

RECOMMENDATION AND EXPLANATORY NOTES RELATING TO BUSINESS TO BE CONDUCTED AT THE ANNUAL GENERAL MEETING ON 26 MAY 2009

The board of G4S plc considers the resolutions set out in the Notice of Annual General Meeting are likely to promote the success of the company and are in the best interests of its shareholders as a whole. The directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

Explanatory notes in relation to certain of the business to be conducted at the AGM are set out below:

1. Authority to Allot Shares (Resolution 8)

Resolution 8 seeks shareholder approval for the directors to be authorised to allot shares. Under section 80 of the Companies Act 1985 (the "1985 Act") the directors are not permitted to allot shares unless authorised to do so by the shareholders. The 1985 Act provides for such authority to be granted either by the company in general meeting or by the Articles of Association, and in both cases such authority must be renewed at least every five years. Notwithstanding the statutory provisions, institutional best practice indicates that this authority should be renewed annually.

At the last AGM of the company held on 29 May 2008, the directors were given authority to allot ordinary shares in the capital of the company up to an aggregate nominal amount of £106,500,000 representing approximately 33% of the company's then issued ordinary share capital. This authority expires at the end of this year's AGM.

In December 2008, the Association of British Insurers ("ABI") revised its guidelines on directors' authority to allot shares (in line with recommendations of the report issued in November 2008 by the Rights Issue Review Group). The ABI's guidelines previously stated that the directors' general authority to allot shares should be limited to an amount equal to one third of the company's issued share capital. The new guidelines state that ABI members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to two-thirds of the company's issued share capital. The guidelines provide that the extra routine authority (that is the authority to allot shares representing the additional one-third of the company's issued share capital) can only be used to allot shares pursuant to a fully pre-emptive rights issue.

In the light of these revised guidelines, the board considers it appropriate that the directors be granted authority to allot shares in the capital of the company up to a maximum nominal amount of £234,700,000 representing the new guideline limit of approximately two-thirds of the company's issued share capital as at 31 March 2009 (the latest practicable date prior to the publication of the Notice of Annual General Meeting). Of this amount, 469,400,000 shares (representing approximately one-third of the company's issued ordinary share capital) can only be allotted pursuant to a rights issue. This power will last until the conclusion of the company's next AGM in 2010.

The intention of the directors is to allot shares upon the exercise of options granted over Securicor plc shares and rolled over into options over the company's shares. The directors do not have any other present intention of exercising this authority.

The company does not hold any treasury shares as such. However, the 5,832,653 shares held within the G4S employee benefit trust and referred to on page 94 (note 37 to the consolidated financial statements) are accounted for as treasury shares.

2. Increase in Authorised Share Capital (Resolution 9)

Resolution 9 seeks shareholder approval for an increase in the authorised share capital of the company from £500,000,000 to £587,500,000 representing an increase of 17.5%. As discussed in connection with Resolution 8 above, it is proposed that the directors be given authority to allot shares up to a nominal amount of £234,700,000, in line with the ABI's revised guidelines on directors' authority to allot shares. It is therefore proposed that the company's authorised share capital be increased so that the company's unused share capital is in line with the new authority to allot.

RECOMMENDATION AND EXPLANATORY NOTES RELATING TO BUSINESS TO BE CONDUCTED AT THE ANNUAL GENERAL MEETING ON 26 MAY 2009 CONTINUED

3. Disapplication of Statutory Pre-emption Rights (Resolution 10)

Resolution 10 seeks shareholder approval to give the directors authority to allot shares in the capital of the company pursuant to the authority granted under Resolution 8 above for cash without complying with the pre-emption rights in the 1985 Act in certain circumstances. In light of the new ABI guidelines described in relation to Resolution 8 above, this authority will permit the directors to allot:

- (i) shares up to a nominal amount of £234,700,000 (representing approximately two-thirds of the company's issued share capital) on an offer to existing shareholders on a pre-emptive basis. However, unless the shares are allotted pursuant to a rights issue (rather than an open offer), the directors may only allot shares up to a nominal amount of £117,350,000 (representing approximately one-third of the company's issued share capital) (in each case subject to adjustments for fractional entitlements and overseas shareholders); and
- (ii) shares up to a maximum nominal value of £17,600,000, representing approximately 5% of the issued ordinary share capital of the company as at 31 March 2009 (the latest practicable date prior to publication of the Notice of Meeting) otherwise than in connection with an offer to existing shareholders.

4. Purchase of Own Shares (Resolution 11)

Resolution 11 seeks to renew the company's authority to buy back its own ordinary shares in the market as permitted by the 1985 Act and the company's articles of association. The authority limits the number of shares that could be purchased to a maximum of 140,000,000 (representing a little less than 10% of the company's issued ordinary share capital as at 31 March 2009) and sets minimum and maximum prices. This authority will expire at the conclusion of the AGM in 2010.

The directors have no present intention of exercising the authority to purchase the company's ordinary shares but will keep the matter under review, taking into account the financial resources of the company, the company's share price and future funding opportunities. The authority will be exercised only if the directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally. No shares were purchased pursuant to the equivalent authority granted to the directors at the company's last AGM.

As at 31 March 2009 (the latest practicable date prior to the publication of the Notice of Annual General Meeting), there were options over 2,370,000 ordinary shares in the capital of the company representing 0.168% of the company's issued ordinary share capital. If the authority to purchase the company's ordinary shares was exercised in full, these options would represent 0.187% of the company's issued ordinary share capital.

5. Period of Notice for Calling General Meetings (Resolution 12)

Resolution 12 seeks shareholder approval to preserve the company's ability to hold general meetings (other than AGMs) on 14 days' notice.

The company's articles of association allow it to hold general meetings other than AGMs on 14 days' notice and this is in accord with the current provisions of the Companies Act 2006 (the "2006 Act"). The 2006 Act provisions relating to meetings are however due to be amended with effect from August 2009 as a result of the UK implementation of the EU Shareholder Rights Directive (the "Directive"). One of the amendments to be made will, in accordance with the Directive, increase the minimum notice period for listed company general meetings to 21 days, but with an ability for companies to reduce this period back to 14 days (other than for AGMs) provided that two conditions are met. The first condition is that the company offers facilities for shareholders to vote by electronic means. It is not yet clear what this will require and the details will be set out in the final regulations when published. The second condition is that there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 days to 14 days. The board is therefore proposing Resolution 12 to approve 14 days as the minimum notice period for all general meetings of the company other than AGMs. The approval will be effective until the company's next AGM in 2010, when it is intended that the approval be renewed.