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Babcock International Group PLC
10 May 2007

Babcock International Group PLC (“Babcock” or the “Company”)

Equity placing to raise £90 million

The board of directors of Babcock (the “Board”) has separately announced today that Babcock has entered into a conditional agreement (the “Acquisition Agreement”) for the acquisition of Devonport Management Limited (“DML”) (the “Acquisition”) for £350 million and its preliminary results for the year ended 31 March 2007.

As part of the funding for the Acquisition, Babcock today also announces a fully underwritten, non pre-emptive placing (the “Placing”) of 19,000,000 new ordinary shares in the capital of Babcock (the “Placing Shares”) at a Placing Price of 475 pence per share to raise £90 million before expenses. The Placing Shares will rank *pari passu* with the existing ordinary shares in all respects, including the right to receive the proposed final dividend of 5.65 pence announced today.

The Placing is not conditional on the Acquisition completing. If the Acquisition does not complete, Babcock will use the proceeds from the placing for potential investment opportunities or general corporate purposes.

The Placing Shares are being placed, subject to the terms and conditions of the Placing Agreement, with institutional investors and will represent approximately 9.1 per cent. of Babcock’s current issued share capital. There has been no equity fund raising exercise by Babcock in the 12 months immediately preceding the date of this announcement.

JPMorgan Cazenove Limited (“JPMorgan Cazenove”) is acting as sole bookrunner to the Placing. The Placing has been fully underwritten by J.P. Morgan Securities Ltd. (“JPMSL”), subject to the terms and conditions of the Placing Agreement. The Placing will take place in accordance with the terms and conditions set out in the Appendix to this announcement.

Application will be made for the Placing Shares to be admitted to the Official List maintained by the UK Listing Authority and to be admitted to trading by the London Stock Exchange plc on its market for listed securities (together, “Admission”).

Settlement for the Placing Shares issued pursuant to the Placing, as well as Admission, is expected to take place on Tuesday 15 May 2007.

This summary should be read in conjunction with the full text of the following announcement and the separate announcements made by the Company of the Acquisition and its preliminary results for the year ended 31 March 2007 released today.

The Placing Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state of the United States and may not be offered, sold or transferred, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. This announcement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Placing Shares in any state in which such offer, solicitation or sale would be unlawful. The Placing Shares have not been, and will not be, registered with any regulatory authority of any state within the United States. There will be no public offer of Placing Shares in the United States, United Kingdom or elsewhere. No money, securities or other consideration is being solicited and, if sent in response to the information herein, will not be accepted.

ENQUIRIES:

Babcock

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JPMorgan Cazenove

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Save as expressly set out, this announcement does not constitute an offer or invitation to underwrite, subscribe for or otherwise acquire or dispose of any securities or investment advice in any jurisdiction. Past performance is no guide to future performance. Persons needing advice should consult an independent financial adviser.

The distribution of this announcement and the offering or sale of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or JPMorgan Cazenove that would permit an offering of the Placing Shares or possession or distribution of this announcement or any other offering or publicity material relating to the Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are

required by the Company and JPMorgan Cazenove to inform themselves about, and to observe, any such restrictions.

This announcement is only addressed to and directed at persons in member states of the European Economic Area (“EEA”) who are “qualified investors” (“Qualified Investors”) within the meaning of Article 2(1)(e) of the EU Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). Any person in the EEA who acquires any securities in the Placing or to whom any offer of securities is made will be deemed to have acknowledged and agreed that they are such a Qualified Investor.

In the case of any securities acquired by a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented and warranted that the securities acquired by it in the Placing have not been acquired on a non-discretionary basis on behalf of, nor have they have been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of securities to the public other than an offer or resale in a member state of the EEA which has implemented the Prospectus Directive to Qualified Investors or in circumstances in which the prior consent of JPMorgan Cazenove has been given to each such proposed offer or resale.

The Company and JPMorgan Cazenove and their respective affiliates, will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Certain statements in this announcement are forward-looking statements. Such statements speak only as at the date of this announcement, are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement. The information contained in this announcement is subject to change without notice and neither the Company nor JPMorgan Cazenove assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained herein.

This announcement has been issued by and is the sole responsibility of the Company. JPMorgan Cazenove and their respective affiliates and agents shall have no liability for any information contained in it relating to the Company.

JPMorgan Cazenove, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company and no one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the Placing or in relation to the contents of this announcement or for any other transaction, arrangement or matters referred to in this announcement.

APPENDIX: TERMS AND CONDITIONS OF THE PLACING

THIS ANNOUNCEMENT, INCLUDING THIS APPENDIX (TOGETHER, "THIS ANNOUNCEMENT"), IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED

STATES, CANADA, SOUTH AFRICA, AUSTRALIA OR JAPAN OR ANY JURISDICTION IN WHICH THE SAME WOULD BE UNLAWFUL. THIS ANNOUNCEMENT IS NOT AN OFFER OF SECURITIES IN THE UNITED STATES, CANADA, SOUTH AFRICA, AUSTRALIA, JAPAN OR ANY OTHER JURISDICTION IN WHICH THE SAME WOULD BE UNLAWFUL .

IMPORTANT INFORMATION ON THE PLACING FOR PLACEEES ONLY

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT HEREIN ARE DIRECTED ONLY AT PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING AND DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESS AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND WHO FALL WITHIN ARTICLE 19(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "ORDER") OR ARE PERSONS WHO FALL WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.") OF THE ORDER OR TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS ANNOUNCEMENT DOES NOT CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY. THE NEW ORDINARY SHARES THAT ARE THE SUBJECT OF THE PLACING (THE "PLACING SHARES") ARE NOT BEING OFFERED OR SOLD TO ANY PERSON IN THE UNITED KINGDOM, OTHER THAN TO QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA"), BEING PERSONS FALLING WITHIN ARTICLE 2.1(E)(I), (II) OR (III) OF DIRECTIVE 2003/71/EC, WHICH INCLUDES LEGAL ENTITIES WHICH ARE REGULATED BY THE FINANCIAL SERVICES AUTHORITY OR ENTITIES WHICH ARE NOT SO REGULATED WHOSE CORPORATE PURPOSE IS SOLELY TO INVEST IN SECURITIES.

Persons who are invited to and who choose to participate in the Placing by making an oral offer to take up Placing Shares, will be deemed to have read and understood this Announcement in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements and undertakings, contained in this Appendix. In particular, unless otherwise agreed in writing, each such Placnee represents, warrants and acknowledges that it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business; and is outside the United States, within the meaning of Regulation S under the Securities Act.

The Placing Shares referred to in this announcement have not been, and will not be, registered under the US Securities Act of 1933 as amended (the "Securities Act") or under the securities laws of any state of the United States and may not be offered, sold or transferred directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the requirements of the Securities Act and applicable state securities laws. There will be no public offer of Ordinary Shares in the United States, the United Kingdom or elsewhere. The Placing Shares are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have the foregoing authorities passed upon or endorsed the merits of this offering. Any representation to the contrary is unlawful. In addition, until 40 days after the commencement of the Placing, any offer or sale of Placing Shares in the United States by any dealer (whether or not participating in the Placing) may violate the registration requirements of the Securities Act.

The distribution of this announcement and the offering or sale of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or JPMorgan Cazenove that would permit an offering of such ordinary shares or possession or distribution of this announcement or any other offering or publicity material relating to such ordinary shares in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required by the Company and JPMorgan Cazenove to inform themselves about and to observe any such restrictions.

Details of the Placing Agreement and the Placing Shares

JPMorgan Cazenove and J.P.Morgan Securities Ltd ("JPMSL") have entered into a placing agreement (the "Placing Agreement") with the Company whereby JPMorgan Cazenove has, subject to the conditions set out therein, agreed as agent for the Company to use its reasonable endeavours to procure Placees to take up the Placing Shares. If JPMorgan Cazenove fails to procure such Placees, JPMSL has agreed, as principal, to take up these Placing Shares itself in accordance with the terms of the Placing Agreement.

The Placing Shares will, when issued, be credited as fully paid and will rank equally in all respects with the existing issued Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of the Ordinary Shares after the date of issue of the Placing Shares.

The allotment and issue of the Placing Shares will be made by the Company to Placees procured by JPMorgan Cazenove (acting as agent for the Company) in consideration for the transfer to the Company of certain shares in a Jersey incorporated subsidiary of the Company by JPMorgan Cazenove.

In this Appendix, unless the context otherwise requires, "Placee" means a Relevant Person (including individuals, funds or others) by whom or on whose behalf a commitment to take up Placing Shares has been given.

Application for listing and admission to trading

Application will be made to the FSA for admission of the Placing Shares to the Official List maintained by the FSA (the "Official List") and to the Exchange for admission to trading of the Placing Shares on its market for listed securities. It is expected that dealings in the Placing Shares will commence no later than Tuesday 15 May 2007.

Participation in, and principal terms of, the Placing

Each Placee's allocation will be confirmed to Placees orally by JPMorgan Cazenove following the close of the Placing, and a trade confirmation will be dispatched as soon as possible thereafter. JPMorgan Cazenove's oral confirmation to such Placee will constitute an irrevocable legally binding commitment upon such person (who will at that point become a Placee) to accept the allotment and issue of the number of Placing Shares allocated to it at the Placing Price on the terms and conditions set out in this Appendix and in accordance with the Company's Memorandum and Articles of Association.

Each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to JPMorgan Cazenove, to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares of which such Placee has agreed to accept the allotment and issue.

Conditions of the Placing

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms.

The obligations of JPMorgan Cazenove and JPMSL under the Placing Agreement are conditional upon, inter alia:

- (a) the Placing Results Announcement being published through a Regulatory Information Service by not later than 6.00 p.m. today, 10 May 2007; and
- (b) Admission taking place not later than 8.00 a.m. on Tuesday, 15 May 2007; and
- (c) the warranties in the Placing Agreement being true and accurate and not misleading in all material respects at all times before Admission; and
- (d) the Company complying in all material respects with its obligations under the Placing Agreement.

If (a) any of the conditions contained in the Placing Agreement is not fulfilled or waived by JPMorgan Cazenove and JPMSL by the respective time or date where specified (or such later time or date as JPMorgan Cazenove, JPMSL and the Company may agree but not later than 8.00 a.m. on 22 May 2007), (b) any such condition

becomes incapable of being fulfilled and is not waived or (c) the Placing Agreement is terminated in the circumstances specified below, the Placing will lapse and the Placees' rights and obligations hereunder shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Placing you agree that your rights and obligations hereunder terminate only in the circumstances described above and will not be capable of rescission or termination by you. JPMorgan Cazenove and JPMSL reserve the right (with the agreement of the Company) to waive or to extend the time and /or date for fulfilment of any of the conditions in the Placing Agreement. Any such extension or waiver will not affect Placees' commitments. JPMorgan Cazenove and JPMSL shall have no liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision it may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition in the Placing Agreement.

Right to terminate under the Placing Agreement

JPMorgan Cazenove and JPMSL may, at any time before Admission, terminate the Placing Agreement in accordance with the terms of the Placing Agreement in certain circumstances if:

- (a) in the opinion of JPMorgan Cazenove and JPMSL (acting in good faith), the warranties in the Placing Agreement or any of them are not true and accurate or have become misleading (or would not be true and accurate or would be misleading if they were repeated at any time before Admission) in all material respects by reference to the fact subsisting at the time when notice of breach is given;
- (b) in the opinion of JPMorgan Cazenove and JPMSL (acting in good faith), there has been a material adverse change in or affecting the operations, properties, conditional (financial or other), trading position or prospects or results of operations or general affairs of the Company and its subsidiary undertakings taken as a whole; or
- (c) in the opinion of JPMorgan Cazenove and JPMSL (acting in good faith) there has been (i) a change in national or international financial, political, economic or stock market conditions (primary or secondary); (ii) an incident of terrorism, outbreak or escalation of hostilities, war, declaration of martial law or any other calamity or crisis in the United Kingdom or the United States; (iii) a suspension or material limitation in trading of securities generally or the securities of the Company on the London Stock Exchange or the New York Stock Exchange; or (iv) any change in currency exchange rates or exchange controls or a disruption of settlement systems or a material disruption or general moratorium in commercial banking in each case as would, in the opinion of JPMorgan Cazenove and JPMSL (acting in good faith) and, after such consultation with the Company as shall be practicable in the circumstances, is of such magnitude or severity as to make it impracticable or inadvisable to proceed with the Placing.

By participating in the Placing you agree with JPMorgan Cazenove and JPMSL that the exercise by JPMorgan Cazenove or JPMSL of any right or termination or other discretion under the Placing Agreement shall be within the absolute discretion of JPMorgan Cazenove and JPMSL and that JPMorgan Cazenove and JPMSL need make no reference to you and shall have no liability to you whatsoever in connection with any such exercise.

No Prospectus

No prospectus has been or will be submitted to be approved by the FSA in relation to the Placing Shares and the Placees' commitments will be made solely on the basis of the information contained in this Announcement, the Placing Results Announcement and any information publicly announced to a Regulatory Information Service by or on behalf of the Company prior to the date of this Announcement (together, the "Publicly Available Information"). Each Placee, by accepting a participation in the Placing, agrees that it has neither received nor relied on any other information, representation, warranty or statement made by or on behalf of JPMorgan Cazenove, JPMSL or the Company and JPMorgan Cazenove and JPMSL will not be liable for any Placee's decision to accept this invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Registration and Settlement

Settlement of transactions in the Placing Shares following Admission will take place within the CREST system, subject to certain exceptions. JPMorgan Cazenove reserves the right to require settlement for and delivery of the Placing Shares to Placees in such other means that it deems necessary if delivery or settlement is not possible within the CREST system within the timetable set out in this announcement or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

If you are allocated any Placing Shares in the Placing you will be sent a conditional contract note confirming the contract concluded upon acceptance of your earlier oral offer and also confirming the Placing Price and the aggregate amount due in respect of your allocation of Placing Shares. Settlement will be on a T+3 basis and is therefore expected to take place on 15 May 2007. Interest is chargeable daily on payments to the extent that value is received after the due date at the rate of two percentage points above prevailing LIBOR as determined by JPMorgan Cazenove.

If you do not comply with these obligations, JPMorgan Cazenove may sell your Placing Shares on your behalf and retain from the proceeds, for its own account and benefit, an amount equal to the Placing Price plus any interest due. You will, however, remain liable for any shortfall below the Placing Price and you may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon any transaction in the Placing Shares on your behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, please ensure that the conditional contract note is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are registered in your name or that of your nominee or in the name of any person for whom you are contracting as agent or that of a nominee for such person, such Placing Shares will, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax. You will not be entitled to receive any fee or commission in connection with the Placing.

Representations and Warranties

By participating in the Placing each Placee (and any person acting on such Placee's behalf):

1. represents and warrants that it has read this Announcement, including the Appendix, in its entirety;
2. acknowledges that no offering document or prospectus has been prepared in connection with the placing of the Placing Shares and represents and warrants that it has not received a prospectus or other offering document in connection therewith;
3. acknowledges that the Ordinary Shares are listed on the Official List, and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of the FSA, which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such information without undue difficulty;
4. acknowledges that neither JPMorgan Cazenove nor JPMSL nor the Company nor any of their affiliates nor any person acting on behalf of any of them has provided, and will not provide it, with any material regarding the Placing Shares or the Company other than this Announcement; nor has it requested any of JPMorgan Cazenove, JPMSL, the Company, any of their affiliates or any person acting on behalf of any of them to provide it with any such information;
5. acknowledges that the content of this Announcement is exclusively the responsibility of the Company and that neither JPMorgan Cazenove nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in this Announcement or any information previously published by or on behalf of the Company and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement prospectus or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to acquire the Placing Shares is

contained in this Announcement and any information previously published by the Company by notification to a Regulatory Information Service, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by any of JPMorgan Cazenove, JPMSL or the Company and neither JPMorgan Cazenove, JPMSL nor the Company will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee further acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing;

6. acknowledges that neither JPMorgan Cazenove nor JPMSL nor any person acting on behalf of it nor any of its affiliates has or shall have any liability for any publicly available or filed information or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
7. acknowledges that the Placing Shares have not been and will not be registered under the Securities Act or with any State or other jurisdiction of the United States, nor approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, and agrees not to reoffer, resell, pledge or otherwise transfer the Placing Shares except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
8. represents and warrants that it is, or at the time the Placing Shares are acquired that it will be, the beneficial owner of such Placing Shares, or that the beneficial owner of such Placing Shares is not a resident of Australia, Canada or Japan;
9. acknowledges that the Placing Shares have not been and will not be registered under the securities legislation of the United States, Australia, Canada or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within those jurisdictions;
10. represents and warrants that the issue to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to transfer Placing Shares into a clearance system;

11. represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2003 and the Money Laundering Regulations 2003 (the "Regulations") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
12. if a financial intermediary, as that term is used in Article 3(2) of the EU Prospectus Directive 2003/71/EC, represents and warrants that the Placing Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a Member State of the European Economic Area which has implemented the Prospectus Directive other than qualified investors, or in circumstances in which the prior consent of JPMorgan Cazenove has been given to the offer or resale;
13. represents and warrants that it has not offered or sold and, prior to the expiry of a period of six months from Admission, will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA;
14. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Directive (which means Directive 2003/71/EC and includes any relevant implementing measure in any member state);
15. represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
16. represents and warrants that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;

17. represents and warrants that it and any person acting on its behalf is entitled to acquire the Placing Shares under the laws of all relevant jurisdictions and that it has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Announcement) and will honour such obligations;
18. undertakes that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this Announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other Placees or sold as JPMorgan Cazenove may in its sole discretion determine and without liability to such Placee;
19. acknowledges that none of JPMorgan Cazenove, nor JPMSL, nor any of its affiliates, nor any person acting on behalf of any of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placees and that participation in the Placing is on the basis that it is not and will not be a client of JPMorgan Cazenove or JPMSL and that JPMorgan Cazenove and JPMSL have no duties or responsibilities to it for providing the protections afforded to its clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
20. undertakes that the person who it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be. Neither JPMorgan Cazenove nor JPMSL nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company and JPMorgan Cazenove and JPMSL in respect of the same on the basis that the Placing Shares will be allotted to the CREST stock account of JPMorgan Cazenove who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;
21. acknowledges that any agreements entered into by it pursuant to these terms and conditions shall be governed by and construed in accordance with the laws of England and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or JPMorgan Cazenove or JPMSL in

any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;

22. agrees that the Company, JPMorgan Cazenove, JPMSL and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to JPMorgan Cazenove and JPMSL on their own behalf and on behalf of the Company and are irrevocable; and
23. agrees to indemnify and hold the Company, JPMorgan Cazenove, JPMSL and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placing.

The agreement to settle a Placee's acquisition (and/or the acquisition of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to an acquisition by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement related to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor JPMorgan Cazenove nor JPMSL will be responsible. If this is the case, each Placee should seek its own advice and notify JPMorgan Cazenove accordingly.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the allotment and issue to them of any Placing Shares or the agreement by them to accept the allotment and issue of any Placing Shares.

When a Placee or person acting on behalf of the Placee is dealing with JPMorgan Cazenove, any money held in an account with JPMorgan Cazenove on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FSA made under the FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from JPMorgan Cazenove's money in accordance with the client money rules and will be used by JPMorgan Cazenove in the course of its own business; and the Placee will rank only as a general creditor of JPMorgan Cazenove.

All times and dates in this Announcement may be subject to amendment. JPMorgan Cazenove shall notify the Placees and any person acting on behalf of the Placees of any changes.