

THIS DOCUMENT AND THE ACCOMPANYING FORM OF ELECTION ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take you are recommended to seek advice from your solicitor, accountant, stockbroker, bank manager or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 who specialises in advising in connection with shares and other securities if you are in the United Kingdom or, if you are resident outside the United Kingdom, from another appropriately qualified independent financial adviser.

If you have sold or otherwise transferred all of your shares in Carpathian PLC (the “Company”) prior to the Record Time please send this document, together with the accompanying Form of Election, to the purchaser or transferee or to the stockbroker, bank or other agent through or to whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or transferred part only of your holding of shares in the Company you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

Carpathian PLC

(Incorporated and registered in the Isle of Man under the Isle of Man Companies Act 2006 with registered number 004145V)

Return of Cash to Shareholders of 12 cents per Existing Ordinary Share

Your attention is drawn to the letter from the Chairman of the Company set out in Part 1 of this document.

No application has been or will be made to the London Stock Exchange for any of the C Shares or the Deferred Shares to be admitted to trading on AIM, nor have the C Shares or the Deferred Shares been admitted, nor will they be admitted, to trading on any other recognised investment exchange.

The offering of C Shares or Deferred Shares has not been, nor will it be, registered under the US Securities Act or the relevant state securities laws of the United States but will be offered in reliance on an exemption from the registration requirements of the US Securities Act. Neither the C Shares nor the Deferred Shares may be transferred in the United States unless pursuant to a transaction which has been registered under the US Securities Act and/or relevant state securities laws or pursuant to an exemption therefrom.

None of the C Shares or Deferred Shares has been approved, disapproved or otherwise recommended by the United States Securities and Exchange Commission or any other US federal or state securities commission or other regulatory authority or any non-US securities commission or regulatory authority nor have any such authorities confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Shareholders are advised to read this document carefully. If you require assistance in completing the Form of Election or require additional Forms of Election, please call Computershare Investor Services PLC on 0870 707 4040 or, if phoning from outside the UK +44 (0)870 707 4040. For legal reasons, Computershare Investor Services PLC will not be able to give advice on the merits of the Return of Cash or to provide legal, financial or taxation advice.

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EXPECTED TIMETABLE

Existing Ordinary Shares become ex-entitlement to the issue of C Shares in respect of the Return of Cash	21 December 2011
Record Time (for determining entitlement to the issue of C Shares in respect of the Return of Cash)	5.00 p.m. on 23 December 2011
Publishing and posting of this document and the Form of Election to Shareholders	28 December 2011
Issue of C Shares (including crediting CREST accounts with “interim CREST entitlements” in respect of C Share Entitlement)	29 December 2011
Election Deadline (being the latest time and date for receipt of Forms of Election or USE Instructions from CREST holders in respect of the C Share Alternatives)	11.00 a.m. on 12 January 2012
Repurchase Date	19 January 2012
Credit CREST accounts (in respect of Alternative 1: Capital Repayment) or despatch cheques in respect of both C Share Alternatives	on or around 19 January 2012

Notes:

1. All references to time in this document are to London time unless otherwise stated.
2. The dates and times given in this document are based on the Company’s current expectations and may be subject to change. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on a Regulatory Information Service.

DEFINITIONS

“2010 Notice of AGM”	the notice of Annual General Meeting of the Company dated 14 July 2010;
“the Act”	the Companies Act 2006 of the Isle of Man (as amended from time to time);
“AIM”	a market operated by the London Stock Exchange plc;
“Alternative 1: Capital Repayment”	the first alternative that will be made available to holders of C Shares on the basis and the terms described in Part 1 of this document;
“Alternative 2: Cash Dividend”	the second alternative that will be made available to holders of C Shares on the basis and the terms described in Part 1 of this document;
“Board” or “Directors”	the board of directors of the Company;
“C Share Alternatives”	the offer of Alternative 1: Capital Repayment and Alternative 2: Cash Dividend;
“C Share Dividend”	a dividend of 12 euro cents per C Share;
“C Share Entitlement”	the entitlement of Shareholders to receive one C Share for each Existing Ordinary Share held by it at the Record Time;
“C Shares”	the unlisted C shares of €0.0001 each in the capital of the Company, the rights and restrictions of which are set out in the New Articles and summarised in the 2010 Notice of AGM;
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations;
“CREST holder”	a Shareholder who holds Existing Ordinary Shares in uncertificated form in CREST;
“Deferred Shares”	the unlisted deferred shares of €0.0001 each in the capital of the Company, the rights and restrictions of which are set out in the New Articles and summarised in the 2010 Notice of AGM;
“Election Deadline”	as set out in the expected timetable on page 3 of this document;
“Euroclear”	Euroclear UK and Ireland Limited, the operator of CREST;
“Excluded Jurisdiction”	the United States, Australia, Japan, Canada or the Republic of South Africa;
“Excluded Shareholders”	(i) a Shareholder with an address in any Excluded Jurisdiction on the Company’s register of members; (ii) any person resident in any Excluded Jurisdiction who holds Ordinary Shares including directly, or as or through, a nominee, trustee or custodian; and (iii) persons who appear at any time to the Directors to fall within paragraph (ii) of this definition;
“Existing Ordinary Shares”	the Ordinary Shares in issue as at the Record Time;
“Form of Election”	the form of election enclosed with this document for use by Shareholders in connection with the Return of Cash;
“New Articles”	the new articles of association of the Company adopted pursuant to Resolution 4 as set out in the 2010 Notice of AGM;
“Ordinary Shares”	the ordinary shares of €0.01 each in the capital of the Company;

“Record Time”	as set out in the expected timetable on page 3 of this document;
“Repurchase Date”	as set out in the expected timetable on page 3 of this document;
“Return of Cash”	the transactions comprising the creation, issue and allotment of the C Shares, the issue of a Form of Election and the C Share Alternatives;
“Shareholder”	a holder of Ordinary Shares;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	when used in relation to shares, recorded on the relevant register “in uncertificated form” as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations, may be transferred by means of CREST;
“Uncertificated Securities Regulations”	the Uncertificated Securities Regulations 2006 of the Isle of Man;
“US” or “United States”	the United States of America (including the states of the United States and the District of Columbia), its possession and territories and all areas subject to its jurisdiction;
“US Securities Act”	United States Securities Act of 1933 (as amended from time to time); and
“USE Instruction”	unmatched stock event instruction to be used by CREST account holders.

PART I

LETTER FROM THE CHAIRMAN

Carpathian PLC

*(Incorporated and registered in the Isle of Man under the Isle of Man Companies Act 2006
with registered number 004145V)*

Directors:

Rory Patrick Macnamara* (*Chairman*)

Patrick Rupert Cottrell*

Philip Peter Scales*

Timothy Graham Walker*

(*non-executive)

Registered Office:

IOMA House

Hope Street

Douglas, Isle of Man

IM1 1AP

To all Shareholders

28 December 2011

Dear Sir or Madam,

RETURN OF CASH TO SHAREHOLDERS

1. Introduction

The 2010 Notice of AGM included an explanation to Shareholders of the background to, and reasons for, the Company establishing a scheme by which excess cash could be returned to Shareholders in a flexible form and in a timely manner. A copy of the 2010 Notice of AGM may be viewed via the “News” section of the Company’s website at www.carpathianplc.com (see the link entitled “14 July 2010 – Notice of AGM and Return of Surplus Cash” in the section containing documents released in July 2010).

The Shareholders passed the resolution, as set out in the 2010 Notice of AGM, approving the adoption of the New Articles on 6 August 2010. The New Articles provide for the creation of new classes of shares, including the C Shares, and contain authority for the Board to issue such shares in separate tranches in respect of a Return of Cash.

DETAILS OF THE RETURN OF CASH

2. Implementation of the Return of Cash

As announced by your Board on 15 December, the Company intends to implement a further Return of Cash. The Board has concluded that surplus cash representing 12 euro cents per Existing Ordinary Share is available for distribution by the Company to Shareholders by way of a Return of Cash.

The Board is satisfied, on reasonable grounds, that immediately following the Return of Cash: (i) the Company will be able to pay its debts as they become due in the normal course of the Company’s business; and (ii) the value of the Company’s assets will exceed the value of its liabilities.

3. Allotment of C Shares

The Return of Cash is to be effected by the bonus issue of a new class of shares, the C Shares, to Shareholders on the Company’s register at the Record Time. Such shareholders have been issued one C Share for each Existing Ordinary Share held by them at the Record Time. Each Shareholder (save for the Excluded Shareholders) shall be afforded the opportunity to elect to receive the Return of Cash in one of two ways pursuant to the C Share Alternatives, further details of which are set out below.

The C Shares have limited rights as more fully set out in the New Articles and summarised in the 2010 Notice of AGM. No share certificates will be issued for any C Shares. The C Shares have not been, and will not be, admitted to trading on any recognised investment exchange.

4. The C Share Alternatives

A Form of Election is enclosed with this letter pursuant to which Shareholders (other than Excluded Shareholders) may elect to receive the Return of Cash either by way of Alternative 1: Capital Repayment, Alternative 2: Cash Dividend or any combination of these alternatives. Shareholders electing through CREST should refer to paragraph 2 of Part 3 of this document for further information.

Shareholders (other than Excluded Shareholders) may choose Alternative 1: Capital Repayment, Alternative 2: Cash Dividend or any combination of these alternatives in respect of their C Shares. Excluded Shareholders may not choose Alternative 1: Capital Repayment and will be deemed to have elected for Alternative 2: Cash Dividend. Shareholders who fail to make an election or fail to return a validly completed and executed Form of Election will be deemed to have elected for Alternative 2: Cash Dividend in respect of their entire holding of C Shares.

Alternative 1: Capital Repayment.

Pursuant to Alternative 1: Capital Repayment, Shareholders may elect to have all or some of the C Shares issued to them repurchased by the Company, on the Repurchase Date, at a price of 12 euro cents per C Share free of all dealing expenses and commissions. The C Share Dividend shall not be available in relation to C Shares that are the subject of an election for Alternative 1: Capital Repayment.

Share certificates will not be issued in respect of C Shares which are to be repurchased by the Company by way of Alternative 1: Capital Repayment. In addition, following their repurchase, such C Shares will be cancelled and will not be reissued.

Shareholders should read carefully Part 2 ‘United Kingdom taxation in relation to the Return of Cash’ of this document before deciding whether to elect for Alternative 1: Capital Repayment.

Alternative 2: Cash Dividend

Shareholders may elect to receive a C Share Dividend in respect of all or some of their C Shares. Shareholders who fail to make an election or fail to return a validly completed and executed Form of Election will be deemed to have elected for Alternative 2: Cash Dividend in respect of their entire holding of C Shares.

Following payment of the C Share Dividend, those C Shares on which the C Share Dividend has been paid will be converted into Deferred Shares, with the Shareholder receiving one Deferred Share for each such C Share. No share certificates will be issued in respect of either the C Shares on which the C Share Dividend is paid or in respect of the Deferred Shares.

The Deferred Shares will have extremely limited rights as more fully set out in the New Articles and summarised in the 2010 Notice of AGM. The Deferred Shares will not be admitted to trading on any recognised investment exchange.

The Company may repurchase all Deferred Shares then in issue at any time for an aggregate consideration of €0.01. In view of its negligible amount, entitlement to any of the aggregate consideration of €0.01 will not be sent to individual Shareholders.

Shareholders should read carefully Part 2 ‘United Kingdom taxation in relation to the Return of Cash’ of this document before deciding whether to elect for Alternative 2: Cash Dividend.

5. Non-United Kingdom Shareholders

Shareholders who are not resident in the United Kingdom or the Isle of Man or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the Return of Cash will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the

jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Shareholder not resident in the United Kingdom or the Isle of Man or a citizen, resident or national of another country wishing to receive the C Share Dividend or have C Shares repurchased or otherwise dispose of any shares in the Company to satisfy himself or herself as to full observance of the laws of each relevant jurisdiction in connection with the Return of Cash including the obtaining of any government, exchange control or other consents which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the Return of Cash constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

In the event that the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or the Company would or might be required to make filings or take any other action in any jurisdiction as a result of its issuing C Shares to Shareholders who have registered addresses in any Excluded Jurisdiction or who are citizens, residents or nationals of other countries, the C Shares to which such Shareholders are entitled may not be allotted to such Shareholders but may instead be issued to a nominee with the proceeds of the Return of Cash being remitted to such Shareholders.

If the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or that the Company would or might be required to make filings or take any other action in any jurisdiction as a result of an election made pursuant to a Form of Election, or the repurchase by the Company of C Shares from a Shareholder who has a registered address in any Excluded Jurisdiction or who is a citizen, resident or a national of a country outside the UK or a trustee, custodian or nominee holding C Shares on behalf of such persons, such Shareholder shall be deemed to have elected for Alternative 2: Cash Dividend and so to receive the C Share Dividend in respect of the relevant C Shares (unless the Company otherwise determines in its absolute discretion).

A resident, citizen or national of the United States is not entitled to participate in Alternative 1: Capital Repayment. A trustee, custodian or nominee holding C Shares on behalf of a resident, citizen or national of the United States is not entitled to participate in Alternative 1: Capital Repayment in respect of such C Shares and must therefore not execute a Form of Election to participate in the same in respect of such C Shares. Without prejudice to the generality of the foregoing, any such Shareholders will only be entitled to receive the C Share Dividend.

The above provisions of this paragraph relating to Excluded Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion.

6. Securities law considerations in the United States

Without prejudice to the generality of the foregoing, the offering of the C Shares or the Deferred Shares, as the case may be, has not been, nor will it be, registered under the US Securities Act or the relevant state securities laws of the United States. Neither the C Shares nor the Deferred Shares may be transferred in the United States unless pursuant to a transaction which has been registered under the US Securities Act and relevant state securities laws or pursuant to an exemption therefrom.

7. Action to be taken

Form of Election

A Form of Election for use by Shareholders (with the exception of Excluded Shareholders and Shareholders who hold their Existing Ordinary Shares in CREST) in connection with the C Share Alternatives is enclosed with this document. To be valid, Forms of Election must be validly

completed and returned so as to be received by Computershare Investor Services PLC by no later than the Election Deadline. If Shareholders do not use the envelope provided, the Form of Election should be sent by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or delivered by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, and postage will be payable. Excluded Shareholders will not be sent a Form of Election and will be deemed to have elected for Alternative 2: Cash Dividend in respect of their C Share Entitlement.

Shareholders who hold their Existing Ordinary Shares in CREST will not be sent a Form of Election and may only elect in respect of the C Share Alternatives through CREST. Please see paragraph 2 of Part 3 of this document for further information.

Shareholders (other than Excluded Shareholders) who do not complete and return a valid Form of Election or USE Instruction by the Election Deadline will be deemed to have elected for Alternative 2: Cash Dividend.

Details of how to complete and return your Form of Election are set out in Part 3 of this document.

Currency of payment

Payments in respect of the C Share Alternatives shall be made in euros (save that those Shareholders that have previously elected to receive dividend payments in sterling shall receive payments due in respect of the C Share Alternatives in sterling).

Shareholders that have any queries relating to the currency in which they are due to receive payment should telephone the Shareholder helpline on 0870 707 4040 (+44 870 707 4040 if calling from outside the United Kingdom) between 9.00 a.m. and 5.00 p.m. on any Business Day.

Yours faithfully

Rory Macnamara
Chairman

PART 2

UK TAXATION IN RELATION TO THE RETURN OF CASH

The following summary of the tax treatment in the UK is intended as a general guide only and does not constitute tax advice. It is based on certain aspects of current UK tax law and HM Revenue & Customs (“HMRC”) published practice as at the date of this document, both of which are subject to change, possibly with retrospective effect. The summary relates only to shareholders who are resident, and in the case of individuals, ordinarily resident in the UK for tax purposes and who hold their Ordinary Shares as investments. It may not be applicable to certain Shareholders, including dealers in securities or employees.

Any Shareholder who is in any doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser.

The following comments are in the context of an issue of C Shares.

Allotment of C Shares

For the purposes of UK taxation of capital gains and corporation tax on chargeable gains (“CGT”):

- the issue of C Shares should be treated as a reorganisation of the capital of the Company. Accordingly, Shareholders will not be treated as having made a disposal of all or part of their Ordinary Shares. Instead, the new holding of both the Ordinary Shares and the C Shares will be treated as the same asset as the Ordinary Shares before the bonus issue, and as having been acquired at the same time as the Ordinary Shares; and
- as a result of the bonus issue, a Shareholder’s original base cost in the Ordinary Shares will be apportioned between the Ordinary Shares and C Shares by reference to the value of these shares immediately after the bonus issue.

Alternative 2: Cash Dividend – C Share Dividend

Under Alternative 2: Cash Dividend, a C Share Dividend will be paid on the C Shares in issue, following which the C Shares will be converted into Deferred Shares.

Tax on income

UK resident individual Shareholders will, subject to their personal circumstances, be liable to tax on the C Share Dividend as income. A notional tax credit of 1/9th of the C Share Dividend may be available to reduce the effective rate of UK income tax on dividends received by individual shareholders.

UK resident corporate shareholders may be exempt from corporation tax on the dividend under provisions introduced by Finance Act 2009. However such shareholders should note that the tax treatment of distributions paid by foreign companies out of share premium account can be uncertain. Based upon HMRC’s arguments in a recent case, it is possible that HMRC may seek to recharacterise such a distribution as a capital receipt.

Taxation on chargeable gains

For CGT purposes, the C Share Dividend and the consequent conversion of the C Shares into Deferred Shares should not be treated as giving rise to a disposal or part disposal of the C Shares in the hands of an individual Shareholder.

Shareholders who receive the C Share Dividend on their C Shares should note that a proportion of the base cost, for CGT purposes, will be attributed to the C Shares and this amount will continue to be attributed to the C Shares following their conversion into Deferred Shares (notwithstanding that the Deferred Shares will have limited rights or value). Correspondingly, only a proportion of the base cost of the original holding of Ordinary Shares will be available on a subsequent disposal of Ordinary Shares.

If the C Share Dividend were to be recharacterised as a capital receipt in the hands of a UK corporate Shareholder, then the transaction would be treated as a disposal of the C Shares for UK tax purposes.

Alternative 1: Capital Repayment – repurchase of C Shares by the Company

The Company has been advised that the repurchase of the C Shares should be treated as a disposal of those shares for UK tax purposes. Any gain or loss arising to a Shareholder will be calculated by the reference to the difference between the repurchase price and the Shareholder's base cost in the C Shares that are repurchased (see above for details of how the base cost of the C Shares will be calculated).

Subject to the comments below regarding Transactions in Securities and the Offshore Fund Rules, no part of the proceeds received by a Shareholder on the repurchase of the C Shares should be an income distribution in the Shareholder's hands.

Transactions in securities

In certain circumstances, HMRC may apply the provisions contained in Chapter 1, Part 13 Income Tax Act 2007 or Part 15 Corporation Tax Act 2010 where they consider a person has obtained a tax advantage as a result of a "transaction in securities" and where it cannot be shown that the transactions are effected for genuine commercial reasons and that the obtaining of a tax advantage was not the main reason or one of the main reasons for the transaction.

Were these provisions to apply, UK resident shareholders may be liable to tax as if they had received a dividend equal to the proceeds received on the repurchase of their C Shares by the Company.

The Company has not applied for a clearance from HMRC in this regard.

Offshore fund rules

The UK tax treatment of any disposal of the Ordinary Shares or C Shares is subject to the application of the UK Offshore Fund Rules. These rules were amended with effect from 1 December 2009 and include, amongst other things, a new definition of "offshore fund". If the Company were an offshore fund under the new Offshore Fund rules, gains arising to a Shareholder on disposal of the C Shares (or Ordinary Shares) may be subject to tax as income and not as a capital gain.

The application of the new Offshore Fund Rules is not entirely certain in all cases. However, it is considered that the proposed Return of Cash arrangements should not in themselves result in the Company being treated as an "offshore fund" under the new Offshore Fund Rules.

Stamp Duty

There should be no Stamp Duty or Stamp Duty Reserve Tax payable on the issue of the C Shares, the conversion of C Shares to Deferred Shares or the repurchase by the Company of either the C Shares or the Deferred Shares.

PART 3

MAKING YOUR ELECTION

1. Completing your Form of Election

To make an election, Shareholders who hold their Existing Ordinary Shares in certificated form must complete and return the Form of Election enclosed with this document. Shareholders who hold their Existing Ordinary Shares in CREST will not be sent a Form of Election and instead should refer to paragraph 2 of this Part 3 for further information.

Shareholders wishing to receive the C Share Dividend in respect of all of their C Shares need NOT complete or return the Form of Election or make an election through CREST. The C Share Dividend will be paid automatically in respect of all of the C Shares in relation to which a Shareholder has not elected for Alternative 1: Capital Repayment.

The following instructions describe what Shareholders should do when completing a Form of Election.

References to Boxes refer to the boxes indicated on the Form of Election.

Name(s) of Shareholder(s)

The Form of Election shows the name of the Shareholder, and names of joint Shareholders (where applicable), of Existing Ordinary Shares in respect of which an election can be made. When the Form of Election is completed, the Shareholder, and all joint Shareholders (where applicable), must sign the Form of Election (in Box 3, as applicable) and the signatures of all Shareholders who are individuals signing in Box 3A need to be witnessed (the witness must be over 18 years of age and cannot be the Shareholder or one of the joint Shareholders or otherwise have any financial interest in the relevant shares or in the proceeds resulting from the execution of the Form of Election although one person may separately witness the signature of all joint Shareholders). If the Form of Election is executed under a power of attorney, such power of attorney should be lodged with the Form of Election.

Number of Existing Ordinary Shares held

Box A shows the number of Existing Ordinary Shares in the name(s) of Shareholder(s) at 5.00 p.m. on 23 December 2011 and will also be the same number as their C Share Entitlement in respect of which they may make an election. If Shareholders do purchase, sell or transfer any Existing Ordinary Shares they should take care to ensure that their election is in respect of their C Share Entitlement corresponding to the number of Existing Ordinary Shares registered in his/her name at the Record Time.

How Shareholders may elect for one C Share Alternative in respect of all of their C Share Entitlement

- To elect for **Alternative 1: Capital Repayment** in respect of all of their C Share Entitlement, Shareholders should mark an "X" in Box 1.
- To elect for **Alternative 2: Cash Dividend** in respect of all of their C Share Entitlement, Shareholders should take no further action. Shareholders who do not complete or return the Form of Election will automatically receive the C Share Dividend.

Shareholders may split their C Share Entitlement between both C Share Alternatives

To split their C Share Entitlement between both C Share Alternatives, Shareholders should enter, in numbers, the number of C Shares of their total C Share Entitlement they wish to elect for Alternative 1: Capital Repayment (if any) in Box 1. Any remaining C Share Entitlement will be deemed as an election to receive Alternative 2: Cash Dividend thereon.

The default position if a Shareholder makes an election which in total exceeds his or her holding of Existing Ordinary Shares at the Record Time

If Shareholders enter a number or numbers in Box 1 of the Form of Election which in total exceeds their holding of Existing Ordinary Shares at the Record Time, or if they mark an “X” in Box 1 and insert a number less than or greater than their total C Share Entitlement, they will be deemed to have elected for Alternative 1: Capital Repayment in respect of their entire C Share Entitlement.

Subsequent dematerialisation of Existing Ordinary Shares

If the Existing Ordinary Shares to which any election made on the enclosed Form of Election relates are currently held in certificated form and are subsequently dematerialised into uncertificated form before the Election Deadline, any election made by the submission of a Form of Election will become invalid. Shareholders who subsequently hold their Existing Ordinary Shares in uncertificated form in CREST will need to give a valid USE Instruction in place of the submitted Form of Election by the Election Deadline.

The default position where a Shareholder makes an election which in total is less than his or her holding of Existing Ordinary Shares at the Record Time

If Shareholders enter a number or numbers in Box 1 of the Form of Election which in total is less than their holding of Existing Ordinary Shares at the Record Time, they will be deemed to have elected for Alternative 2: Cash Dividend in respect of the balance of their holding.

General

The Directors shall determine all questions as to the form and validity (including time and place of receipt) of any Form of Election in their absolute discretion, which determination shall be final and binding. The Directors also reserve the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any Form of Election completed by or on behalf of any Shareholder, and such determination will be binding on such Shareholder. The Directors shall not be liable to Shareholders for any loss arising from the determination of questions as to the form and validity (including time and place of receipt) of any Form of Election, unless attributable to their own wilful default, fraud or negligence, and the Directors shall not be under any duty to give notification of any defect or irregularity in any Form of Election or incur any liability for failure to give any such notice.

Final instructions on completing Form of Election

Shareholders returning a Form of Election must sign in Box 3A or 3B, as appropriate.

All Shareholders named on a Form of Election must sign the Form of Election and all signatures must be witnessed. Once completed, signed and witnessed, the Form of Election should be returned in the pre-paid envelope provided. No stamps will be needed if posted in the United Kingdom. To be valid, Forms of Election must be returned so as to be received by Computershare Investor Services PLC by the Election Deadline. If Shareholders do not use the envelope provided, the Form of Election should be sent by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or delivered by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE and postage will be payable.

Shareholders who fail to make an election or fail to return a validly completed and executed Form of Election or, in the case of Shareholders who hold their Existing Ordinary Shares in CREST, do not send a valid USE Instruction, will be deemed to have elected for Alternative 2: Cash Dividend in respect of all of their Share Entitlement.

2. CREST

How to elect for Alternative 1: Capital Repayment

In order to facilitate the C Share Alternatives, the holders of Existing Ordinary Shares who hold their shares in uncertificated form will, for the purposes of allowing an election in CREST only, be credited with one interim CREST entitlement under the ISIN GB00B760N924 for each Existing

Ordinary Share held in uncertificated form at the Record Time. These interim CREST entitlements will be enabled in CREST for the period from 29 December 2011 until the Election Deadline. During this period those CREST holders will have their accounts credited with the interim CREST entitlement security to allow them to elect electronically through the CREST system.

If the Existing Ordinary Shares to which any USE Instruction relates are held in CREST and are subsequently rematerialised into certificated forms and reflected on the Company's share register before the Election Deadline (or such later time and/or date as the Directors may determine) any USE Instruction given in respect of those shares will become ineffective. Shareholders who subsequently hold their Existing Ordinary Shares in certificated form will need to submit a valid Form of Election bearing details of the new shareholding account by the Election Deadline. Forms of Election can be obtained by telephoning the Registrar on 0870 707 4040 (or if calling from outside the UK +44 (0)870 707 4040) between 9.00 a.m. and 5.00 p.m. on any Business Day.

If Shareholders hold their Existing Ordinary Shares in CREST they will not be sent a Form of Election with this document. Such Shareholders should take (or procure to be taken) the action set out below after their CREST accounts have been credited with interim CREST entitlements.

If Shareholders are CREST personal members, they should refer to their CREST sponsor before taking any action. CREST sponsors will be able to confirm details of Shareholders' participant ID and the member account ID under which their Existing Ordinary Shares are held. In addition, only CREST sponsors will be able to give the USE Instruction to Euroclear by which Shareholders make their election.

To make an election, Shareholders should give (or, if they are a CREST personal member, procure that their CREST sponsor gives) a USE Instruction, which must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of interim CREST entitlements to be transferred to the escrow account;
- (b) the participant ID of Computershare Investor Services PLC, which is 3RA18;
- (c) the member account ID of Computershare Investor Services PLC, which is CARPBSCR;
- (d) the ISIN for the interim CREST entitlements, which is GB00B760N924;
- (e) the corporate action number of the Return of Cash. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- (f) the intended settlement date for the USE Instruction, which should be as soon as possible and in any event not later than the Election Deadline;
- (g) the standard delivery instruction priority of 80; and
- (h) the name and contact number inserted in the shared note field.

How to elect for Alternative 2: Cash Dividend

Shareholders who hold their Existing Ordinary Shares in CREST and who wish to elect for Alternative 2: Cash Dividend in respect of all of their C Share Entitlement need take no action. Shareholders who do not give a USE Instruction will automatically receive Alternative 2: Cash Dividend in respect of all of their C Share Entitlement.

The default position where Shareholders make an election which in total is less than their holding of Existing Ordinary Shares at the Record Time

If Shareholders send a USE Instruction which details a number of interim CREST entitlements which in total is less than their holding of Existing Ordinary Shares at the Record Time, they will be deemed to have elected for Alternative 2: Cash Dividend in respect of the balance of their holding.

General

The Company, in its absolute discretion, shall determine all questions as to the form and validity (including time and place of receipt) of any USE Instruction, which determination shall be final and

binding. The Company also reserves the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any USE Instruction completed by or on behalf of any Shareholder, and such determination will be binding on such Shareholder. The Company and the Directors shall not be liable to Shareholders for any loss arising from the determination of questions as to the form and validity (including time and place of receipt) of any Form of Election or USE Instruction, unless attributable to their own wilful default, fraud or negligence and the Company shall not be under any duty to give notification of any defect or irregularity in any USE Instruction or incur any liability for failure to give any such notice.

After the Election Deadline, any election made will be irrevocable. No authority conferred by or agreed to by the giving of a USE Instruction will be affected by, and all such authority will survive, the death or incapacity of the Shareholder giving such instruction. All obligations of such Shareholder will be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

Final instructions on sending a USE Instruction

In order for an election through CREST to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle by the Election Deadline.

CREST members and (where applicable) their CREST sponsors should note that the last time at which a USE Instruction may settle is the Election Deadline.

Shareholders (other than those resident in an Excluded Jurisdiction) who do not send a valid USE Instruction will be deemed to have elected for Alternative 2: Cash Dividend in respect of all of their C Share Entitlement.

Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of an instruction through CREST and its settlement in connection with the Return of Cash. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action to ensure that a valid application is made through the CREST system as stated above by the Election Deadline.

After the Election Deadline, the interim CREST entitlements are expected to be disabled in CREST and subsequently cancelled.

