Issue will enable Capita to execute its new strategy and deliver its stated targets, including the cost reduction programme and the investment programme which is expected to, inter alia, result in the generation of at least £200 million of sustainable annual, post-tax free cash flow in 2020, before exceptional and restructuring charges, and the reduction of leverage.

The net proceeds of £662 million from the Rights Issue will provide £220 million to fund Capita's transformation programme, which includes £150 million of cost to achieve an annualised cost competitiveness saving of £175 million; and £150 million for an agreed pre-payment of £150 million of US Private Placement Notes, plus an estimated make-whole payment of £7 million. The balance of proceeds will be used to support Capita's investment programme.

Certain discretionary managed investments funds (acting through Woodford Investment Management Limited as their agent and discretionary investment manager), who in aggregate hold Shares representing approximately 10 per cent. of the Shares, have informed Capita that they are supportive of Capita's plans and the Rights Issue.

Invesco discretionary managed investment funds, who in aggregate hold Shares representing 9.08 per cent. of the Shares, have informed Capita that they are supportive of Capita's plans and the Rights Issue.

The Rights Issue, which is subject to Shareholder approval, is fully underwritten by Citigroup Global Markets Limited ("Citi") and Goldman Sachs International ("Goldman Sachs") acting as Joint Global

Coordinators, Joint Sponsors and Joint Bookrunners. Barclays Bank PLC ("Barclays") and Banco Santander, S.A. ("Santander") are acting as Joint Bookrunners.

Jon Lewis, Chief Executive Officer, commented today:

"Today we have announced a new strategy to simplify and strengthen Capita. The rights issue is a key component of this new strategy and will give Capita a stronger capital base to invest in its business and support its clients and operations. We are also reiterating our expectations for 2018 financial performance.

We have a fundamentally strong business with talented people, a blue-chip client base, some great technology and the ability to deliver value-adding services. However, the business needs to evolve. We need to simplify Capita by focusing on growth markets and to improve our cost competitiveness. We need to strengthen Capita and plan to invest up to £500 million in our infrastructure, technology and people over the next three years.

There is a lot to do, but I am confident that the plan is clear and prudent. Capita will become more predictable, have stronger operational discipline and consistently delight its clients. We expect to deliver annualised cost savings of £175 million, double-digit margins and at least £200 million of sustainable free cash flow in 2020. I truly believe that the strategy announced today will position Capita for sustainable success."

Indicative abridged timetable[1]

Publication of the Prospectus (including the Notice of General Meeting) and the Form of Proxy	23 April 2018
Latest time and date for receipt of Forms of Proxy and electronic proxy appointments	11.00 a.m. on 4 May 2018
Record Date for entitlements under the Rights Issue	Close of business on 4 May 2018
General Meeting	11.00 a.m. on 9 May 2018
Date of dispatch of Provisional Allotment Letters (to Qualifying non-CREST shareholders only)	On or about 9 May 2018
Admission and Dealings in New Shares, nil paid, commence on the London Stock Exchange	8.00 a.m. 10 May 2018
Ex-Rights Date	10 May 2018
Latest time and date for acceptance in CREST and payment in full and registration of renounced Provisional Allotment Letters	11.00 a.m. 24 May 2018
Dealings in the New Shares, fully paid, commence on the London Stock Exchange	8.00 a.m. 25 May 2018

Note:
(1) The times and dates set out in the timetable above and referred to throughout this announcement and in the Provisional Allotment Letter may be adjusted by the Company by announcement through a Regulatory Information Service, in which event details of the new dates will also be notified to the Financial Conduct Authority, the London Stock Exchange and, where appropriate, Shareholders

Prospectus

The Prospectus containing full details of the Rights Issue is expected to be made available on Capita's website (www.capita.com), subject to certain restrictions, later today.

The Prospectus will be submitted to the National Storage Mechanism and will be available for inspection at www.morningstar.co.uk/uk/nsm following publication.

The preceding summary should be read in conjunction with the full text of the following announcement and its appendices, together with the Prospectus.

Investor presentation
A presentation for institutional investors and analysts hosted by Jon Lewis will be held today, startingat 08.30am and expected to finish by 10:00 a.m. The presentation will be webcast live on www.capita.com/investors and subsequently available on demand. A dial-in facility is also available. See access details below:

Webcast:
http://www.investis-live.com/capita/5a8d973b2ce68913005b2a70/rwmi

Conference Call:
From UK: 0800 640 6441 or 020 3936 2999
From all other locations: +44 20 3936 2999
Participant access code: 165987

Participant names and company names will be collected as they dial in. Capita must be quoted to the Operator to gain access.

This call will be available on a seven day replay:

UK: 020 3936 3001
US: 1 845 709 8569
All other locations: + 44 20 3936 3001
Replay access code: 300416

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This announcement contains inside information for the purposes of article 7 of EU Regulation 596/2014.

LEI no. CMIGEWPLHL4M7ZV0IZ88.

IMPORTANT NOTICE

This is not a prospectus but an advertisement. Investors should not subscribe for the securities referred to in this advertisement except on the basis of information in the Prospectus. A prospectus will be published today in connection with the proposed Rights Issue. Copies of the Prospectus will, following publication, be available through the website of the Company at www.capita.com, provided that the Prospectus will not, subject to certain exceptions, be available (whether through the website or otherwise) to shareholders in the United States or any of the other Restricted Territories. The Prospectus will give further details of the securities being offered pursuant to the Rights Issue.

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. The information in this announcement is subject to change. Nothing in this announcement should be interpreted as a term or condition of the Rights Issue.
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The Shares may not be offered or sold in the United States absent registration or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of such jurisdiction.

The distribution of this announcement and/or the Prospectus and/or the Provisional Allotment Letter and/or the transfer of the New Shares into jurisdictions other than the United Kingdom may be restricted by law, and, therefore, persons into whose possession this announcement and/or the Prospectus and/or the Provisional Allotment Letter comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdiction.

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Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Nil Paid Rights, the Fully Paid Rights and the New Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Nil Paid Rights, the Fully Paid Rights and/or the New Shares may decline and investors could lose all or part of their investment; the Nil Paid Rights, the Fully Paid Rights and the New Shares offer no guaranteed income and no capital protection; and an investment in the Nil Paid Rights, the Fully Paid Rights and/or the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Underwriters will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Nil Paid Rights, the Fully Paid Rights and/or the New Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Nil Paid Rights, the Fully Paid Rights and/or the New Shares and determining appropriate distribution channels.

FORWARD-LOOKING STATEMENTS

This announcement contains unaudited information based on management accounts and may include forward-looking statements, which are based on current expectations and projections about future events. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target", "believe", "expect", "aim", "intend", "may", "anticipate", "estimate", "plan", "project", "will", "can have", "likely", "should", "would", "could" and any other words and terms of similar meaning or the negative thereof. These forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its subsidiaries and its investments, including, among other things, the development of its business, strategy, trends in its operating environment, and future capital expenditures and acquisitions. In light of these risks, uncertainties and assumptions, the events in the forward-looking statements may not occur. No representation or warranty is made that any forward-looking statement will come to pass. No one undertakes to update, supplement, amend or revise any such forward-looking statement. Except where otherwise indicated, the information contained herein are provided as at the date of this announcement and are subject to change without notice. The price of Shares and any income from them may go down as well as up and investors may not get back the full amount invested on disposal of the Shares. Past performance of the Company cannot be relied on as a guide to future performance.

Capita plc

Proposed 3 for 2 Rights Issue of 1,001,032,281 New Shares at an Issue Price of 70 pence per share

1 Introduction

On 31 January 2018, Capita announced that it had commenced a multi-year transformation programme and was committed to a strategic review of the business. An immediate priority was to strengthen the balance sheet and, accordingly, Capita announced that it had put in place an underwriting facility ahead of the proposed Rights Issue.

The purpose of this announcement is: (i) to provide an update on Capita's revised strategy, which has been announced today; (ii) to explain the background to and reasons for the proposed Rights Issue; (iii) to summarise the key terms and conditions of the proposed Rights Issue; and (iv) to explain why the Board considers that the proposed Rights Issue and the related Resolutions to be proposed at the General Meeting are in the best interests of Shareholders and why the Board unanimously recommends that Shareholders vote in favour of the Resolutions.

Your attention is drawn to paragraph 17 of this announcement for more information on the importance of vote.

In the opinion of the Directors, Capita has become too complex over the past few years. It has expanded beyond its core skills and failed to keep pace with a rapidly changing marketplace. It has lacked a clear medium and long-term strategy, instead taking short-term decisions to pursue near-term growth and in-year profitability at the expense of planning for long-term sustainability. Capita has taken on too many low-margin/high risk contracts and has amassed too much debt in support of acquisition-led growth. As a result, it was unable to invest in its infrastructure (especially in those functions that provide the oversight that a business of Capita's complexity requires) or to make sufficient investments in financial and operational controls for a business of its scale.

However, Capita has a strong platform on which to build. It has a leading market position in the UK, a blue-chip client base, a significant technology offering, a large number of high-performing contracts, approximately 70,000 skilled employees and an order book that is over £8 billion.

Over the past few months, Capita has strengthened its leadership and governance, announced non-core disposals and launched a multi-year transformation programme.

Capita has today announced its new strategy which aims to simplify and strengthen the business in order to deliver future success. Capita's objective is to become a more focused and predictable, client-centric company, generating sustainable free cash flow. Capita believes that changes to its operating model under its new strategy will deliver enhanced performance through increased simplification, efficiency, standardisation and focus.

The Directors believe that the financial impact of Capita's new strategy will be significant. Capita is targeting annualised initial cost savings of £175 million by the end of 2020, compared to the prior forecasted cost base. This includes £70 million which is expected to be realised in the year ending 31 December 2018, which is reflected in Capita's profit guidance that is set out in paragraph 6 below. The cost to achieve these savings is expected to be £40 million for the year ending 31 December 2018 and £110 million in total in the following two years. Capita is also targeting double-digit EBIT margins within three years.

Capita plans to increase investment in its business, as detailed below, to upgrade key infrastructure and create differentiated offerings to drive future growth, and plans to invest a total of up to £500 million over the next three years. Capita is also committed to reducing the remaining pension deficit in its defined benefit scheme over the medium term as a matter of good corporate responsibility.

The successful implementation of the new strategy is expected to generate at least £200 million of sustainable annual, post-tax free cash flow in 2020, before exceptional and restructuring charges and additional voluntary pension contributions. Capita also expects to achieve proceeds of approximately £300m from non-core disposals in 2018.

2 Background to and reasons for the Rights Issue

The completion of the Rights Issue forms a key component of the new strategy. If approved, the Rights Issue will raise £701 million of gross proceeds. The Rights Issue is being undertaken in order to provide Capita with a sustainable capital base to support its clients and operations. The proceeds of the Rights Issue will therefore be used to: (i) support the delivery of Capita's new strategy; (ii) continue to make further investments in the business; and (iii) reduce its indebtedness and help achieve its target leverage ratio of between 1.0x and 2.0x adjusted net debt to adjusted EBITDA (prior to the adoption of IFRS 16), which the Board believes is the appropriate financial leverage for companies serving similar markets, of similar size and with similar operations to Capita.

2.1 Recent history

Capita reported strong growth for much of the last two decades, supported by positive market conditions and its entrepreneurial culture. However, in recent years, Capita has experienced virtually no organic growth, with reported growth largely driven by acquisitions. Since 2016, Capita's operational and financial performance has weakened further due to cost overruns, delays and other issues in some of its key contracts.

The business process management market was weaker than expected, which has resulted in a lower level of new business wins. Capita's weaker operational performance, expanding overhead costs and reduced cash generation also led to a significant increase in leverage.

In addition, Capita was impacted by a variety of execution issues on a number of major contracts across its businesses. These included cost overruns on the PCSE contract, penalties and additional costs in relation to the TfL congestion charge contract and contract disputes in connection with certain services provided as part of the contract with The Co-operative Bank.

These factors contributed to Capita reporting an operating loss of £16.1 million for the year ended 31 December 2016 and £420.1 million for the year ended 31 December 2017, which reflected a charge for other specific items (including impairment of goodwill, intangible assets and other non-current assets of £353.5 million and £852.8 million in 2016 and 2017, respectively). Total operating loss for the year ended 31 December 2017 was partially offset by an underlying operating profit of £447.4 million, an increase of £112.8 million from underlying operating profit of £334.6 million for the year ended 31 December 2016. This increase was driven by improvements in the performance of certain contracts, the non-repetition of one off costs that occurred in 2016 and reduced costs in relation to the restructuring plan implemented in 2016. Since mid-2017 Capita has continued to experience a higher level of revenue attrition than expected, and continued to experience delays in client decision making and weakness in new sales. The business plan for the divisions, produced between December 2017 and March 2018, indicates there is likely to be a significant negative impact upon profits from contract and volume attrition. In addition, this plan indicates a significant deterioration in new business opportunities from earlier positions. These events and circumstances have led to the recognition of the impairment charge referred to above. In addition, Capita adopted IFRS 15 from 1 January 2017, which gave rise to changes in the timing of revenue and cost recognition in respect of Capita's client contracts, and resulted in Capita recording consolidated net liabilities of £929.8 million as at 31 December 2017. As a result of IFRS 15, Capita's balance sheet includes new "contract fulfilment assets" created in the process of transforming services; and a significant increase in the level of deferred income in relation to contracts where payments have been received from clients to undertake work prior to the recognition of revenue and planned outcomes being delivered. For some contracts, in particular in the life and pensions business, there are instances where this creates future profits in excess of future cash inflows. The majority of deferred income will unwind within the following 12 months and Capita aims to replace this with similar advanced payments subject to additions or changes to its contract portfolio. The impact of impairments and IFRS 15 on Capita over the past two years are discussed in further detail in the Prospectus.

Further to the announcement on 31 January 2018, Capita expects there to be a significant negative impact on total and underlying profits for 2018 from contract and volume attrition, the non-recurrence of certain specific items that benefitted Capita in 2017, and increases in some cost items. Capita also expects a free cash outflow in 2018, which will be impacted by a number of known restructuring costs presented within underlying results, non-underlying payments and working capital items. Capita expects to spend approximately £300 million in relation to known commitments, including £66 million cash costs in relation to the Connaught settlement, £51 million in relation to the separation of Capita Asset Services (including a pension contribution), £40 million in relation to realising cost savings and efficiencies from the transformation programme it is implementing as part of its strategy, £26 million restructuring costs relating to Capita's previously announced cost reduction plan, contingent and deferred considerations, professional fees in order to create and implement the proposed transformation plan and other items. In addition, Capita expects a £130 million cash outflow from the elimination of cyclical working capital management, and a £130 million cash outflow on continued reduction in deferred income, reflecting the ongoing low level of new business wins.

2.2 Change in leadership and initial findings

The Board decided in 2017 that the Company needed a change of leadership and Jonathan Lewis was appointed as Chief Executive Officer from 1 December 2017. Under Jonathan's leadership, a new Executive Committee has been constituted, comprising some of the existing management team, together with three new senior managers. With his extensive technology background and strong track record in turnaround situations, the Board believes that Jonathan brings the skills, experience and energy required to lead Capita through its current period of transformation, and the management team as a whole have the credibility, knowledge, values and behaviours required to drive Capita's business forward and achieve success across its chosen markets.

Upon taking up the position of CEO, Jonathan initiated a thorough review of the overall state of the Capita business, the results of which have shaped the design and implementation of its new strategy.

The initial focus of this review was to identify the strengths and weaknesses of the current Capita structure and operations. This has involved a systematic market-by-market review of the current attractiveness and future competitive landscape of each market, an assessment and benchmarking of Capita's capabilities and propositions, a review of internal processes and cost structure and a thorough assessment of current and potential synergies across Capita.

The key findings of this review included the following:

- Until recently, Capita's perspective was focused on short-term growth and, whilst this short-term perspective, coupled with an entrepreneurial culture, had assisted in the delivery of rapid growth in the past, it was also characterised by a lack of long-term business planning and investment in the infrastructure and resources required to support a large-scale organisation servicing increasingly complex client needs.
- This short-term sales-led approach also resulted in a failure to keep up with longer-term trends in a rapidly changing marketplace.
- Capita had become overly complex, spanning multiple markets and services, making it more challenging to maintain a competitive advantage in every business. In addition, some of Capita's offerings have featured a low level of operational, technological and commercial integration, which has led to higher costs and inefficiencies.
- This low level of current integration across divisions and their markets provides a significant opportunity to improve Capita's operating efficiency, reducing its cost base to support profit margins, and to improve operating cash flow which would be available to invest in the business.
- Investment is required across all of Capita's shared services, including its finance, IT, human resources, commercial, legal and related functions, which in some cases were inadequate and in other cases did not function effectively.
- In recent years, Capita developed a large amount of bespoke software for clients which was not scalable or reusable for other clients and would often become obsolete within a relatively short period of time. This has led to write-offs on Capita's income statement once the software had no further value to Capita. The review suggested that Capita should change its approach to software development in order to focus on reusable software tools and repeatable, scalable software.
- Effective, efficient investment in Capita's client propositions and its infrastructure is also required. A historic focus on short-term performance, and a resulting under-investment in certain key IT systems, has resulted in the current need for an increase in investment to upgrade Capita's enterprise-wide tools and software (including a more comprehensive Customer Relationship Management ("CRM") system).
- Whilst the majority of Capita's contracts have exhibited expected performance, Capita's record of successful operational delivery has been challenged recently by a number of execution issues on

some of its major contracts. A common underlying issue arises from the separation, and lack of coordination, between the sales, implementation and operations teams which has led to a lack of clear accountability across contracts. Capita needs to simplify its processes and procedures to enhance the way it bids, implements and manages its contracts.

- Capita is also seeking to strengthen its balance sheet, targeting a leverage ratio of between 1.0x and 2.0x adjusted net debt to adjusted EBITDA (prior to the adoption of IFRS 16), which can be achieved with the proceeds of the Rights Issue, the proceeds of certain non-core disposals expected later this year, and through further disposals over the next two to three years.
- Finally, it is important for Capita to develop new client offerings supporting data analytics, and to be at the forefront of business process automation in order to sharpen its competitive offering in current and future growth markets.

These initial findings have shaped and informed the design of the new strategy.

2.3 Introduction to the new strategy

Despite the recent shortcomings identified and outlined above, the Board believes Capita has a strong underlying platform upon which to build for the future:

- Capita has a leading position in the United Kingdom in many of its markets, including customer management, HR, and local government, and is also a leading strategic supplier to central government.
- In addition to the United Kingdom, Capita has a leading position in customer management across Germany and Switzerland.
- Capita has a balanced portfolio of public sector and private sector clients. Its blue-chip private sector clients view Capita as a partner who can create value as well as reduce costs, which supports profitable long-term relationships.
- Capita has a significant and differentiated technology offering in the customer management and HR markets, where it operates as a technology enabled digital platform for its clients. The market for complex digital solutions, where the vast majority of Capita's activities lie, is expected to be a large, long-term, secular growth segment. In addition, Capita is a leading independent software provider in its chosen markets including education and local government.
- As at and for the year ended 31 December 2017, Capita generated 70 per cent. of its revenue from long-term contracts (defined as contracts of over two years), and had an order book of £8.2 billion, which provides a degree of long-term revenue visibility.
- Capita has approximately 70,000 skilled employees across the UK, Europe, India and South Africa who provide value-added services.

Capita recognises that the markets in which it currently operates and client demands are changing. Clients in the business process outsourcing market are offering fewer long-term "mega deals" and more incremental sales on existing contracts, or smaller new contracts in which companies prove their value and grow over time. Clients are increasingly demanding flexible and as-a-service models, rather than one-time contracts. The services they are seeking place less reliance on generalist operational skills and more on the delivery of specialist digital platforms that deliver scale benefit and data insight. There is also an increasingly complex landscape of partners and collaborators across the value chain.

Capita needs to continue to evolve its offering to stay ahead of these changing market trends, from simply improving productivity by providing an outsourcing solution to driving value through improving client experience and insight, using innovative digital solutions and data analytics.

Underpinning all aspects of the new strategy are a number of fundamental themes, including a drive for increased simplification, efficiency, focus, standardisation and consistency of practices and culture. Capita intends to “do fewer things, better” and use a “build once, use many times” approach, which will enable Capita to take advantage of its scale in its markets and the breadth of its existing client relationships. The intended output of Capita’s new strategy is to become a more focused and predictable business with improved returns, stronger client relationships and sustainable free cash flow.

Capita’s new strategy has been designed in three discrete elements, each of which is described in more detail below.

- **Simplify**
  - Focus on strong positions with growth potential
  - Align organisation around growth markets
  - Use common and scalable capabilities
  - Cost base
- **Strengthen**
  - Leadership and governance
  - Up to £500 million investment in asset base, technology and people
  - Win more of the right work
  - Balance sheet
- **Succeed**
  - More predictable and lower risk
  - At least £200m of sustainable free cash flow in 2020[(1)]

Note:
1) Post-tax, before exceptional and restructuring charges and additional voluntary pension contributions

2.4 Strategy – Simplify

As outlined above, the markets in which Capita operates are changing quickly and new trends are emerging. The Board believes that Capita needs to be at the forefront of these changes rather than reacting to them. A key element of the new strategy is to “do fewer things, better”. Central to this will be the simplification and reorganisation of Capita’s business portfolio to focus this on growth markets where Capita has an established leading market presence. There will be a simplification of the operating model, reducing reinvention, being more selective on contract tendering, and dramatically reducing the cost base while at the same time strengthening Capita’s core client proposition, processes and tools.

2.4.1 Focus on growth markets

Capita’s key priority will be to focus on the attractive, growing and profitable markets where it has an established leading market presence and offering. The Board continues to believe that Capita has a core of market-leading positions, with a portfolio of contracts with blue-chip clients that are performing well. Capita believes it can strengthen its client offering and grow its market positions further across the segments and markets it currently serves, including the following:

1. **Software:** Capita is one of the UK’s largest software companies and is a market leader in several specialist areas such as education, utilities, local government and police and emergency services with a 3 per cent. market share as at 31 December 2017. The £15 billion market is forecast to grow at an annual growth rate of 8 per cent. through 2021. Client preferences are evolving with sector specific needs, which Capita believes will give rise to new opportunities in specialist areas. For example, “software as a service” providers have been gaining market share in recent years and Capita needs to adapt to this market trend. Capita expects to simplify its business by focusing on carefully selected specialist markets in the UK and internationally (including the market for “software as a service”), developing reusable software tools, and building a market-aligned sales force and improved go-to-market capability. Capita also intends to strengthen its offering by

investing in core products with distinctive offerings to defend position, and grow in existing and adjacent markets. Capita will create scaled, integrated shared service functions as well as a best-in-class development centre for production of standardised software. It will also invest in expanding selected products into the US market.

2. **HR:** Capita provides a full suite of HR offerings, supporting the employment lifecycle from hiring to retiring, for 6,000 clients across the private and public sectors. It focuses on recruitment, learning and benefits, and pensions administration, supported by its proprietary digital platforms, Tesselo, Orbit and Hartlink. It also provides attraction, screening, performance management and payroll services. Capita believes there is opportunity to simplify this business by bringing together its current three HR offerings into one division across recruitment, learning and benefits. Capita will seek to create a sales culture which enables customers to access multiple HR services within its portfolio. Capita has decided to merge these three existing businesses into a single division, with a new leadership team, and believes that by combining a broad capability across benefits, pensions, learning administration and recruitment outsourcing it can participate in a market valued at £5 billion in 2017 (of which it has a 10 per cent. market share), and is expected to grow at an annual growth rate of 5 per cent. through 2021. Capita is already a leading provider in most segments, such as benefits administration (where it has a 6 per cent. market share), learning process outsourcing (where it has a 21 per cent. market share) and recruitment process outsourcing (where it has a 12 per cent. market share). It will also endeavour to ensure that there are standard data extraction and management tools across all businesses. Capita intends to strengthen its value proposition in order to outperform the market by improving its core products and platforms, strengthening its analytics capability and standardising existing solutions and technological partnerships with key ERP providers to ensure its solutions can integrate with existing customer infrastructure.

3. **Customer management:** Capita is a market leader in the UK with a 16 per cent. share of a £3.8 billion total market size as at 31 December 2017. Whilst the overall market is forecast to grow at an annual growth rate of 4 per cent. through 2021, close to double digit growth is expected in higher capability areas such as revenue support. Capita is using an increasingly digital and analytics-led approach that it believes will help to reinforce Capita’s strong position in transformational outsourcing, and capture a greater share of those higher complexity transactions that are expected to grow fastest. Clients are increasingly seeing outsourcing as a partnership opportunity for value, rather than simply for transactional supply. As they look for new ways to improve their own customer management services, this provides new revenue opportunities for Capita. Capita has a leading track record in building such partnerships in the UK, and this year it is delivering the first such partnership in Germany. Capita is the second largest provider in the German and Swiss markets and expects these markets to offer a similar set of opportunities for transformational partnerships as the UK. Capita intends to exploit these opportunities to increase its market share by standardising best practices and service offerings for its clients, partnering with leading technology providers, and expanding its use of offshore resources in order to provide solutions cost effectively. It will also upgrade its infrastructure and tools, and continue to invest in its analytics capability, to expand further into sectors such as transport and travel, financial services and automotive.

4. Government

(a) **Central government (includes health, defence and education markets):** Although the opportunities for new large, long-term contracts have reduced over recent years, the Board believes that Capita will be able to utilise its strong market position (with an 11 per cent. share of a £4 billion total market size as at 31 December 2017) and proven capabilities, in particular, in large scale national operations, to focus on retenders and carefully targeted growth opportunities, supported by high performing and disciplined low-risk contract implementation. For complex deals, Capita intends to seek to build solutions which bring a best in class offering. However, unlike in the case of its software business, where Capita provides its own proprietary software solutions, in the case of large and complex central government contracts, Capita is increasingly looking to partner with IT specialists in order to mitigate the development risks and costs of these new solutions and increase the likelihood of successful outcomes. Capita expects to simplify by focusing on its core capabilities (those where Capita has a distinct advantage), and will deprioritise and avoid smaller, fragmented activities. Capita believes the addressable pipeline for central government services, by total contract value, is £3.5 billion (excluding re-tenders) through 2020. Capita will only pursue opportunities where commercial terms are acceptable. Capita intends to strengthen its business by investing in transformation capabilities, analytics and automation as well as investing in business development. In addition, following the UK's exit from the European Union there may be additional opportunities as the UK government begins to develop new policies, require new services and establish new delivery requirements in a post Brexit environment.

(b) **Local government:** Capita is the largest provider of outsourced services across local authorities in the United Kingdom, with around 15 per cent. market share of a £3 billion total market size as at 31 December 2017. It focuses on the delivery of support services to local authorities, schools and health organisations, including IT and digital transformation, collecting payments from and making payments to citizens, and back-office processing. While the number of new large deals for local authorities have been in decline in recent years, Capita believes that opportunities remain to shape the market by providing clients with a new commercial model focused on key services such as revenues and benefits, planning and regulatory services. Capita's strategic focus for local government includes developing new scalable and repeatable solutions, focusing on core capabilities while de-prioritising smaller, fragmented services, and exploiting Capita's growing capabilities in data analytics, robotics and automation. It will also focus on business development, focussing the sales team on incremental/organic growth rather than relying on larger deals with clients.

5. **IT services:** Capita is one of the top ten suppliers of IT services in the United Kingdom. Capita's IT services business acts as a technology enabler across all of Capita's services both internally and externally. The UK IT services market is forecast to grow at an annual growth rate of 1 per cent. through 2020. Clients' needs are evolving as they seek value creation through digitisation and automation, more standardised offerings with modular add-ons and improved security. The Board believes that the breadth of Capita's portfolio enables it to maintain a competitive advantage across IT service provision, however it requires a simplified organisational structure, modernised offering and an optimised operating model to better serve selective external and internal clients. Capita needs to first strengthen its capability to suit the requirements of existing clients as well as to make technology and infrastructure investments.

2.4.2 Realigned organisational structure

In line with its drive for simplification, Capita has reorganised its divisional structure around five markets: Software, HR, Customer Management, Government and IT Services. This will increase Capita's focus upon customer management, previously included in Private Sector Partnerships, and brings together Capita's HR businesses, previously split between Private Sector Partnerships and Professional Services, under dedicated management as a single division called People Solutions, for the first time.

The following table sets out the unaudited revenue for the year ended 31 December 2017 contributed by the businesses which make up each of these five divisions as sourced from management accounting records:

	Revenue
	(£ billions)
Software	0.4
People Solutions	0.5
Customer Management	0.8
Government Services	0.9
IT Services	0.4

Capita has also formed a sixth division, Specialist Services, which includes those businesses which either (a) are not within Capita's key growth markets and/or (b) have little commonality with the other divisions and/or (c) are at an early phase in their development but may be scaled up in the future. Unaudited revenue for the year ended 31 December 2017 for Specialist Services is £1.1 billion as sourced from management accounting records. The businesses within Specialist Services are mostly stand-alone operations and will be managed on a portfolio basis in order to maximise value. Capita has chosen to separate these businesses to avoid detracting from management focus on the other five growth divisions. Capita also sees real benefit in bringing these specialised businesses under dedicated management in one division.

The divisions will be supported by a common set of group capabilities including operations, sales and marketing, technology and support functions:

- Operational capabilities will be strengthened through improved contract take-on and execution processes, optimised use of offshore locations where possible and improved workforce optimisation.
- Technological capabilities will be strengthened through investing in better analytics, smarter use of data, improved proven digitisation and automation, and better technology integration.
- Sales and marketing capabilities including consistent processes around planning, project budgeting, marketing, consultative selling, account management and proposition management.
- Common and stronger support functions including HR, Finance, IT, Commercial and Legal.

2.4.3 Cost reduction

Capita has identified a significant multi-year opportunity to reduce costs and improve operational efficiency. Historically, Capita has had no ongoing structural cost management programme and has been focussed on in-year profit delivery rather than long-term efficiencies and scale. The opportunity includes reductions in general and administrative expenses, which are substantially higher than Capita's peers, centralising more procurement to leverage Capita's scale, standardising and investing in its processes and systems, increasing the use of offshoring, including scaling up its presence in India, and by increasing automation.

The Board's target is annualised initial cost savings of £175 million from the above initiatives by the end of 2020. This includes £70 million which is expected to be realised in the year ending 31 December 2018, and is reflected in Capita's profit guidance that is in paragraph 6 below. The balance is expected to be realised by the end of 2020.

These savings will come from a number of key areas:

- Operations: cost savings through offshoring, automation and improved consistency of processes;

- SG&A: cost savings through offshoring, the optimisation of shared services and the implementation of a new CRM system;
- IT: cost savings through consolidation of supply chain, helpdesks and networks;
- Procurement: cost savings through professionalisation and adoption of best practices across Capita, along with rationalising the supply chain and renegotiating with vendors; and
- Property: costs savings are anticipated through the consolidation of Capita's 360 site property portfolio, increased utilisation and adoption of flexible work patterns as well as off-shoring to more cost-efficient locations and automation where appropriate.

The Board believes that the targeted efficiencies will not be detrimental to Capita's ability to serve its clients and its ability to win new contracts.

The cost to achieve these efficiencies is expected to be £40 million for the year ending 31 December 2018 and £110 million in total during the following two years.

Following the initial simplification of Capita's business and over the longer term, there could be potential to reduce costs further.

2.5 Strategy – Strengthen

A key aim of Capita's new strategy is to strengthen its businesses and capabilities by making selected investments in order to drive improvements to both Capita's expertise in digital, analytics and automation and its programme delivery and operational excellence. Capita will also seek to ensure that it has the right leadership team and capital structure in place to support the delivery of its new strategy.

2.5.1 Strengthened leadership team, culture and incentives

Capita has formed a new Executive Committee which will meet at least once a month and often more regularly. Led by Jonathan Lewis, this committee brings together the six divisional leaders of the new divisional structure and a number of new functional roles, such as Chief Transformation Officer, Chief People Officer, Chief Corporate Development Officer, Chief Digital Officer, Chief Sales and Marketing Officer and Chief Legal Officer. These new roles include six new hires to Capita, of which three are already in place. A new performance review process and a new incentive arrangement have been put in place for the Executive Committee, and clear priorities have been set for 2018.

The Executive Committee will focus on improving culture and engagement across Capita's approximately 70,000 skilled employees, with the aim of harnessing the collective strength of Capita's talented pool of people across all levels of the organisation. Capita will introduce a single set of behavioural values across all of its businesses and look at ways to better develop its employees' skills and longer-term careers, with incentives aligned to implementation of Capita's new strategy and retention of key talent. The Directors believe that Capita's newly refreshed senior management team and the Executive Committee, in particular, will help drive a new culture across Capita, including better aligned behaviour around winning and execution of contracts.

This process will focus on four key areas:

- "Capita values for the future" are being identified and a programme is being rolled out to adopt these values through a network of change agents.
- A tailored, multi-channel communication plan is being developed to communicate more effectively deep into the organisation.

- A “Managers and Leaders” programme is being developed to underscore the importance of leadership, to provide the right tools and technologies required to develop talent as well as to build a framework to reward positive behaviours.
- Finally, Capita believes that culture is inextricably linked to retention and, therefore, it is looking at improving retention. As part of this, Capita will define the right short-term and long-term incentivisation plans to retain and engage key talent. The aim is to ensure behaviours and culture are consistent with long-term shareholder value creation.

Diversity is an area of both Board and wider leadership focus for the future. Ensuring that all of Capita’s people have the opportunity to fulfil their potential is an essential element of a successful organisation, both commercially and as a responsible and supportive employer. It is also the right thing to do. Under its new leadership, Capita looks forward to redoubling its diversity efforts at all levels, especially in senior leadership positions.

2.5.2 Focus on winning the work Capita can execute well

Capita has historically focused on short-term growth, with limited strategic business planning. It has sometimes taken on large contracts which, with hindsight, did not have the right level of planning ahead of commitment or proved to be too complex and were not executed well. In the future, Capita will be more focused on winning the work it is able to execute well and which has an acceptable risk and financial profile. Capita has established improved governance processes to support this approach.

A new pre-bid contract review committee has been formed which is led by the CEO and CFO. The committee reviews all contracts above set risk and financial thresholds and will evaluate these contracts to ensure a complete alignment with Capita’s new strategy and financial goals, including an assessment of:

- Commercial terms;
- Capabilities;
- Intended operational plan;
- Life-time cash generation; and
- Potential risks and liabilities.

Post-bid, Capita has also put in place a process to ensure the work is done right, driving towards higher efficiency, lower risk and improved client satisfaction. This new post-win operational process will be used in the future for all major new contracts. The process provides a set of reusable services, capabilities, processes and tools. This process has been designed to deliver operational success for these new contracts, which in turn will allow Capita to have a better, more predictable and lower risk financial output.

2.5.3 **Making targeted investments**

As described in paragraph 2.4 above, in order for Capita to succeed in its growth markets, selected targeted investments are required to address historic under-investment and to allow growth to follow. Capita plans to invest a total of up to £500 million over the next three years in the following three key areas:

- Maintenance / infrastructure – These investments are partly business as usual in nature, but there is an element of investment to catch up underinvested areas of infrastructure. Investments will include upgrading SAP, HR capability including payroll and talent management systems, a single CRM system and data centre upgrades.
- Technology – Investments will include a group centre of excellence for analytics and system integration and automation across Capita covering over 1,000 FTEs and a dedicated software

development group. Capita has created a new position, Chief Digital Officer, who will oversee technology investments across all divisions, including in respect of robotics and data analytics.

- Organisation – Investments will include the Capita Academy to build skills across the business, in improved programme management resources and methods and the design of a new target operating model.

2.5.4 Re-invigorating sales

Capita intends to make a number of changes in order to reduce complexity and improve the management of sales and the delivery of contracts. Focus on sales remains paramount and these improvements will require ongoing investment.

Capita has reallocated its centralised business development capability to the divisions, bringing it closer to each of the markets Capita serves and enabling the sales function to draw more fully on divisional expertise, resources and technology. This also ensures alignment of sales initiatives with innovations planned. Capita's divisions are now fully responsible for the bidding, implementation and management of contracts. This reduces complexity and risk and increases accountability for growth, client satisfaction and retention, as Capita seeks to invest in sales as well as to improve sales performance. This initiative is not anticipated to incur any material additional costs.

Capita is increasing the emphasis on account management across its divisions, ensuring that its clients get access to the full range of Capita's capabilities and services, with the goal of increasing the number of clients for whom Capita provides multiple products or services. Capita plans to achieve this in two ways: through the introduction of a single client relationship management system and through improved senior relationship management of key clients.

Capita is also committed to driving better sales performance. Prospects and order book tracking processes are being upgraded, initiatives have been put in place to drive cross selling in key accounts and sales team incentivisation plans have been updated accordingly.

2.5.5 Balance sheet and capital structure

Capita has carried out an assessment of the appropriate financial leverage over the medium term, to provide a sustainable capital base to support its clients and operations, increase investment in the business and deliver its future strategy.

The Board has determined that the appropriate financial leverage for the Company is between 1.0x and 2.0x adjusted net debt to adjusted EBITDA, prior to the adoption of IFRS 16, (compared to its existing leverage ratio of 2.27x adjusted net debt to adjusted EBITDA as at 31 December 2017), which the Board believes is the appropriate financial leverage for companies serving similar markets, of similar size and with similar operations to Capita.

As announced on 31 January 2018, Capita intends, as a matter of good corporate responsibility, to reduce the remaining pension deficit in its defined benefit scheme. The current actuarial deficit is supported by an asset backed funding arrangement, the estimated value of which is £69 million, and which is not included in the last disclosed IAS19 deficit of £407 million as at 31 December 2017. The triennial actuarial valuation of the scheme as at 31 March 2017 is due to be completed by 30 June 2018. In addition to Capita's current annual contributions, further contributions totalling £21.5 million were paid in January 2018. Capita is fully committed to addressing the remainder of the deficit in the medium term.

In addition, Capita currently expects to achieve proceeds of approximately £300 million from non-core disposals in 2018. Capita further intends to review the diversity of funding on its balance sheet over the next two years.

2.6 Strategy – Succeed

Capita will simplify its business by focusing on growth markets, realigning its organisational structure to mirror these markets and to significantly reduce costs at the same time as improving operational efficiency.

Capita will strengthen its businesses and capabilities by making selected investments in order to drive improvements to both Capita's expertise in digital, analytics and automation and its programme delivery and operational, commercial, and functional excellence. It will leverage off its investment in technology in order to win new customers and contracts. Capita will also ensure that it has the right leadership team and capital structure in place to support the delivery of the new strategy.

Capita has built a detailed, multi-year transformation plan in order to execute the strategy as outlined in paragraphs 2.4 and 2.5 above, encompassing strategy implementation, cost competitiveness, capital structure, targeted investment, organisational alignment and re-igniting sales. This plan is already being executed and is being managed by a dedicated and highly experienced transformation team, headed by the newly appointed Chief Transformation Officer.

Capita believes that the near-term parts of this transformation are driven mostly by elements in its control and that there is a great amount of value to be extracted just from doing the basics better. The strategy has been designed to win the business which Capita can execute well, which will help make Capita's business more predictable and lower risk. The investments made into the business are expected to provide a stable and strong platform for growth which in turn can provide sustainable free cash flow in the medium term.

The expected financial impact of the strategy on Capita is anticipated to be significant. Capita is targeting annualised initial cost savings of £175 million by the end of 2020. This includes £70 million which is expected to be realised in the year ending 31 December 2018, which is reflected in Capita's profit guidance that is set out in paragraph 6 below. The cost to achieve these savings is expected to be £40 million for the year ending 31 December 2018 and £110 million in total in the following two years. Capita is also targeting double-digit EBIT margins within three years.

Capita plans to increase investment in its business to upgrade key infrastructure and invest in differentiated capability in order to drive future growth. Capita plans to invest a total of up to £500 million over the next three years.

Capita expects to generate at least £200 million of sustainable annual post-tax free cash flow in 2020, before exceptional and restructuring charges and additional voluntary pension contributions.

Capita's leverage will be reduced by the net proceeds of the rights issue and by non-core disposals, with the Company expecting to realise total proceeds of approximately £300 million in 2018. Capita has set a target range for leverage of between 1.0x and 2.0x adjusted net debt to adjusted EBITDA (prior to the adoption of IFRS 16).

Capita's transformation programme will be funded from a combination of existing resources, the net proceeds of the Rights Issue, the proceeds of any non-core disposals (subject to paragraph 7 below) and cash from operations.

3 Use of proceeds

The Rights Issue will enable Capita to execute its new strategy and deliver its stated targets, including the cost reduction programme and the investment programme which is expected to, inter alia, result in the generation of at least £200 million of sustainable annual, post-tax free cash flow in 2020, before exceptional and restructuring charges, and the reduction of leverage.

The net proceeds of £662 million will provide £220 million to fund Capita's transformation programme, which includes £150 million of cost to achieve an annualised cost competitiveness saving of £175 million; and £150 million for an agreed pre-payment of £150 million of US Private Placement Notes, plus an estimated make-whole payment of £7 million. The balance of proceeds will be used to support Capita's investment programme.

4 Financial impact of the Rights Issue

Had the Rights Issue taken place as at the last balance sheet date, being 31 December 2017, the effect on the balance sheet would have been an increase in cash of £512.0 million (being net proceeds of £662.0 million less £150.0 million for the prepayment of the US Private Placement Notes). Capita's *pro forma* adjusted net debt would have been £557.4 million.

Your attention is drawn to the Prospectus, which contains an unaudited *pro forma* statement of net assets and liabilities of Capita plc that illustrates the impact of the Rights Issue on the net assets and liabilities of Capita plc as at 31 December 2017 as if it had taken place at that date.

5 Principal terms of the Rights Issue

Pursuant to the Rights Issue, the Company is proposing to offer 1,001,032,281 New Shares to Qualifying Shareholders. The offer is to be made at 70 pence per New Share, payable in full on acceptance by no later than 11.00 a.m. on 24 May 2018. The Rights Issue is expected to raise gross proceeds of approximately £701 million. The Issue Price represents a 33.9 per cent. discount to the theoretical ex-rights price based on the closing middle-market price of 159.8 pence per Share on 20 April 2018 (being the last Business Day before the announcement of the terms of the Rights Issue).

The Rights Issue will be made on the basis of:

3 New Shares at 70 pence per New Share for every 2 Existing Shares

held by Qualifying Shareholders at the close of business on the Record Date.

Entitlements to New Shares will be rounded down to the nearest whole number and fractional entitlements will not be allotted to Shareholders but will be aggregated and issued into the market for the benefit of the Company. Holdings of Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.

The Rights Issue is fully underwritten by the Banks, pursuant to the terms of the Underwriting Agreement. The principal terms of the Underwriting Agreement are summarised in the Prospectus.

The Rights Issue will result in 1,001,032,281 New Shares being issued (representing approximately 149.4 per cent. of the Company's existing issued share capital and 59.9 per cent. of the Company's enlarged issued share capital immediately following completion of the Rights Issue, assuming that no Shares are issued to satisfy the vesting of awards or the exercise of options under the Employee Share Plans between the date of the Prospectus and the Admission becoming effective).

The Rights Issue is conditional, *inter alia*, upon:

- the Underwriting Agreement having become unconditional in all respects save for the condition relating to Admission;
- Admission becoming effective by not later than 8.00 a.m. on 10 May 2018 (or such later time and date as the Joint Sponsors and the Company may agree); and
- the passing, without material amendment, of the Resolutions.

New Shares will be provisionally allotted (nil paid) to all Shareholders on the register at the Record Date, including Overseas Shareholders. Resolutions authorising the allotment of the New Shares and the waiver of pre-emption rights in connection with the Rights Issue are proposed to the Shareholders for approval at the General Meeting in order to implement the Rights Issue in compliance with the regulatory constraints imposed by some jurisdictions. If a Shareholder is not able to (or does not) take up his or her Nil Paid Rights under the Rights Issue, then his or her shareholding in the Company will be diluted as a result of the Rights Issue. These authorities, if passed, will be relied upon for the purposes of the Rights Issue.

The New Shares, when issued and fully paid, will rank pari passu in all respects with the Existing Shares, including the right to receive dividends or distributions made, paid or declared after the date of issue of the New Shares. Application will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, respectively. It is expected that Admission will become effective and that dealings on the London Stock Exchange in the New Shares (nil paid) will commence at 8.00 a.m. on 10 May 2018.

Some questions and answers, together with details of further terms and conditions of the Rights Issue, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in the Prospectus and, where relevant, will also be set out in the Provisional Allotment Letter.

Overseas Shareholders should refer to the Prospectus for information on their ability to participate in the Rights Issue.

6 Current trading and prospects

On 31 January 2018, Capita highlighted that there is likely to be a significant negative impact on underlying profits for 2018 from contract and volume attrition, the non-recurrence of certain specific items that benefitted Capita in 2017, and increases in some cost items. Capita does not expect to be able to offset these challenges through the benefit of cost actions and new business wins. Capita expects that its Underlying Pre-Tax Profits, before significant new contracts, restructuring costs and implementation costs of the strategy will be between £270 million and £300 million for the year ending 31 December 2018. Capita's trading in the first quarter of 2018 was consistent with its full-year guidance.

7 Agreement reached with holders of Capita's US Private Placement Notes

Capita has reached a comprehensive arrangement with the holders of its US Private Placement Notes in order to address certain issues which arose from the early adoption of IFRS 15. The arrangement provides increased headroom and flexibility under Capita's financial covenants, and thereby sets up a robust framework to support the new strategy. In return for this increased flexibility, Capita has agreed to, among other things: (i) prepay £150 million of principal of the US Private Placement Notes (plus an estimated make-whole payment of £7 million) from the proceeds of the Rights Issue; (ii) apply 50 per cent. of the net proceeds from future disposals to the prepayment of principal of the US Private Placement Notes, with payment of make-whole, until such time as an estimated £315 million of US Private Placement Notes have been prepaid; and (iii) pay a coupon uplift of 75 basis points, representing approximately £5 million of incremental costs through 2018.

8 Risk factors and further information

Shareholders should consider fully and carefully the risk factors associated with Capita, as set out in the Prospectus.

Shareholders should read the whole of the Prospectus and not rely solely on the information set out in this announcement.

9 Dividend policy

Given the short-term outlook and level of indebtedness, the Board did not recommend the payment of a final dividend in respect of 2017. However, the Board recognises the importance of regular dividend payments to investors in forming part of their total shareholder return, and will consider the payment of dividends once Capita is generating sufficient sustainable free cash flow.

10 Employee Share Plans and Share Incentive Plans

The Directors believe that incentivisation of key employees is important to the successful implementation of the multi-year transformation programme and the new strategy, the execution of which will place significant future demands on Capita's management. Accordingly, the Directors have concluded that it is in the best interests of Shareholders to grant approximately 150 senior employees (including the executive directors) LTIP awards for 2018 of up to £21 million (representing approximately one per cent. of the market capitalisation of the Company following the Rights Issue using the theoretical ex-rights price based on the closing middle-market price of 159.8 pence per Share on 20 April 2018). Vesting of these awards will depend on a number of performance conditions related to the execution of the new strategy and delivery of stated targets measured over a three-year period, and/or continued employment. These performance conditions and targets will be set following consultation with Shareholders. The 2018 LTIP awards will be satisfied by the issuance of 6,700,000 new shares and using existing shares in the employee benefit trust, with the balance being purchased in the market for cash.

The number of Shares subject to awards or options outstanding under the Employee Share Plans and the exercise price (if any) may be adjusted, in accordance with the rules of the relevant Employee Share Plans, to take account of the issue of the New Shares pursuant to the Rights Issue. Holders of awards or options under the Employee Share Plans will be contacted separately and in due course with further information on how their awards and options may be affected by the Rights Issue.

Participants in the Share Incentive Plans will be able to instruct the plan trustee in relation to the rights attaching to their shares, in accordance with the rules. If no instructions are received, Cashless Take-up will be effected on the participants' behalf. Participants will be contacted separately and in due course with further information.

11 General meeting

You will find set out in the Prospectus a notice convening a general meeting of Capita to be held at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ at 11.00 a.m. on 9 May 2018. The General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions. A summary and explanation of the Resolutions is set out below, but please note that this does not contain the full text of the Resolutions and you should read this section in conjunction with the Resolutions in the Notice of General Meeting in the Prospectus.

12 Resolutions

The resolution to provide the Directors with the necessary authority and power to allot sufficient ordinary shares to undertake the Rights Issue, to apply until the conclusion of the Annual General Meeting ("AGM") of the Company to be held in 2018, is to be proposed at the General Meeting as an ordinary resolution. This resolution will pass if more than 50.0 per cent. of the votes cast (either in person or by proxy) are in favour.

The resolution to provide the Directors with the necessary power and authority to allot sufficient ordinary shares to undertake the Rights Issue as if Section 561(1) of the Companies Act 2006 did not apply to such allotment, to apply until the conclusion of the AGM of the Company to be held in 2018, is to be proposed at the General Meeting as a special resolution. This resolution will pass, subject to the first resolution being passed, if at least 75.0 per cent. of the votes cast (either in person or by proxy) are in favour.

13 Overseas Shareholders

The ability of certain Shareholders to participate in the Rights Issue is restricted by the relevant securities laws of the jurisdictions in which they are located. The attention of Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of or located in countries other than the United Kingdom, is drawn to the information in the Prospectus.

New Shares will be provisionally allotted (nil paid) to all Shareholders on the register at the Record Date, including Overseas Shareholders. However, subject to certain exceptions, Provisional Allotment Letters will only be sent to Qualifying Non-CREST Shareholders with registered addresses outside the United States and the Restricted Territories and only the CREST stock accounts of Qualifying CREST Shareholders with registered addresses outside the United States and the Restricted Territories will be credited.

Notwithstanding any other provision of this announcement, the Prospectus or the Provisional Allotment Letter, the Company reserves the right to permit any Shareholder on the register at the Record Date to take up his or her rights if the Company in its sole and absolute discretion is satisfied that the transaction in question will not violate applicable laws.

The Company has made arrangements under which the Banks will try to find subscribers for the New Shares provisionally allotted to Shareholders whose ability to participate in the Rights Issue is restricted by the relevant securities laws of the jurisdictions in which they are located by 5.00 p.m. on the second dealing day after the last date for acceptance of the Rights Issue. If the Banks find subscribers and are able to achieve a premium over the Issue Price and the related expenses of procuring those subscribers (including any applicable brokerage and commissions and amounts in respect of value added tax), such Shareholders will be sent a cheque for the amount of that premium provided that it is £5 or more.

14 UK and US taxation

Certain information about UK and US taxation in relation to the Rights Issue is set out in the Prospectus. If you are in any doubt as to your tax position, or you are subject to tax in a jurisdiction other than the United Kingdom or the United States, you should consult your own independent tax adviser without delay.

15 Actions to be taken

15.1 Action to be taken in respect of the General Meeting

Set out in the Prospectus is a notice convening the General Meeting to be held at 11.00 a.m. on 9 May 2018 at the offices of Linklaters LLP at One Silk Street, London, EC2Y 8HQ. At the General Meeting, the Resolutions will be proposed for approval.

You will find enclosed with the Prospectus (unless you hold your Shares indirectly) a Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, you are asked to complete the Form of Proxy and return it to the Company's Registrars, Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU (using the enclosed prepaid envelope), so as to arrive as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 4 May 2018.

Alternatively, Shareholders can submit their proxy vote electronically using the share portal service at www.capitashares.co.uk. Shareholders can register for the share portal service by following the on-screen instructions at this site.

CREST members may also choose to utilise the CREST electronic proxy appointment service in accordance with the procedures set out in the notice convening the General Meeting in the Prospectus.

Completion and return of a Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting at the General Meeting in person if you so wish.

Further details relating to voting by proxy are set out in the notes to the Notice of General Meeting in the Prospectus.

15.2 Action to be taken in respect of the Rights Issue

If you are a Qualifying Non-CREST Shareholder with a registered address outside the United States and the Restricted Territories (subject to certain exceptions), you will be sent a Provisional Allotment Letter giving you details of your Nil Paid Rights by post on or about 9 May 2018. If you are a Qualifying CREST Shareholder, you will not be sent a Provisional Allotment Letter. Instead, provided that you have a registered address outside the United States and the Restricted Territories (subject to certain exceptions), you will receive a credit to your appropriate stock accounts in CREST in respect of Nil Paid Rights, which it is expected will take place as soon as practicable after 8.00 a.m. on 10 May 2018. Such crediting does not in itself constitute an offer of New Shares.

If you sell or have sold or otherwise transferred all of your Shares held (other than ex-rights) in certificated form before 10 May 2018, please forward this announcement, the Prospectus and any Provisional Allotment Letter, if and when received, at once to the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee, except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to, the United States and the Restricted Territories.

If you sell or have sold or otherwise transferred all or some of your Shares (other than ex-rights) held in uncertificated form before the Ex-Rights Date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee.

If you sell or have sold or otherwise transferred only part of your holding of Existing Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, you should refer to the instruction regarding split applications in the Prospectus and in the Provisional Allotment Letter.

The latest time and date for acceptance and payment in full in respect of the Rights Issue is expected to be 11.00 a.m. on 24 May 2018, unless otherwise announced by the Company. The procedure for acceptance and payment is set out in the Prospectus, and if applicable, in the Provisional Allotment Letter.

For Qualifying Non-CREST Shareholders, the New Shares will be issued in certificated form and will be represented by definitive share certificates, which are expected to be despatched by no later than 4 June 2018 to the registered address of the person(s) entitled to them.

For Qualifying CREST Shareholders who take up their rights, the Receiving Agent will instruct CREST to credit the stock accounts of the Qualifying CREST Shareholders with their entitlements to New Shares. It is expected that this will take place by as soon as practicable after 8.00 a.m. on 25 May 2018.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsor regarding the action to be taken in connection with this announcement, the Prospectus and the Rights Issue.

If you are in any doubt as to the action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the FSMA or, if you are outside the United Kingdom, by another appropriately authorised independent financial adviser.

15.3 Special Dealing Service

Capita has engaged Link Asset Services to make available the Special Dealing Service in order for Qualifying Non-CREST Shareholders (who are individuals and whose registered addresses are in the United Kingdom or any other jurisdiction in the EEA) to sell all of the Nil Paid Rights to which they are entitled or to effect a Cashless Take-up should they wish. Further information about the Special Dealing Service is set out in the Prospectus and the Special Dealing Service Terms and Conditions will be posted to Qualifying Non-CREST Shareholders together with the Provisional Allotment Letter.

16 Directors' Intentions and shareholder support

Each of the Directors who holds Shares intends to take up, in full, his or her rights in respect of his or her Shares to subscribe for New Shares under the Rights Issue. In addition, Jonathan Lewis has committed to invest £250,000 in Shares of the Company prior to the General Meeting and intends to take up in full his rights in respect of these Shares to subscribe for New Shares under the Rights Issue.

Certain discretionary managed investments funds (acting through Woodford Investment Management Limited as their agent and discretionary investment manager), who in aggregate hold Shares representing approximately 10 per cent. of the Shares, have informed Capita that they are supportive of Capita's plans and the Rights Issue.

Invesco discretionary managed investment funds, who in aggregate hold Shares representing 9.08 per cent. of the Shares, have informed Capita that they are supportive of Capits's plans and the Rights Issue.

17 Importance of vote

Both of the Resolutions must be passed by Shareholders at the General Meeting in order for the Rights Issue to proceed. The Rights Issue will enable Capita to reduce its indebtedness and is intended to provide Capita with a sustainable capital base to support its operations. The Board believes that a strong balance sheet will bolster the confidence of its clients and other stakeholders, allow for the necessary level of investment in the business and provide Capita with the financial flexibility that it requires to support the delivery of its new strategy and the transformation programme.

The Company is of the opinion that, after taking into account the net proceeds of the Rights Issue, it has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of the Prospectus.

In connection with the Rights Issue and the preparation of Capita's audited financial statements for the year ended 31 December 2017, the Board considered and approved its "base case" five-year financial forecasts, which are based on a current assessment of business prospects over the period, with an initial view over cost efficiencies identified to date.

If Capita's results over the relevant period were to be in line with these base case forecasts, it would not be in breach of the financial covenants contained in its financing documents at any point within the 12-month period covered by the working capital statement set out in the Prospectus, even if the Rights Issue does not proceed. In addition, if Capita's results were to fall short of these base case forecasts but instead were to reflect what the Board considers to be a reasonable downside scenario, and the Rights Issue were to proceed, Capita would still not be in breach of these financial covenants at any point within the 12-month period covered by the working capital statement. If, however, this reasonable downside scenario were to occur and the Rights Issue were not to proceed, and no other mitigating actions were to be taken by Capita, it would be in breach of the covenant in relation to its Net Debt Ratio under the US Private Placement Notes in respect of the next covenant testing date, being 30 June 2018.

In preparing the financial statements on the going concern basis, the Board is required to take into account the reasonable downside scenario in assessing Capita's ability to continue as a going concern and, accordingly, the proceeds of the Rights Issue are required to support the going concern basis of preparation. As a result, the independent auditor's report for the 2017 Annual Report and Accounts draws attention to a material uncertainty which casts significant doubt about Capita's ability to continue as a going concern, given that a shareholder vote is required in order for the Rights Issue to proceed and that the Underwriting Agreement is subject to certain specific conditions which, although customary in nature, are outside the control of Capita.

If the Rights Issue does not proceed, and Capita were to anticipate that a covenant breach was likely to occur, it expects that it would seek to secure a waiver or amendment of the financial covenants for future covenant testing dates from noteholders under the US Private Placement Notes. Such amendments and waivers would likely require Capita to incur additional costs (including amendment fees, increased interest payments or additional restrictions on its business).

If Capita were unable to obtain such amendments and waivers, or take other action to avoid a breach of its financial covenants when tested (such as ceasing discretionary spending, delaying certain payments and/or accelerating cash receipts), noteholders would have the right to demand the accelerated payment in full of the relevant amounts (principal and other items) outstanding at the time of the breach and/or a cross-default in relation to Capita's other financing arrangements may occur. In such case, Capita's noteholders would be entitled to make such a payment demand at any time after the 10-day grace period following an event of default under the US Private Placement Notes, at which time a cross-default in relation to Capita's other debt financing arrangements would occur. If such a repayment demand were to be made and a cross-default were to occur, Capita would not be able to draw under its Revolving Credit Facility or other debt financing arrangements, and does not expect that it would have access to funds immediately available to repay such amounts at that time. In this circumstance, Capita may take alternative measures, including a disposal of assets, seeking to secure other forms of funding (such as through a new equity restructuring either with private capital investors or by a conversion by Capita's lenders of existing debt into equity) or seeking to re-engage with noteholders to obtain an amendment or waiver. However, there is no guarantee that the aforementioned actions would succeed and, as a result, Shareholders would then be at risk of losing all or a substantial amount of their investment.

There can be no assurance that a reasonable downside scenario will be avoided and, if it is not, that the alternative actions outlined above would be capable of implementation in the time available and/or would ultimately be successful and, accordingly, the Board believes that the successful completion of the Rights Issue is in the best interests of Shareholders as a whole.

As such, Shareholders are asked to vote in favour of the Resolutions at the General Meeting so that, assuming that the other conditions to the Rights Issue are satisfied, the Rights Issue can proceed.

18 Board recommendation

The Board believes the Rights Issue to be in the best interests of Capita and the Shareholders as a whole and, accordingly, unanimously recommends that the Shareholders vote in favour of the Resolutions, as the Directors each intend to do in respect of their own legal and beneficial holdings, amounting to 57,962 Shares (representing approximately 0.01 per cent. of the Company's existing issued share capital as at 20 April 2018, being the latest practicable date prior to the date of the Prospectus).

APPENDIX 1

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Publication and posting of this document, the Notice of General Meeting and the Form of Proxy	**23 April 2018**[(1)(2)]
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 4 May 2018
Record Date for entitlements under the Rights Issue	**Close of business on 4 May 2018**
General Meeting	11.00 a.m. on 9 May 2018
Despatch of Provisional Allotment Letters (to Qualifying Non-CREST Shareholders only)[(1)]	on or about 9 May 2018
Special Dealing Service open for applications	9 May 2018
Admission and Dealings in New Shares, nil paid, commence on the London Stock Exchange	**8.00 a.m. on 10 May 2018**
Nil Paid Rights credited to stock accounts in CREST (Qualifying CREST Shareholders only)	As soon as practicable after 8.00 a.m. on 10 May 2018
Nil Paid Rights and Fully Paid Rights enabled in CREST	As soon as practicable after 8.00 a.m. on 10 May 2018
Ex-Rights Date	10 May 2018
Latest time and date for receipt of instructions under Special	11.00 a.m. on 18 May 2018

Dealing Service in respect of Cashless Take-up or disposal of Nil Paid Rights	
Dealings carried out in relation to Cashless Take-up or disposal of Nil Paid Rights under Special Dealing Service	22 May 2018
Recommended latest time for requesting withdrawal of Nil Paid Rights or Fully Paid Rights from CREST (i.e. if your Nil Paid Rights or Fully Paid Rights are in CREST and you wish to convert them into certificated form)	4.30 p.m. on 18 May 2018
Settlement of dealings in relation to Cashless Take-up or disposal of Nil Paid Rights under Special Dealing Service	23 May 2018
Latest time and date for depositing renounced Provisional Allotment Letters, nil paid or fully paid, into CREST or for dematerialising Nil Paid Rights into a CREST stock account	3.00 p.m. on 21 May 2018
Latest time and date for splitting Provisional Allotment Letters	3.00 p.m. on 22 May 2018
Latest time and date for acceptance in CREST and payment in full and registration of renounced Provisional Allotment Letters	**11.00 a.m. on 24 May 2018**
Despatch of cheques in relation to proceeds of disposal of Nil Paid Rights under Special Dealing Service	by no later than 24 May 2018
Expected date of announcement of results of the Rights Issue	25 May 2018
Dealings in the New Shares, fully paid, to commence on the London Stock Exchange	**8.00 a.m. on 25 May 2018**
New Shares credited to CREST stock accounts (uncertificated holders only)(3)	As soon as practicable after 8.00 a.m. on 25 May 2018
Despatch of definitive share certificates for New Shares in certificated form (to Qualifying Non-CREST Shareholders only) and premium payments (if applicable) in respect of Nil Paid Rights not taken up(1)	by no later than 4 June 2018

Notes:

(1) The times and dates set out in the timetable above and referred to throughout the Prospectus and in the Provisional Allotment Letter may be adjusted by the Company by announcement through a Regulatory Information Service, in which event details of the new dates will also be notified to the Financial Conduct Authority, the London Stock Exchange and, where appropriate, Shareholders.

(2) References to times in this announcement are to London time, unless otherwise stated.

(3) Subject to certain restrictions relating to Overseas Shareholders. See paragraph 2.5 of Part IX of the Prospectus.

APPENDIX 2

DEFINITIONS

In the Prospectus, the following expressions have the following meanings unless the context otherwise requires:

2017 Annual Report and Accounts	the annual report and accounts prepared by Capita for the year ended 31 December 2017;
adjusted EBITDA	income (or loss) from operations of the Company and its subsidiaries on a consolidated basis in accordance with UK GAAP plus, to the extent deducted in the calculation thereof, Consolidated Net Interest Expense, expenses for taxes paid or accrued, depreciation and amortisation and any non-cash share-based payments, calculated on a *pro forma* basis so as to (a) include a full 12 months of historical operating results (including both income and expenses) of any company acquired by the group during the Rolling Twelve Months and (b) exclude any operating results of any subsidiary disposed of by the Company or the Group (whether by way of share sale or disposition of all or substantially all of such subsidiary's assets) during the Rolling Twelve Months;
adjusted net debt	all financial indebtedness of the Company and the Group on a consolidated basis minus the aggregate of all cash and cash equivalents of all members of the Group (determined in accordance with UK GAAP) at such time;
Admission	the admission of the New Shares (nil paid): (a) to the Official List; and (b) to trading on the London Stock Exchange's main market for listed securities, becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards;
Annual General Meeting or **AGM**	an annual general meeting of the Company;
Banks	Citigroup Global Markets Limited, Goldman Sachs International, Barclays Bank PLC and Banco Santander, S.A;
Barclays	Barclays Bank PLC;
Board	the board of Directors, from time to time, of the Company;
Business Day	a day (excluding Saturdays and Sundays or public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal banking business;
Capita or **Group**	the Company and its subsidiary undertakings and, where the context requires, its associated undertakings;
Capita Asset Services	Capita Asset Services refers to the businesses

	comprising Capita's former Asset Services business which was sold to Link Group in June 2017;
Cashless Take-up	the sale of such number of Nil Paid Rights as will generate sufficient sale proceeds to enable the direct or indirect holder thereof to take up all of their remaining Nil Paid Rights (or entitlements thereto) without being required to provide any further capital;
certificated or **in certificated form**	where a share or other security is not in uncertificated form;
Chairman	the chairman of the Company;
Citi	Citigroup Global Markets Limited;
Companies Act 2006 or **Companies Act**	the UK Companies Act 2006, as amended;
Company	Capita plc with its registered office at 71 Victoria Street, London SW1H 0XA, United Kingdom and registered number 02081330;
CREST	the relevant system, as defined in the CREST Regulations (in respect of which Euroclear is the operator, as defined in the CREST Regulations);
Directors	the directors of the Company whose names appear in the Prospectus;
Distributor	a distributor for the purposes of MiFID II (EU Directive 2014/65/EU) and any subsequent technical advice or guidance issued by ESMA;
EEA	the European Union, Iceland, Norway and Liechtenstein;
Employee Share Plans	the LTIP, the Capita Sharesave Scheme, the Deferred Annual Bonus Plan and, in respect of unvested matching shares only, the Capita plc International Share Incentive Plan;
Executive Directors	the executive directors of the Company;
Existing Shares	the Shares in issue immediately preceding the issue of the New Shares;
Ex-Rights Date	10 May 2018;
Financial Conduct Authority or **FCA**	the UK Financial Conduct Authority;
FSMA	the Financial Services and Markets Act 2000, as amended;
Fully Paid Rights	rights to acquire New Shares, fully paid;
General Meeting	the general meeting of the Company to be held at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ, at 11.00 a.m. on 9 May 2018, notice of which is set out at the end of the Prospectus;

GSI	Goldman Sachs International;
IFRS	International Financial Reporting Standards as adopted for use in the European Union;
Issue Price	70 pence;
Joint Global Co-ordinators	Citigroup Global Markets Limited and Goldman Sachs International;
Joint Sponsors	Citigroup Global Markets Limited and Goldman Sachs International;
Link Asset Services	a trading name of Link Market Services Limited;
London Stock Exchange or **LSE**	the London Stock Exchange plc;
LTIP	each of the Capita plc Long-Term Incentive Plan 2008 and Capita plc Long-Term Incentive Plan 2017
Net Debt Ratio	adjusted net debt to adjusted EBITDA;
New Shares	the 1,001,032,281 new Shares which the Company will allot and issue pursuant to the Rights Issue;
Nil Paid Rights	rights to acquire New Shares, nil paid;
Non-Executive Directors	the non-executive directors of the Company;
Noteholders	holders of the US Private Placement Notes;
Notice of General Meeting	the notice of General Meeting set out at the end of the Prospectus;
Official List	the Official List of the FCA pursuant to Part VI of the FSMA;
order book	represents the remaining performance obligations under Capita's contracts. Amounts do not include orders for which neither party has performed its obligations and where each party has the unilateral right to terminate a wholly unperformed contract without compensating the other party, nor does it represent Capita's future booking or backing. Order book is comprised of short term contractual revenue (for contracts of a term of less than two years) and long term contractual revenue (for contracts of a term of longer than two years) and represents the consideration which Capita will be entitled to receive from clients when it satisfies the remaining performance obligations in its contracts. For long term contractual order book, Capita splits the expected timing of revenue recognition between (a) less than one year; (b) between one and five years; and (c) greater than five years;
Overseas Shareholders	Qualifying Shareholders with registered addresses in, or who are citizens, residents or nationals of, jurisdictions outside the United Kingdom;

pounds sterling or **£** or **GBP**	the lawful currency of the UK;
PRA	the Prudential Regulation Authority;
Prospectus	the prospectus and circular issued by the Company in respect of the Rights Issue, together with any supplements or amendments thereto;
Provisional Allotment Letter	the provisional allotment letter to be issued to Qualifying Non-CREST Shareholders (other than certain Overseas Shareholders);
Qualifying CREST Shareholders	Qualifying Shareholders holding Shares in uncertificated form;
Qualifying Non-CREST Shareholders	Qualifying Shareholders holding Shares in certificated form;
Qualifying Shareholders	Shareholders on the register of members of the Company at the Record Date;
Receiving Agent	Link Asset Services;
Record Date	close of business on 4 May 2018;
Registrar	Link Asset Services;
Regulatory Information Service	one of the regulatory information services authorised by the UKLA to receive, process and disseminate regulatory information in respect of listed companies;
Resolutions	the resolutions to be proposed at the General Meeting in connection with the Rights Issue, notice of which is set out at the end of the Prospectus;
Restricted Territories	Canada, Singapore, Australia, Switzerland, South Africa, the Cayman Islands and any other jurisdiction where the allotment or issue of New Shares pursuant to the Rights Issue would or may infringe the relevant laws and regulations for such jurisdiction or would or may require obtaining any governmental or other consent or to effect any registration, filing or other formality with which, in the opinion of the Company, it would be unable to comply or which is unduly onerous;
Revolving Credit Facility Agreement	the £600 million credit facility agreement dated 8 August 2014 as amended and restated on 5 November 2015 and as amended on 13 June 2017 between the Company and a syndicate of nine banks as original lenders;
Rights Issue	the offer by way of rights to Qualifying Shareholders to subscribe for New Shares on the terms and conditions set out in the Prospectus and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter;
Santander	Banco Santander, S.A;

Securities Act	the United States Securities Act of 1933;
Share	an ordinary share of $2^{1}/_{15}$ pence each in the capital of the Company having the rights set out in the Articles, as described in the Prospectus;
Share Incentive Plan	the Capita plc Share Incentive Plan 2017, the Capita Share Incentive Plan 2008 and, in respect of the Partnership Shares and vested matching shares only, the Capita plc International Share Incentive Plan 2016;
Shareholder(s)	holders of Shares;
Special Dealing Service	the dealing service being made available by Link Asset Services to Qualifying Non-CREST Shareholders who are individuals with a registered address in the United Kingdom or any other jurisdiction within the EEA who wish to sell all of their Nil Paid Rights or to effect a Cashless Take-up;
Special Dealing Service Terms and Conditions	the terms and conditions of the Special Dealing Service;
stock account	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
uncertificated or **in uncertificated form**	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
Underlying Pre-Tax Profits	IFRS profit before tax adjusted to exclude: (a) amortisation and impairment of intangibles arising on acquisition; (b) acquisition contingent consideration movement; (c) the financial impact of business exits or businesses in the process of being exited; (d) acquisition expenses; (e) movements in the mark-to-market valuation of certain financial instruments; and (f) specific non-recurring items in the income statement;
Underwriting Agreement	the underwriting agreement described in the Prospectus;
United Kingdom or **UK**	the United Kingdom of Great Britain and Northern Ireland;
United States or **US**	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
US Private Placement Notes	the private placement notes issued by the Company to various institutional investors, denominated in sterling or US dollars;