

Shareholder information

History

Signet Group plc, an English public limited company, has operations in the US and the UK and in 2007/08 the geographic split of revenue and profit was approximately 75% and 25% respectively. The Company was incorporated in England and Wales on 27 January 1950 under the name Ratners (Jewellers) Limited. The name of the Company was changed on 10 December 1981 to Ratners (Jewellers) Public Limited Company, on 9 February 1987 to Ratners Group plc

and on 10 September 1993 to Signet Group plc and the Company is governed by the Companies Acts 1985 and 2006.

The Company's Memorandum and Articles of Association, which were adopted on 8 June 2007, are available on the Group's website. The Company's registered number is 477692. The Company's registered office is 15 Golden Square, London W1F 9JG.

Significant events that have occurred in the last five years are detailed below:

9 Jan 2003	Robert Anderson was appointed as Chief Executive of the UK division.
1 Sept 2003	Dale Hilpert was appointed to the Board as a non-executive director.
8 Jan 2004	Lee Abraham retired from the Board as a non-executive director.
28 Sept 2004	The Group entered into a \$390 million unsecured multi-currency five year revolving credit facility agreement. This replaced the \$410 million facility that was due to expire in August 2006. The terms of this agreement were broadly similar to those of the facility being replaced.
8 Oct 2004	The Group announced a change in its American Depositary Share Ratio from 30:1 to 10:1 to become effective from 18 October 2004.
18 Oct 2004	The Group announced its intention to list its ADSs on the NYSE from 16 November 2004, under the ticker symbol SIG. It was confirmed that the ADS ratio change had become effective on 18 October and that Deutsche Bank had recently been appointed as the depositary bank for Signet's ADSs.
1 Nov 2004	Robert Walker was appointed to the Board as a non-executive director.
6 April 2005	James McAdam announced his intention to retire from the Board no later than at the conclusion of the annual general meeting on 9 June 2006. Robert Anderson was appointed to the Board.
7 Sept 2005	H. Samuel launched online shopping at its website www.hsamuel.co.uk .
28 Nov 2005	Malcolm Williamson was appointed to the Board as a non-executive director.
12 Jan 2006	Mark Light was appointed Chief Executive of the US Division and to the Board.
30 March 2006	The Group entered into a \$380 million US Private Placement Note Term Series Purchase Agreement, funding date 23 May 2006, to refinance the maturing securitisation programme and for general corporate purposes.
5 April 2006	The Group announced the appointment of Malcolm Williamson as Chairman with effect from the annual general meeting on 9 June 2006 subject to his election as a director at that annual general meeting.
9 June 2006	James McAdam retired from the Board and Malcolm Williamson was appointed as Chairman.
17 July 2006	The Group announced that it was commencing a buyback of up to £50 million of its ordinary shares. The shares would either be cancelled or held in treasury.
5 Sept 2006	Kay launched online shopping at its website www.kay.com
14 Sept 2006	Ernest Jones launched online shopping at its website www.ernestjones.co.uk
5 February 2007	The Group redenominated its share capital in US dollars. The nominal value of an ordinary share changed from 0.5 pence to 0.9 cents per share.
26 October 2007	The Group entered into a 364 day \$200 million asset backed variable funding note conduit securitisation facility for general corporate purposes.
9 January 2008	Lesley Knox was appointed to the Board as a non-executive director.

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Nature of trading market

The shares of the Company are traded on the London Stock Exchange (symbol: SIG) and the American Depositary Shares (“ADSs”) representing the shares are quoted on the NYSE (symbol: SIG). Prior to 16 November 2004 the ADSs were traded on the Nasdaq (symbol: SIGY). The ADSs are evidenced by ADRs issued pursuant to an Amended and Restated Deposit Agreement, dated 23 September 2004, and made between the Company, Deutsche Bank Trust Company Americas, as depositary (the “Depositary”) and the holders from time to time of the ADRs.

Each ADS represents ten shares. Prior to 18 October 2004 the ratio of shares per ADS had been 30:1.

The table below sets out, for the calendar years and quarters indicated, (i) the reported high and low middle market quotations for

the shares of the Company based on the Daily Official List of the London Stock Exchange and (ii) the reported high and low closing sales prices of the ADSs on the Nasdaq or the NYSE, as applicable, as reported by Datastream.

At 8 April 2008, 41,057 shares and 8,167,764 ADSs (representing 81,677,640 shares) were held of record in the US. These shares collectively represented approximately 4.79% of the total numbers of shares outstanding. Since certain of the shares and ADSs are held by brokers or other nominees, the number of record holders in the US is not representative of the number of beneficial holders or of where the beneficial holders are resident.

	London Stock Exchange pence per share		Nasdaq/NYSE US dollars per ADS	
	High	Low	High	Low
Calendar 2002 ⁽¹⁾	132¼	65	19¼	10¼
Calendar 2003 ⁽¹⁾	114½	66	19¼	10¼
Calendar 2004 ⁽¹⁾	119¼	93	22¼	17¼
Calendar 2005	117¼	93¼	22	16¼
Calendar 2006				
First quarter	110¼	99¼	20	17½
Second quarter	112½	92¼	19¼	17
Third quarter	116¼	94¼	22¼	17¼
Fourth quarter	127	110	24¼	20¼
Calendar 2007				
First quarter	125½	114½	25	22
Second quarter	126¼	103	25¼	20¼
Third quarter				
– July	108¼	96½	22½	19¼
– August	103¼	93½	21¼	18¼
– Sept	95	82	19½	16½
Fourth quarter				
– Oct	95½	84	19¼	17¼
– Nov	89¼	62½	19	12¼
– Dec	71¼	62¼	14½	12¼
Calendar 2008				
First quarter				
– Jan	72¼	54¼	14¼	11
– Feb	71	61¼	14½	12¼
– Mar	65½	50	12½	10
– (up to 8 April)	64¼	61¼	12¼	12

(1) Following the change in the ADS ratio from thirty ordinary shares per ADS to ten ordinary shares per ADS on 18 October 2004, prior figures have been restated.

Information on share buyback programme

Pursuant to approval given by shareholders at the annual general meeting held on 8 June 2007, as at 2 February 2008 the Company retains the authority to purchase a further 170,345,896 of its own shares up to the end of the annual general meeting to be held on 6 June 2008.

On 19 July 2006, the Company announced its plans to buyback £50 million of its own shares, and this programme was substantially completed during the year.

	No of shares purchased	Average price paid per share pence	Total cost of purchasing shares \$m
February 2007	4,730,000	122.4	11.2
March 2007	5,425,000	119.4	12.8
April 2007	2,050,000	123.1	5.0
Total	12,205,000	121.2	29.0

Dividends

Under English law, dividends can only be paid out of profits available for distribution (generally defined as accumulated realised profits less accumulated realised losses less unrealised losses) and not out of share capital or share premiums (generally equivalent in US terms to paid-in surplus). At 2 February 2008, after taking into account the subsequently recommended final dividend of 6.317 cents per share, the holding company had a distributable reserves balance of \$283.2 million (3 February 2007: £199.0 million).

In order to make further distributions in excess of this figure, the holding company would first need to receive dividends from its subsidiaries. In addition to restrictions imposed at the time of the 1997 capital reduction on the distribution of dividends received from subsidiaries, the payments of dividends from other tax jurisdictions, such as the US, may not be tax efficient. Furthermore, there may be other reasons why dividends may not be paid by subsidiaries to the holding company.

If resolved by the Board (and, in the case of a final dividend, if declared in general meeting) dividends are paid to holders of shares as at record dates that are decided by the Board.

Substantial shareholdings and control of the Company

So far as the Company is aware, it is neither directly nor indirectly owned by or controlled by one or more corporations or by any government.

As at 8 April 2008 the interests in the issued shares set out in the table on page 132 had been notified to the Company in accordance with sections 791 to 828 of the Companies Act 2006 ("2006 Act") (including interests represented by the ADSs) and with the provisions of the Disclosure and Transparency Rules ("DTR 5") that were brought into effect on 20 January 2007. Under the 2006 Act shareholders were obliged to notify the Company of their interests in such shares if they held 3.0% or more beneficially or 10.0% or more in the case of certain shareholders, such as investment managers. Under DTR 5 notification is based on direct or indirect control of voting rights attached to shares rather than the 'interests in shares' test set out in section 791. The disclosure threshold for a UK incorporated company remains the same at 3.0%, and then at each 1.0% change thereafter.

The Company's major shareholders as listed in the table on page 132 do not have different voting rights per share than other holders of the Company's shares.

The following shareholders had significant changes in their percentage ownership of the Company's issued share capital since 31 January 2005. This is based on disclosure made in the accounts for each of the three years since 31 January 2005 and notification received by the Company.

- The Capital Group Companies, Inc. had a beneficial holding of 12.97% on 6 April 2005, 11.98% on 5 April 2006 and 9.5% on 17 April 2007, and as stated in the table on page 132, 9.62% on 8 April 2008.
- FMR Corp. and Fidelity International Limited had a non-beneficial holding of 5.98% on 6 April 2005 and fell below 3.0% on 12 January 2006.
- Legal & General Investment Management Limited had a beneficial holding of 3.1% on 6 April 2005, 3.1% on 5 April 2006 and, 3.1% on 17 April 2007, and as stated in the table on page 132, 4.78% on 8 April 2008.
- Harris Associates L.P. had a beneficial holding of 6.03% on 6 April 2005, 10.02% on 5 April 2006 and 12.0% on 17 April 2007, and as stated in the table on page 132, 17.83% on 8 April 2008.
- Schroder Investment Management Limited had a non-beneficial holding of below 10.0% on 10 March 2005. On 17 April 2007 they had a non-beneficial holding of 6.4% and fell below 3% on 5 February 2008.
- Aviva plc and Morley Fund Management Limited had a beneficial holding of 3.12% on 6 April 2005 and fell below 3.0% on 24 May 2005.
- Lloyds TSB Group Plc had a beneficial holding of 3.11% on 6 April 2005, 3.94% on 5 April 2006 and fell below 3.0% on 24 October 2006.
- Sprucegrove Investment Management Ltd had a non-beneficial holding of 3.1% on 5 December 2005, 3.1% on 5 April 2006 and 4.2% on 17 April 2007, and as stated in the table on page 132, 6.68% on 8 April 2008.
- Baillie Gifford & Co had a beneficial holding of 5.9% on 17 April 2007 and fell below 3% on 28 November 2007.

Shareholder information (continued)

Substantial shareholdings notified to the Company up to 8 April 2008

	Number of shares	Percentage of issued shares at date of notification
Harris Associates L.P.	304,120,059	17.83
The Capital Group Companies, Inc. ⁽¹⁾	164,074,935	9.62
Sprucegrove Investment Management Ltd	113,896,205	6.68
Artisan Partners Limited Partnership	90,107,086	5.28
BriTel Fund Trustees Ltd	85,667,185	5.02
Legal & General Investment Management Limited	81,535,937	4.78
Sanderson Asset Management Ltd	71,694,426	4.20
First Pacific Advisors LLC	70,896,000	4.16

(1) Includes interest of Capital International Limited in 110,536,439 of such shares, notified on their behalf by the Capital Group Companies, Inc.

- BriTel Fund Trustees Ltd had a beneficial holding of 3.10% on 6 October 2006 3.7% on 17 April 2007, and as stated in the table above, 5.02% on 8 April 2008.
- Artisan Partners Limited Partnership had a non-beneficial holding of 5.28% on 8 April 2008, as stated in the table above.
- Sanderson Asset Management Limited had a non-beneficial holding of 4.20% on 8 April 2008, as stated in the table above.
- First Pacific Advisors LLC had a beneficial holding of 4.16% on 8 April 2008, as stated in the table above.

At 8 April 2008, the total amount of the Company's voting securities owned by directors of the Company as a group was 1,771,323 all of which securities were shares.

The Company does not know of any arrangement the operation of which might result in a change of control of the Company.

Exchange controls and other limitations affecting security holders

There are currently no UK laws, decrees or regulations restricting the import or export of capital or (save as to taxation) affecting the remittance of dividends or other payments to holders of shares or ADSs who are non residents of the UK, subject to a few limited exceptions. Such exceptions apply where there are sanctions or similar orders issued by the United Nations, the European Union or the UK Government.

Subject to those exceptions, under English law and the Company's Memorandum and Articles of Association, persons who are neither residents nor nationals of the UK may freely hold, vote and transfer shares (or other securities) in the same manner as UK residents or nationals. The Articles of Association provide that a shareholder with a registered address outside the UK is not entitled to receive notice of any general meeting of the Company unless the shareholder has provided the Company with a UK address, or (in the case of any notice issued electronically) an appropriate electronic address, at which notices may be delivered.

Section 992 of the Companies Act 2006 requires the Company to include certain information on its share and control structures in the directors' report.

The following information, referred to in the Director's report summarises certain provisions of the Company's Articles of Association and applicable English Law.

Voting rights

At a general meeting a resolution put to the vote is decided on a show of hands unless a poll is demanded. Subject to any rights or restrictions attaching to their shares, every shareholder who is present in person or by proxy has one vote. On a poll vote every shareholder has one vote for every share he holds. A poll may be demanded by any of the following:

- the chairman of the meeting;
- at least three shareholders having the right to vote at the meeting;
- shareholder(s) representing not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; or
- shareholder(s) holding shares conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Dividend rights

Shareholders (other than holders of the Company's deferred shares) may, by ordinary resolution, declare dividends but may not declare dividends in excess of the amount recommended by the directors. The directors may also pay interim dividends on shares of any class of such amounts and on such dates and in respect of periods as they think fit.

Holders of the Company's deferred shares are not entitled to participate in the profits of the Company, participate in any distribution of the Company's assets on a winding up, or vote at any general meeting.

Transfer of shares

Shareholders may transfer all or any of their shares, subject to:

- (i) in the case of certificated shares, by an instrument of transfer in writing in any usual form or in another form approved by the Board which must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid) by or on behalf of the transferee, or
- (ii) in the case of uncertificated shares, in accordance with the Uncertificated Securities Regulations 2001, or
- (iii) in the case of an instrument of transfer denominated in sterling and bearing a date on or before 5 February 2007, such transfer shall be a transfer of the same number of shares as specified in such transfer.

The transferor shall remain as the holder of the shares transferred until the name of the transferee is entered into the Company's register of shareholders in respect of it.

The Board may, in its absolute discretion and without giving a reason, refuse to register the transfer of a certificated share or the renunciation of a renounceable letter of allotment unless it is:

- (i) in respect of a share which is fully paid up as to the nominal value and any premium;
- (ii) in respect of a share on which the Company has no lien;
- (iii) in respect of only one class of shares;
- (iv) in favour of a single transferee or renouncee or not more than four joint transferees or renouncees;
- (v) duly stamped (if required); and
- (vi) delivered for registration to the registered office of the Company.

If the Board refuses to register a transfer or renunciation, it shall, within two months after the date on which the transfer or renunciation was delivered to the Company, send notice of the refusal to the transferee or renouncee. An instrument which the Board refuses to register shall be returned to the person delivering it. All instruments which are registered may be retained by the Company.

The transfer of title to any uncertificated share or the renunciation or transfer of any renounceable right of allotment of a share which is a participating security held in uncertificated form shall only be registered in accordance with the Uncertificated Securities Regulations 2001. No such transfer or renunciation which is in favour of more than four persons jointly shall be registered unless the Board otherwise resolves.

If any such transfer or renunciation is not registered pursuant to the Uncertificated Securities Regulations 2001 or the Company's Articles, the Company shall, within two months after the date on which the instruction relating to such transfer or renunciation was received by the Company, send notice of the refusal to the transferee or renouncee.

Alteration of share capital

The Company may by ordinary resolution:

- (i) increase its share capital by a sum to be divided into shares of amounts prescribed by the resolution;
- (ii) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

(iii) subject to the Companies Act 2006, sub-divide all or any of its shares into shares of a smaller amount; and

- (iv) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by a person and diminish the amount of its share capital by the amount of the shares so cancelled, and may by the resolution decide that one or more of the shares resulting from any such division or sub-division may have any preference or other advantage as compared with the others or may be made subject to any restriction as compared with the others.

Subject to the Companies Act 2006 and to any rights attached to any shares, the Company may by special resolution reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any way.

Appointment and powers of the Directors

The Company's Articles of Association provide for a board of Directors, consisting (unless otherwise determined by an ordinary resolution of shareholders) of not fewer than three Directors. There shall be no maximum number. Directors may be elected by the shareholders in a general meeting or appointed by the Board of Directors. A Director appointed by the Directors shall retire at the next annual general meeting after his appointment.

At each annual general meeting, any Director who was elected or last re-elected a Director at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation and shall be eligible to stand for re-election as a Director at such a meeting, if the Articles allow him to do so.

The Board may delegate to a Director holding executive office any of its powers, authorities and discretions for such time and on such terms and conditions as it shall think fit. The Board may delegate any of its powers, authorities or discretions, for such time and on such terms and conditions as it shall think fit, to a committee consisting of one or more Directors.

The Articles of Association prohibit a Director from voting, or being counted in the quorum in relation to, any resolution of the Board in which the Director has to his knowledge a material interest other than by virtue of his interests in shares in the Company. However, this restriction on voting does not apply to resolutions:

- i) relating to the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of a Group undertaking.
- ii) relating to the giving of any security, guarantee or indemnity in respect of a debt or obligation of a Group undertaking for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security.
- iii) relating to, or in the context of, an offer of securities by a Group undertaking in which he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting or placing of which he is to participate.
- iv) relating to a transaction or arrangement with any other company in which he is interested, directly or indirectly, provided that he is not the holder of or beneficially interested in one per cent or more of any class of the equity share capital of that company (or of any

Shareholder information (continued)

other company through which his interest is derived) and not entitled to exercise one per cent or more of the voting rights available to shareholders of the relevant company (and for the purpose of calculating the said percentage there shall be disregarded any shares held by the Director as a bare or custodian trustee and in which he has no beneficial interest, and any shares comprised in any authorised unit trust scheme in which the Director is interested only as a unit holder.

- v) relating to an arrangement for the benefit of employees of any Group undertaking which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates, or
- vi) concerning the insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and uncalled capital, subject to the limitation that the aggregate amount of all net external borrowings of the group at any time shall not exceed an amount equal to twice the aggregate of the group's adjusted capital and reserves calculated in the manner prescribed in the Articles of Association, unless sanctioned by an ordinary resolution of the Company's shareholders.

Taxation

Taxation for US residents

The following summary sets out the principal US federal and UK tax consequences of the purchase, ownership and disposition of the Company's shares or ADSs in respect of such shares by a "US holder" (as defined below) and is not intended to be a complete analysis or listing of all the possible tax consequences of such purchase, ownership or disposition.

As used herein, a US holder means a beneficial owner of the Company's shares or ADSs that is: a citizen or resident of the US; a corporation (or other entity taxable as a corporation for US federal income tax purposes) created or organised in or under the laws of the US, or any state thereof; an estate whose income is includible in gross income for US federal income tax purposes regardless of its source; or a trust, if a court within the US is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or if the trust is subject to a valid election to be taxed as a US resident trust.

This summary deals only with shares and ADSs held as capital assets and does not address any special tax consequences that may be applicable to US holders who are subject to special treatment under the US Internal Revenue Code of 1986, as amended, such as dealers in securities or foreign currency, traders who elect mark-to-market accounting, financial institutions or financial services entities, insurance companies, persons subject to the alternative minimum tax, tax-exempt entities, persons that hold the shares or ADSs as part of a straddle, hedge, conversion or constructive sale transaction or other integrated financial transaction, persons whose functional currency is other than the US dollar, certain expatriates or former long term residents of the US, persons who alone, or together with one or more associated persons, control or controlled (directly, indirectly or

constructively) 10% or more of the voting shares of the Company or persons who acquire shares or ADSs as compensation for services.

Prospective investors are advised to consult their tax advisers with respect to the tax consequences of the purchase, ownership and disposition of shares or ADSs, including specifically the consequences under state and local tax laws. The statements regarding US and UK tax laws set out below are based on US federal and UK tax laws and UK HM Revenue & Customs practice in force on the date of this Annual Report and are subject to change. This summary does not address the tax consequences to partnerships, other pass-through entities or persons who hold shares or ADSs through a partnership or other pass-through entity.

US holders of ADSs will be treated as the owners of the underlying shares for purposes of the double taxation conventions relating to income and estate and gift taxes between the US and the UK and for the purposes of the US Internal Revenue Code of 1986, as amended.

In addition, the following summary assumes that US holders are residents of the US for purposes of the current convention relating to income taxes between the US and the UK ("the Convention") and are entitled to the benefits of the Convention.

Taxation of dividends

Any dividend paid by the Company will generally be included in the gross income of a US holder as dividend income for US federal income tax purposes to the extent made from the Company's current or accumulated earnings and profits, as determined under US federal income tax principles. Distributions in excess of such current and accumulated earnings and profits will be applied against and will reduce the US holder's tax basis in the shares or ADSs and to the extent in excess of such tax basis will be treated as a gain from the sale or exchange of the shares or ADSs.

Following the redenomination of the Company's share capital on 5 February 2007, dividends are declared in US dollars. Shareholders can elect to receive dividends in US dollars or pounds sterling. The amount of any dividend that the shareholder elects to be paid in pounds sterling will equal the US dollar value of the pounds sterling received calculated by reference to the exchange rate in effect on the day that the dividend is received by the US holder, in the case of shares, or by the Depositary (or its Custodian), in the case of ADSs. This is regardless of whether the dividend payment is later converted into US dollars. Foreign currency exchange gain or loss, if any, realised on a subsequent sale or other disposition of pounds generally will be treated as US source ordinary income or loss to the US holder.

Dividends received on the shares or ADSs generally will be foreign source passive income for US foreign tax credit purposes and generally will not be eligible for the dividends received deduction allowed to US corporations under Section 243 of the US Internal Revenue Code.

A non-corporate US holder's "qualified dividend income" is subject to tax at a reduced rate of tax of 15%. For this purpose, qualified dividend income includes dividends from foreign corporations received in tax years beginning before 1 January 2011 if (a) the shares of such corporation with respect to which such dividend is paid are readily tradeable on an established securities market in the US, or (b) such corporation is eligible for the benefits of a comprehensive tax treaty with the US that includes an information exchange programme and is determined to be satisfactory to the US Secretary of the Treasury.

The US Secretary of the Treasury has indicated that the Convention is satisfactory for this purpose, and the Company believes that it is entitled to the benefits of the Convention. Dividends will not however qualify for the reduced rate if such corporation is treated for the tax year in which dividends are paid (or in the prior year) as a “passive foreign investment company” for US federal income tax purposes. The Company does not believe it is a passive foreign investment company. Accordingly, dividend distributions with respect to the Company’s shares or ADSs should be treated as qualified dividend income and, subject to the US holder’s satisfaction of the requirements described below, should be eligible for the reduced 15% US federal income tax rate. A US holder will not be entitled to the reduced rate: (a) if the US holder has not held the shares or ADSs for at least 61 days of the 121-day period beginning on the date which is 60 days before the ex-dividend date; (b) to the extent the US holder is under an obligation to make related payments on substantially similar or related property; or (c) if the US holder elects to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the US Internal Revenue Code. Any days during which a US holder has diminished its risk of loss on the shares or ADSs are not counted towards meeting the 61-day holding period required by the statute.

The UK does not currently apply a withholding tax on dividends under its internal laws. If the UK were to impose a withholding tax, as permitted under the Convention, the rate of such withholding tax will not exceed 15% of the dividend paid to a US holder. In such circumstances, subject to applicable limitations, a US holder who was subject to any withholding should be entitled to claim a deduction for withheld tax or, subject to the holding period requirements mentioned below, a credit for such withholding tax, against the US holder’s federal income tax liability. The US foreign tax credit limitation may be reduced to the extent that dividends are eligible for the reduced rate described above. Special rules apply to foreign tax credits relating to qualified dividend income. US holders should consult their tax advisers as to the method of claiming such foreign tax credit or deduction and compliance with special tax return disclosure requirements that apply to US holders who claim the benefit of the foreign tax credit on such US holders’ US federal income tax returns.

A US holder will be denied a foreign tax credit (and instead allowed a deduction) for foreign taxes imposed on a dividend if the US holder has not held the shares or ADSs for at least 16 days in the 31-day holding period beginning 15 days before the ex-dividend date. Any days during which a US holder has substantially diminished its risk of loss on the shares or ADSs are not counted towards meeting the 16-day holding period required by statute. A US holder that is under an obligation to make related payments with respect to the shares or ADSs (or substantially similar or related property) also is not entitled to claim a foreign tax credit with respect to a foreign tax imposed on a dividend.

Taxation of capital gains

Upon a sale, exchange or other disposition of shares or ADSs, a US holder will recognise a gain or loss for US federal income tax purposes in an amount equal to the difference between the US dollar value of the amount realised and the US holder’s tax basis (determined in US dollars) in such shares or ADSs. Generally, such gain or loss will be a capital gain or loss and will be a long-term capital gain or loss if the US holder’s holding period for such shares or ADSs exceeds one year. Any such gain or loss generally will be income or

loss from sources within the US for foreign tax credit limitation purposes. Long term capital gains of a non-corporate US holder are generally subject to a maximum tax rate of 15%. The deductibility of a capital loss recognised on the sale or exchange of shares or ADSs is subject to limitations.

If the shares or ADSs are publicly traded, a disposition of such shares or ADSs will be considered to occur on the ‘trade date’, regardless of the US holder’s method of accounting. A US holder that uses the cash method of accounting calculates the US dollar value of the proceeds received on the sale on the date that the sale settles. However, a US holder that uses the accrual method of accounting is required to calculate the value of the proceeds of the sale on the “trade date” and, therefore, may realise a foreign currency gain or loss, unless such US holder has elected to use the settlement date to determine its proceeds of sale for purposes of calculating such foreign currency gain or loss. In addition, a US holder that receives foreign currency upon the sale or exchange of the shares or ADSs and later converts the foreign currency into US dollars will recognise a foreign currency gain or loss on any appreciation or depreciation in the value of the foreign currency against the US dollar. A foreign currency gain or loss will generally be US source ordinary income or loss.

Generally a US holder who is neither resident nor ordinarily resident for tax purposes in the UK will not be liable for UK tax on capital gains realised on the sale or other disposal of shares or ADSs unless, in the year of assessment in which the gain accrues to such holder, that US holder has a permanent establishment, branch or agency in the UK and the shares or ADSs are or have been used by, held by, or acquired for use by, or for the purpose of, such permanent establishment, branch or agency. However, a US holder who has been resident in the UK during the last four years of assessment and held shares or ADSs at that time may, in certain circumstances, become liable to UK capital gains tax on his return to the UK following a disposal of such shares or ADSs. Any US holders whose circumstances are such that they may fall within such provisions are advised to consult their tax adviser.

Under the Convention, a US holder who is resident or ordinarily resident for tax purposes in the UK, a US corporation which is resident in the UK by reason of being managed and controlled in the UK, or a US holder who, or a US corporation which, has a permanent establishment, where shares or ADSs are or have been acquired, used or held for the purposes of such permanent establishment, may be liable for both UK tax and US federal income tax on a gain on the disposal of the shares or ADSs. Such US holders are advised to consult their tax adviser.

US information reporting and US backup withholding

Under US Treasury regulations, dividends paid on shares or ADSs may be subject to US information reporting requirements and backup withholding of tax (currently 28%). In addition, under US Treasury regulations, the payment of the proceeds of a sale, exchange or redemption of shares or ADSs to a US holder or non-US holder in the US, or through US or US-related persons, may be subject to US information reporting requirements and backup withholding of tax (currently 28%).

US holders generally can avoid the imposition of backup withholding by reporting their taxpayer identification number to their broker or paying agent on US Internal Revenue Service Form W-9. Non-US

Shareholder information (continued)

holders can avoid the imposition of backup withholding by providing a duly completed US Internal Revenue Service Form W-8BEN, W-8ECI or W-8IMY, as appropriate, to their broker or paying agent. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a holder will be allowed as a refund or a credit against such holder's US federal income tax liability, provided that the required returns are filed with US Internal Revenue Service on a timely basis.

Inheritance tax

Shares or ADSs held by an individual who is domiciled in the US for the purposes of the double taxation convention relating to estate and gift taxes between the US and the UK, and for the purposes of the convention is not a national of the UK, will not be subject to UK inheritance tax on the individual's death or on a lifetime transfer of shares or ADSs, except in certain cases where the shares or ADSs are placed in trust (other than by a settlor domiciled in the US who is not a national of the UK) and where the shares or ADSs are part of the business property of a UK permanent establishment of an enterprise or pertains to a UK fixed base of an individual used for the performance of independent personal services.

The convention generally provides a credit for the amount of any tax paid in the UK against the US federal tax liability in a case where the shares or ADSs are subject both to UK inheritance tax and to US federal gift or estate tax. Further advice should be sought by any holder who is likely to need to rely upon the provisions of the convention.

UK stamp duty and stamp duty reserve tax

Stamp duty is (subject to certain exceptions including for charities) currently payable on any instrument transferring shares to the Custodian of the Depositary at the rate of 1.5% on the value of such shares. In accordance with the terms of the Deposit Agreement relating to the shares, any tax or duty payable by the Depositary or the Custodian of the Depositary on future deposits of shares will be charged by the Depositary to the party to whom ADSs are delivered against such deposits.

No UK stamp duty will be payable on transfer of an ADS, provided that the ADS (and any separate instrument of transfer) is executed and retained at all times outside the UK. A transfer of an ADS in the US will not give rise to UK stamp duty provided the instrument of transfer is not brought into the UK. A transfer of an ADS in the UK may attract stamp duty at a rate of 0.5% (rounded up to the nearest multiple of £5) of the consideration. Any transfer (which will include a transfer from the Depositary to an ADS holder) of the shares, including shares underlying an ADS, may result in a stamp duty liability at the rate of 0.5% (rounded up to the nearest multiple of £5) of the consideration. There is no charge to ad valorem stamp duty on gifts. On a transfer of shares from a nominee to the beneficial owner (the nominee having at all times held the shares on behalf of the transferee) under which no beneficial interest passes and which is neither on sale, nor arises under or following a contract of sale, nor is in contemplation of sale, a fixed stamp duty of £5 will be payable.

Stamp duty reserve tax generally at a rate of 0.5% of the consideration is currently payable on any agreement to transfer shares or any interest therein unless: (i) an instrument transferring the shares is executed; (ii) stamp duty, generally at a rate of 0.5%, is paid; and (iii) generally the instrument is stamped on or before the accountable date for stamp duty reserve tax. The duty will, however, be refundable if within six years the agreement is completed by an instrument which has been duly stamped, generally at the rate of 0.5%. Stamp duty reserve tax will not be payable on any agreement to transfer ADSs which represent interests in depositary receipts.