

D. Exchange Controls

There are currently no United Kingdom foreign exchange control restrictions on remittances of dividends on the ordinary shares or on the conduct of the Registrant's operations.

E. Taxation

The taxation discussion set forth below is intended only as a descriptive summary and does not purport to be a complete technical analysis or listing of all potential tax effects relevant to a decision to purchase, hold or in any way transfer ordinary shares or ADSs. The statements of United Kingdom and United States tax laws set out below are based on the laws in force as of the date of this Annual Report, and are subject to any changes in United States or United Kingdom law, and in any double taxation convention between the United States and the United Kingdom, occurring after that date. The most recent double taxation convention between the United States and the United Kingdom ("US-UK Income Tax Treaty") entered into force on 31 March 2003 and applies to taxes withheld at source on or after 1 May 2003.

The following summary of United States and United Kingdom tax consequences is not exhaustive of all possible tax considerations and should not be considered legal or tax advice. In addition, this summary does not represent a detailed description of the tax consequences applicable to persons subject to special treatment under the United Kingdom or United States tax laws. Prospective purchasers of ADSs are advised to satisfy themselves as to the overall tax consequences of their ownership of ADSs and the ordinary shares represented thereby by consulting their own tax advisors. In addition, this summary only addresses holders that hold ordinary shares or ADSs as capital assets, and it does not address the taxation of a United States shareholder (either corporate or individual) where that shareholder controls, or is deemed to control, 10% or more of the voting stock of the Company.

As used herein, the term "United States corporation" means any corporation organised under the laws of the United States or any state or the District of Columbia.

As used herein, the term "United States resident" means an individual citizen or resident of the United States, a United States corporation or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

For the purposes of the current US-UK Income Tax Treaty and for the purposes of the United States Internal Revenue Code of 1986, as amended (the "Code"), discussed below, the holders of ADSs will be treated as the owners of the underlying ordinary shares represented by the ADSs.

Taxation of Dividends

United Kingdom Residents. The notional tax credit that will be available for an individual shareholder resident in the United Kingdom will be 1/9th of the dividend. Tax credits are not repayable to UK holders with no tax liability. Individuals whose income is not within the higher income tax band are liable to tax at 10% on the dividend income and the notional tax credit will satisfy their income tax liability on UK dividends. The higher rate of tax on dividend income is 32.5%, which after taking into account the notional tax credit, gives an effective tax rate of 25%.

United States Residents. For dividends paid, there will be no withholding tax on the distribution and there will no longer be any entitlement to offset any part of the UK taxation credit against any US taxation liability. The dividend received (without any gross up for withholding tax suffered or tax credits) will be subject to US taxation on the day actually or constructively received by United States residents in the case of ordinary shares, or by the Depositary, in the case of ADSs.

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Certain dividends received by non-corporate United States residents from domestic corporations and qualifying foreign corporations (e.g., WPP Group plc) will be taxed at a maximum rate of 15% in taxable years beginning before January 1, 2011. To be eligible for the 15% rate, the stock must be held by the shareholder for more than 61 days during the 121-day period beginning 60 days before the ex-dividend date; shareholders are advised to consult their professional advisors accordingly. Dividends paid by the Company will not be eligible for the dividends received deduction allowed to corporations under the Code.

The amount of any dividend 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 date the dividend is received by United States residents, in the case of ordinary shares, or by the Depositary, in the case of ADSs, regardless of whether the pounds sterling are converted into US dollars. If the pounds sterling received as a dividend are converted into US dollars on the date they are received, United States residents generally will not be required to recognize foreign currency gain or loss in respect of the dividend income. If the pounds sterling received as a dividend are not converted into US dollars on the date of receipt, United States residents will have a basis in the pounds sterling equal to their US dollar value on the date of receipt. Any gain or loss realized on a subsequent conversion or other disposition of the pounds sterling will be treated as United States source ordinary income or loss.

Distribution Ordering Rules

The gross distribution (the sum of the distribution paid by the Company plus any related United Kingdom tax credit) will be treated as foreign source dividend income for United States federal income tax purposes provided that such distribution is paid out of the Company's earnings and profits, as defined for United States federal income tax purposes. If the distribution is not paid out of earnings and profits, it will be treated as a return of capital (up to the holders' tax basis in their shares). Any excess above the combination of the amounts treated as dividends and returns of capital will be treated as a capital gain.

Taxation of Capital Gains

An individual shareholder resident in the United Kingdom will be liable to United Kingdom taxation on capital gains realised on the disposal of their ADSs or ordinary shares.

Holders of ADSs or ordinary shares who are United States resident individuals or United States corporations, and who are not resident or ordinarily resident in the United Kingdom, will not be liable to United Kingdom taxation of capital gains realised on the disposal of their ADSs or ordinary shares unless the ADSs or ordinary shares are used or held for the purposes of a trade carried on in the United Kingdom through a permanent establishment. However, a holder of ADSs or ordinary shares who is a United States resident (as defined above) will be subject to taxation on such capital gains under the laws of the United States. Any such capital gains will be long-term capital gains if the ADSs or ordinary shares have been held for more than one year. Currently, non-corporate United States residents are subject to a maximum tax rate of 15% on long-term capital gains for taxable years beginning before January 1, 2011, after which the rate will be increased to 20%.

Estate and Gift Tax

The current Estate and Gift Tax Convention between the United States and the United Kingdom generally relieves from United Kingdom inheritance tax (the equivalent of United States estate and gift tax) the transfer of ordinary shares or of ADSs where the shareholder or holder of the ADSs making the transfer is domiciled for the purposes of the Convention in the United States and is not a national of the United Kingdom. This will not apply if the ordinary shares or ADSs are part of the business property

of an individual's permanent establishment in the United Kingdom or are related to the fixed base in the United Kingdom of a person providing independent personal services.

If no relief is given under the Convention, inheritance tax will be charged at a rate worked out on a cumulative basis on the amount by which the value of the transferor's estate is reduced as a result of any transfer (unless the transfer is exempt or "potentially exempt") made by way of gift or other gratuitous transaction by an individual or on the death of an individual or into certain defined trusts.

Potentially exempt transfers are transfers made to certain specified classes of person and become wholly exempt if made at least more than seven years before the death of the transferor and it becomes chargeable if not so made. Special rules apply to gifts made subject to a reservation of benefit. In the unusual case where ordinary shares or ADSs are subject to both United Kingdom inheritance tax and United States gift or estate tax, the Convention generally provides for tax paid in the United Kingdom to be credited against tax payable in the United States or for tax paid in the United States to be credited against tax payable in the United Kingdom based on priority rules set forth in the Convention.

Stamp Duty and Stamp Duty Reserve Tax

No UK Stamp Duty will be payable on any transfer of an ADS or on any delivery or negotiation of an ADS, provided that the instrument of transfer is executed and remains outside the UK nor will there be any liability to Stamp Duty Reserve Tax in respect of any agreement for the transfer of ADSs. Dealings in ADSs in bearer form outside the UK will be free of Stamp Duty, but certain bearer dealings within the UK may attract Stamp Duty at the rate of 1.5%.

There will be a charge to ad valorem Stamp Duty on any instrument transferring ordinary shares to a nominee or agent for a depositary which then issues depositary receipts (such as ADSs). Where the instrument is liable to Stamp Duty as a "conveyance on sale" then the rate of duty is 1.5% of the consideration for the sale implemented by the instrument. Where the instrument of transfer is not stampable as a conveyance on sale, then the rate of duty is 1.5% of the market value of the security transferred by the instrument.

There is a charge to Stamp Duty Reserve Tax where ordinary shares are transferred or issued to, or appropriated by, a depositary or a nominee or agent for a depositary under an arrangement under which the depositary issues ADSs. Stamp Duty Reserve Tax, which is payable by the depositary, is charged at a rate of 1.5% of the consideration for the transfer. Where there is no such consideration, the rate of Stamp Duty Reserve Tax is 1.5% of the market value of the securities transferred. The charge to Stamp Duty Reserve Tax will, however, be reduced by the amount, if any, of ad valorem Stamp Duty paid on any instrument transferring the ordinary shares.

There will be a charge to ad valorem Stamp Duty on any instrument transferring ordinary shares to a nominee or agent for a clearance service if the clearance service has not elected to pay Stamp Duty Reserve Tax within its system. Where the instrument is liable to Stamp Duty as a "conveyance on sale" then the rate of duty is 1.5% of the consideration for the sale implemented by the instrument. Where the instrument of transfer is not stampable as a conveyance on sale, then the rate of duty is 1.5% of the market value of the security transferred by the instrument.

There is a charge to Stamp Duty Reserve Tax where ordinary shares are transferred or issued to a clearance service or a nominee or agent for a clearance service if the clearance service has not elected to pay Stamp Duty Reserve Tax within its system. Stamp Duty Reserve Tax, which is payable by the clearance service, is charged at a rate of 1.5% of the consideration for the transfer. Where there is no such consideration, the rate of Stamp Duty Reserve Tax is 1.5% of the market value of the securities transferred. The charge to Stamp Duty Reserve Tax will, however, be reduced by the amount, if any, of ad valorem Stamp Duty paid on any instrument transferring the ordinary shares.