

**26 Authorised and issued share capital**

	2007 Million	2006 Million	2007 £m	2006 £m
<b>Authorised</b>				
Ordinary shares of 2 1/15p (2006: ordinary shares of 2p each)	967.7	1,000.0	20.0	20.0
<b>Allotted, called up and fully paid</b>				
Ordinary shares of 2 1/15p each (pre 14 September 2007: ordinary shares of 2p each)				
At 1 January – ordinary shares of 2p each	617.6	671.0	12.3	13.4
Shares repurchased – ordinary shares of 2p each	(6.6)	(52.9)	(0.1)	(1.1)
Issued on exercise of share options – ordinary shares of 2p each	7.9	16.4	0.2	0.4
Reduction in issued shares on consolidation – see below	(20.0)	–	–	–
Issued on exercise of share options – ordinary shares of 2 1/15p each	10.1	–	0.2	–
Treasury shares cancelled – ordinary shares of 2 1/15p each (2006: 2p each)	–	(16.9)	–	(0.4)
At 31 December – ordinary shares of 2 1/15p (2006: ordinary shares of 2p each)	609.0	617.6	12.6	12.3

In September 2007, The Capita Group Plc, by ordinary resolution, approved a share consolidation whereby shareholders on the register on 14 September 2007 exchanged 31 existing ordinary shares of 2p for 30 new ordinary shares of 2 1/15p each. The effect of the share consolidation was to reduce the authorised share capital of the company to 967,741,920 ordinary shares of 2 1/15p each and to reduce the number of shares in issue by 20m.

During the year the Group repurchased 6.6m ordinary 2p shares with an aggregate nominal value of £0.1m at a total cost of £43.6m for which it paid cash at an average cost per share of £6.66. These shares were cancelled.

During the year 7.9m ordinary 2p shares with an aggregate nominal value of £0.2m were issued under share option schemes for a total consideration of £29.5m.

In addition, 10.1m ordinary 2 1/15p shares with an aggregate nominal value of £0.2m were issued under share option schemes for a total consideration of £37.7m.

	2007 Million	2006 Million	2007 £m	2006 £m
<b>Treasury shares</b>				
Ordinary shares of 2 1/15p (2006: 2p each)				
At 1 January	–	16.9	–	0.4
Shares cancelled – ordinary shares of 2p each	–	(16.9)	–	(0.4)
Shares repurchased – 41,163 ordinary 2 1/15p shares	–	–	–	–
At 31 December – ordinary shares of 2 1/15p each (2006: 2p each)	–	–	–	–

During the year the Group repurchased 41,163 ordinary 2 1/15p shares with an aggregate nominal value of £851 to be held in treasury for which it paid cash. The weighted average cost of each share was £6.61 and the total consideration for these shares was £272,219.

The Group has an unexpired authority to repurchase up to 10% of its issued share capital.

**27 Share based payment plans**

The Group operates several share based payment plans as follows:

**Deferred Annual Bonus Plan**

This scheme is applicable to Executive Directors and Divisional Executive Directors. Under this scheme awards are made annually consisting of Deferred Shares, which are linked to the payout under the Annual Bonus Scheme (details of which are contained in the Directors' remuneration report) and Matching Shares. The value of Deferred Shares is determined by the payout under the Annual Bonus Scheme: half of the annual bonus is paid in cash and the remainder is compulsorily deferred on a gross basis into Deferred Shares. The Deferred Shares are held for a period of three years from the date of award during which they are not forfeitable, except in the case of dismissal for gross misconduct.

A conditional award of Matching Shares is made at the same time as the award of Deferred Shares. Participants will be eligible to receive up to 1.5 Matching Shares for every Deferred Share. Matching Shares will vest after the three year holding period to the extent to which performance conditions have been met. 33.3% of the Matching Shares will vest if growth in the Company's earnings per share (EPS) is equal to growth in the UK Retail Price Index (RPI) plus 6% per annum, rising on a straight-line basis to 100% vesting if growth in the Company's EPS is equal to or greater than growth in the RPI plus 16% per annum. The performance condition attached to the awards may be amended by the Group Remuneration Committee, a sub-committee of the Group Board, from time to time, subject to the new condition being no less demanding than the original condition.