

Company number:
09427409

THE COMPANIES ACT 2006
COMPANY LIMITED BY SHARES
WRITTEN SHAREHOLDER RESOLUTION
OF
DRAYSON TECHNOLOGIES LIMITED
(the 'Company')

By written resolution dated 25 January 2018, members representing not less than 75% of the total voting rights of members who were entitled to vote on the resolution on its circulation date agreed to the following resolution being passed as a special resolution:

Special resolution

That:

1. The Articles of Association set out in the document marked "A" attached hereto be adopted as the articles of association of the Company in substitution for all existing articles of association of the Company.



Director



LD4 26/01/2018 #245
COMPANIES HOUSE

Company Number: 09427409

The Companies Act 2006

Private Company Limited by Shares

Drayson Technologies Limited¹

ARTICLES OF ASSOCIATION

¹ The company was incorporated under the name *Drayson Ventures Limited* and adopted its present name on 17 February 2015.

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1. Definitions

1.1 In these Articles the following definitions shall apply

"2006 Act" means the Companies Act 2006 including any statutory modification or re-enactment of it for the time being in force.

"Acts" means the Companies Acts and, where the context admits or requires, every other statute, order, regulation or other subordinate legislation in the United Kingdom concerning companies and affecting the Company.

"Additional Preferred C Shares" bears the meaning set out in Article 6.1;

"Address" bears the meaning set out in section 1148 of the 2006 Act.

"Articles" means the Company's articles of association, as from time to time amended.

"Asset Sale" means the disposal by the Company of all or substantially all of its undertaking and assets to a third party.

"Board" means the board of Directors of the Company from time to time.

"Civil Partner" means in relation to a Shareholder:

- (a) a civil partner (as defined in the Civil Partnerships Act 2004) of the Shareholder; or
- (b) a person living in the same household as the Shareholder as his or her wife or husband.

"Companies Acts" bears the meaning set out in section 2 of the 2006 Act.

"Company" means Drayson Technologies Limited (registered number 09427409).

"Connected Persons" means as defined by Sections 1122 and 1123 CTA.

"Controlling Interest" means an interest in Shares (as defined in Schedule 1 of the 2006 Act) in a company conferring in the aggregate 50% or more of the total voting rights conferred by all the issued Shares in that company.

"Conversion Rate" has the meaning given in Article 15.1.

"Communication" means includes a communication comprising sounds or images or both and a communication effecting a payment.

"CTA" means Corporation Tax Act 2010.

"Date of Adoption" means the date on which these Articles were adopted by special resolution.

"Director" means a director of the Company (and any of such Director's duly appointed alternates).

"Document" means any document, including but not limited to, any summons, notice, order, register, certificate or other legal process.

"Electronic Address" bears the meaning set out in section 333(4) of the 2006 Act.

"Electronic means" bears the meaning set out in section 1168 of the 2006 Act.

"Eligible Director" means a Director who is entitled to vote on the relevant matter at a Directors' meeting but excluding any Director whose vote is not to be counted in respect of the relevant matter.

"Event" means any of the following: (a) a subscription of Shares for an aggregate purchase price of £10 million or more by a person or persons that is/are not a Shareholder or member of a Shareholder's Investor Group; (b) an IPO; (c) a merger or acquisition of the Company; or (d) a return of capital or Asset Sale;

"Family Trust" means a trust which only permits the settled property or the income from the settled property to be applied for the benefit of:

- (a) the settlor and/or a Privileged Relation of that settlor; or
- (b) any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or the income therefrom when the trust is created but may become so interested if there are no other beneficiaries from time to time except another such charity or charities),

and under which no power of control is capable of being exercised over the votes of any Shares which are the subject of the trust by any person other than the trustees or the settlor or the Privileged Relations of the settlor. For purposes of this definition "settlor" includes a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased Shareholder.

"Financial Year" has the meaning given in section 390 of the 2006 Act.

"Group" means the Company, its subsidiaries, any holding company of the Company and any subsidiary of any such holding company from time to time and "Group Company" shall be construed accordingly.

"hard copy form" and **"hard copy"** bears the meaning set out in section 1168 of the 2006 Act.

"Independent Expert" means an umpire (acting as an expert and not as an arbitrator) nominated by the parties concerned or in the event of disagreement as to nomination, nominated by the President for the time being of the Institute of Chartered Accountants in England and Wales.

"Investor Group" means, in relation to any corporate Permitted Investor Transferor, that Permitted Investor Transferor and its associated companies from time to time.

"IPO" means the listing of or admission to trading of the securities of a Group Company on any stock exchange, including (without limitation) the London Stock Exchange plc (including for the avoidance of doubt the AIM Market) or any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000) including NASDAQ and NASDAQ Europe and their respective Share dealing markets and the IPO shall be treated as occurring on the day on which trading in the securities of that Group Company begin.

"Majority A Holders" means the holders of more than 50 per cent. of the Preferred A Shares.

"Majority B Holders" means the holders of more than 50 per cent. of the Preferred B Shares.

"Majority C Holders" means the holders of more than 50 per cent. of the Preferred C Shares.

"Model Articles" means the model articles for private companies limited by Shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles.

"Original Subscription Price" means:

- (a) with respect to the Preferred A1 Shares, a subscription price of £12.75 per Share;
- (b) with respect to the Preferred A2 Shares, a subscription price of £24.67 per Share;
- (c) with respect to the Preferred B Shares, a subscription price of £52.79 per Share; and
- (d) with respect to the Preferred C Shares, the subscription price of £73.77 per Share,

in each case, as adjusted from time to time following a Reorganisation Event such that, on a subsequent liquidation, capital reduction or other return of assets to Shareholders, each Shareholder will receive as nearly as possible (and in any event, not less than) an amount equal to the Original Subscription Price in respect of the Shares held by them immediately before the relevant Reorganisation Event.

"Ordinary Shares" means the ordinary Shares of £0.01 each in the capital of the Company.

"paid up" means paid up or credited as paid up.

"Permitted Investor Transferee" means in relation to any holder of Shares (the **"Permitted Investor Transferor"**) or any interest in them:

- (a) any member for the time being of its Investor Group;
- (b) any body corporate or other entity controlled by that Permitted Investor Transferor or another member of its Investor Group or any investment manager or adviser of that Permitted Investor Transferor and/or member of which immediately following the transfer of Shares concerned will be such a body corporate;
- (c) any investment fund or trust or partnership or mandate controlled or managed or advised (in an investment adviser capacity) or promoted by (i) that Permitted Investor Transferor, (ii) another member of its Investor Group, or (iii) any investment manager or adviser of that Permitted Investor Transferor;
- (d) any trustee or manager or beneficiary or shareholder or partner or investor or unitholder or other participant in or of that Permitted Investor Transferor or any investment fund or trust or partnership or mandate referred to in paragraph (c) above;

(e) any directors or employees of that Permitted Investor Transferor or a member of its Investor Group or any trust or carried interest or similar partnership in which they or any of them participate; or

(f) a nominee or custodian for any of the above,

and, in the case of the Chancellor Masters and Scholars of the University of Oxford only, a Permitted Investor Transferee shall also include Oxford University Hospitals NHS Foundation Trust or Technikos LLP, including a nominee or custodian of either.

"Permitted Transferee" means a person to whom a Shareholder may transfer Shares pursuant to the provisions of Articles 12.1 to 12.3 (inclusive).

"Preferred A Shares" means the Preferred A1 Shares and the Preferred A2 Shares, each of them a **"Preferred A Share"**.

"Preferred A1 Shares" means the convertible preferred A1 Shares of £0.01 each in the capital of the Company.

"Preferred A2 Shares" means the convertible preferred A2 Shares of £0.01 each in the capital of the Company.

"Preferred B Shares" means the convertible preferred B shares of £0.01 each in the capital of the Company.

"Preferred C Shares" means the convertible preferred C shares of £0.01 each in the capital of the Company.

"Preferred Shares" means the Preferred A Shares, the Preferred B Shares and the Preferred C Shares, each of them a **"Preferred Share"**.

"Privileged Relation" means the spouse, Civil Partner or widow or widower of a Shareholder and the Shareholder's children and grandchildren (including step and adopted children and their issue) and step and adopted children of the Shareholder's children.

"Proceeds of Sale" means the consideration payable (including any deferred and/or contingent consideration) whether cash or otherwise to those Shareholder selling Shares under a Share Sale.

"Realisation Price" means the value of each Ordinary Share in issue immediately prior to the IPO (after issue of any Ordinary Shares pursuant to Article 15.3 and also after conversion of the Preferred Shares into Ordinary Shares in accordance with Article 15.2), determined by reference to the price per Share at which Ordinary Shares in the Company are to be offered for sale, placed or otherwise marketed pursuant to the IPO.

"Relevant Securities" means any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the Company, other than:

- (a) the grant of any options under a share option plan of the Company (and the issue of Shares on the exercise of any such options);
- (b) any Shares or other securities issued by the Company in order for the Company to comply with its obligations under these Articles;

- (c) any Shares or other securities issued in consideration of the acquisition by the Company of any company or business.

"Reorganisation Event" means, in respect of the Company, any bonus issue, sub-division or consolidation of Shares.

"Sale Shares" means the Shares specified or deemed to be specified for sale in a Transfer Notice.

"Seller" means the transferor of Shares pursuant to a Transfer Notice.

"Share" means a share in the capital of the Company for the time being in issue.

"Share Option Scheme" means any Share or Share option scheme of the Company existing at the date of adoption of these Articles or which is subsequently adopted by the Company.

"Share Sale" means the sale of (or the grant of a right to acquire or dispose of) any of the shares in the capital of the Company (in one transaction or as or as a series of transactions) which will result in the purchaser of those shares (or grantee of that right) and its connected persons acquiring more than 50 per cent. of the Shares.

"Shareholder" means a holder of Shares in the Company.

"Top-up Share Mechanism" bears the meaning set out in Article 6.1.

"Transfer Notice" means a notice given by any Shareholder of the Company where such Shareholder desires or is required by these Articles to transfer any Shares.

"undertaking" has the meaning set out in section 1161 of the 2006 Act, and includes but is not limited to, trusts, unincorporated associations or other civil corporations.

"working day" has the meaning set out in section 1173 of the 2006 Act.

"written" means printing, typewriting, lithography, photography, and any other mode(s) or representing or reproducing words, symbols or other information in a legible and non-transitory for and any reference to "writing" shall be construed accordingly.

- 1.2 Where a Share is expressed to have certain rights on an **"as converted basis"** then for the purpose of determining these rights the Share in question will be deemed to have been converted into an Ordinary Share and to have received any bonus issue consequent on such conversion to which it would be entitled under Article 15.
- 1.3 Whether or not persons are 'acting in concert' will be determined by the then most recent edition of the City Code on Takeovers and Mergers, but investors will not be considered to be acting in concert merely by reason of cooperating in a syndicate in the ordinary course of their businesses.
- 1.4 Subject to this Article and unless the context otherwise requires, words or expressions defined in the Model Articles shall have the same meaning in these Articles. Any other words and expressions contained in these Articles and/or in the Model Articles shall have the same meanings as in the Acts.

- 1.5 Any reference in these Articles to a document or information being sent or supplied by or to a company (including the Company) shall be construed in accordance with the provisions of section 1148(3) of the 2006 Act and "sent" or "supplied" shall be construed in accordance with the provisions of section 1148(2) of the 2006 Act.
- 1.6 Unless the contrary intention appears, words importing the singular number include the plural number and vice versa, words importing one gender include all genders and words importing persons include bodies corporate and unincorporated associations.
- 1.7 Headings to the Articles are inserted for convenience only and shall not affect construction.

2. Application of Model Articles

- 2.1 The Company is a private company and the regulations contained in or incorporated in the Model Articles shall apply to the Company save insofar as they are excluded or varied by these Articles or are inconsistent with these Articles and such regulations (except as so excluded, varied or inconsistent) together with these Articles shall be the regulations of the Company (to the exclusion of any other regulations set out in any statute, statutory instrument or other subordinate legislation from time to time in force).
- 2.2 Model Articles 11(2), 12, 13(2), 14(1) to (4) inclusive, 17(2), 17(3), 19(5), 52 and 53 shall not apply to the Company.

3. Unrestricted objects

Nothing in the Articles shall constitute a restriction on the objects of the Company to do (or omit to do) any act and in accordance with section 31(1) of the 2006 Act, the Company's objects are unrestricted.

4. Dividends

- 4.1 Any profits which the Company may determine to distribute shall be distributed amongst the holders of the Ordinary Shares and the Preferred Shares (on an as converted basis), *pari passu* as if the same were one class of Share.
- 4.2 Every dividend shall be distributed to the those Shareholders entitled to receive dividends *pro rata* according to the numbers of qualifying Shares held by them respectively and shall accrue on a daily basis.

5. Liquidation preference

Returns of capital

- 5.1 On a return of assets on a liquidation or capital reduction or otherwise, the assets of the Company remaining after the payment of its liabilities shall be applied in the following order of priority:
- (a) first, to the extent an Event has not previously occurred and no Additional Preferred C Shares have been issued, the Company shall offer to each holder of Preferred C Shares, and each such holder may, at their discretion, subscribe for Additional Preferred C Shares pursuant to the Top-up Share Mechanism;
 - (b) second in paying to each holder of Preferred C Shares an amount equal to the aggregate Original Subscription Price paid (or an equivalent value deemed to have

been paid) in respect of the Preferred C Shares he or it holds together with a sum equal to any arrears or accruals of the dividends on the Preferred C Shares calculated down to the date of the return of capital and if there is a shortfall the proceeds shall be distributed to the holders of the Preferred C Shares in proportion to the amounts due on each such Share held;

- (c) third in paying to each holder of Preferred B Shares an amount equal to the aggregate Original Subscription Price paid in respect of the Preferred B Shares he or it holds together with a sum equal to any arrears or accruals of the dividends on the Preferred B Shares calculated down to the date of the return of capital and if there is a shortfall the proceeds shall be distributed to the holders of the Preferred B Shares in proportion to the amounts due on each such Share held;
- (d) fourth in paying to each holder of Preferred A Shares an amount equal to the aggregate Original Subscription Price paid in respect of the Preferred A Shares he or it holds together with a sum equal to any arrears or accruals of the dividends on the Preferred A Shares calculated down to the date of the return of capital and if there is a shortfall the proceeds shall be distributed to the holders of the Preferred A Shares in proportion to the amounts due on each such Share held;
- (e) fifth in paying the holders of the Preferred A Shares and Ordinary Shares (excluding Ordinary Shares which have been converted from Preferred Shares in accordance with Article 15), *pari passu* as if the same constituted one class of Share, an amount equal to £87,250,000 less the aggregate of the amounts distributed pursuant to paragraphs (c) and (d) above; and
- (f) sixth the balance of such assets (if any) shall be distributed amongst the holders of the Preferred Shares and Ordinary Shares (*pari passu* as if the same constituted one class of Share) in proportion to the numbers of Shares held by them respectively.

Apportionment of sale proceeds

5.2 Upon a Share Sale the Proceeds of Sale shall be apportioned between the Shareholders who participate in the Share Sale in the order of priority set out in Article 5.1 and the Directors may refuse to register any transfer of Shares if the Proceeds of Sale are not so apportioned save in respect of any Shares not sold in connection with that Share Sale provided that if the Proceeds of Sale are not settled in their entirety upon completion of the Share Sale:

- (a) the Directors shall not be prohibited from registering the transfer of the relevant Shares so long as the Proceeds of Sale that are settled have been apportioned in the order of priority set out in Article 5.1; and
- (b) the Shareholders shall take any action required by the Majority A Holders, the Majority B Holders, and the Majority C Holders (acting together) to ensure that the Proceeds of Sale in their entirety are apportioned in the order of priority set out in Article 5.1.

5.3 On an Asset Sale the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) in the order of priority set out in Article 5.1 provided always that if it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these Articles, the Shareholders shall take any action required by the Majority A Holders, the Majority B

Holders and the Majority C Holders (acting together) so that such distribution may be made lawfully.

6. Top-up Shares

- 6.1 Upon the occurrence of an Event, the holder of Preferred C Shares at the time of the Top-up Share Mechanism (as defined below) being operated shall have the right to subscribe for such number of additional Preferred C Shares ("**Additional Preferred C Shares**") equal to 25 per cent. (calculated annually and without compounding) on the number of his/its holding of Preferred C Shares rounded down to the nearest whole share at an issue price equal to the nominal value of £0.01 per Preferred C Share (the "**Top-up Share Mechanism**"), such number of Additional Preferred C Shares to be calculated in accordance with the following formula:

$$A = B \times C \times D$$

Where:

- A* means the number of Additional Preferred C Shares;
- B* means the number of Preferred C Shares held by the relevant Shareholder before the issuance of Additional Preferred C Shares pursuant to the current iteration of the Top-up Share Mechanism;
- C* means 0.25; and
- D* means the number of days divided by 365 (rounded to three decimal places) between the issuance of the existing Preferred C Share or any previous operation of the Top-up Share Mechanism in relation to that Preferred C Share and the Event.
- 6.2 In the event of a prior adjustment to the Conversion Rate pursuant to Article 7.1, the number of Additional Preferred C Shares issued to a Shareholder pursuant to the Top-up Share Mechanism shall be reduced by the number of additional Ordinary Shares that the same Shareholder may be entitled to as a result of such adjustment to the Conversion Rate.
- 6.3 If no Event has occurred by the date falling 18 months after the Date of Adoption, the Company shall issue Shares pursuant to the Top-up Share Mechanism on such date, and on the date falling every 18 months thereafter. For the avoidance of doubt, this Article 6.2 shall not apply after an Event has occurred.

7. Anti-dilution

- 7.1 If the Company issues any Relevant Securities for a consideration per Share less than the Original Subscription Price paid in respect of any Preferred B Share or Preferred C share (a "**Qualifying Issue**"), upon such issuance the Conversion Rate applicable to the relevant Preferred B Share and Preferred C Share shall be adjusted in accordance with the following formula:

$$CR = \frac{ISC}{ISC_B + \left(\frac{N}{OSP} \right)}$$

Where:

CR means the Conversion Rate;

ISC means the total number of Shares supposing all options, warrants and securities convertible into shares had been converted immediately after the issue of the Relevant Securities, but before any adjustment is made in accordance with this Article 7;

ISCB the total number of Shares supposing all options, warrants and securities convertible into shares had been converted immediately before the issue of Relevant Securities;

N the aggregate of amounts to be paid in respect of the Relevant Securities issued pursuant to the Qualifying Issue; and

OSP the Original Subscription Price paid in respect of the relevant Preferred Shares.

7.2 No later than the day falling five Business Days after the completion of a Qualifying Issue, the Company shall procure that each Shareholder is notified in writing of the adjusted Conversion Rate.

7.3 In the case of Preferred C Shares only, the number of additional Ordinary Shares that the holder of any Preferred C Shares is entitled to due to an adjusted Conversion Rate under Article 7.1, shall be reduced by the number of Additional Preferred C Shares previously issued to the same Shareholder pursuant to the Top-up Share Mechanism.

8. Voting

8.1 Subject to any other provisions in these Articles concerning voting rights (including, without limitation, Articles 8.6 to [8.8(inclusive)]), Shares in the Company shall carry votes as follows:

Ordinary Shares: one vote per Share

Preferred A Shares: one vote per Share

Preferred B Shares: one vote per Share

Preferred C Shares: one vote per Share

8.2 Subject to the provisions of the Acts, votes on Shares may be exercised:

(a) on a show of hands by every Shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or proxy (in which case each Shareholder holding Shares with votes shall have one vote); and

(b) on a poll by every Shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy (in which case each Shareholder holding Shares with votes shall have one vote for each such Share held).

8.3 An instrument appointing a proxy shall:

(a) state the name and address of the Shareholder appointing the proxy;

- (b) identify the person appointed to be that Shareholder's proxy and the general meeting in relation to which that person is appointed
 - (c) be in writing under the hand of the appointor or of his attorney duly authorised in writing (or if the appointor is a corporation under its common seal or under the hand of some officer or attorney duly authorised in that behalf) and shall be in any common form or in such other form as the Board may approve;
 - (d) be deemed (subject to any contrary direction contained in the same) to confer authority to demand or join in demanding a poll and to vote (whether on a show of hands or a poll) on any resolution or amendment of a resolution put to the meeting for which it is given, as the proxy thinks fit and to confer the right to speak at the meeting to which it relates (including any adjournment of it);
 - (e) be valid as well for any adjournment of the meeting as for the meeting to which it relates; and
 - (f) where it is stated to apply to more than one meeting, be valid for all such meetings as well as for any adjournment of any such meetings.
- 8.4 Subject to the provisions of the Acts, the appointment of a proxy (and any power of attorney or other authority under which it is signed (or a copy of such authority certified notarially or in some other way approved by the Board)) shall be sent or supplied in hard copy form, or (subject to any conditions and limitations which the Board may specify) in electronic form, to the registered office of the Company or to such other address (including Electronic Address) as is specified in the notice convening the meeting (or in any instrument of proxy or any invitation to appoint a proxy sent or supplied by the Company in relation to the meeting) or as the Board shall otherwise direct to be received before the time of the meeting or adjourned meeting to which it relates or, in the case of a poll taken after the date of the meeting or adjourned meeting, before the time appointed for the poll. Any instrument of proxy not so sent or supplied or received shall be invalid unless the Board at any time prior to the meeting or the chairman of the meeting at the meeting, in their or his absolute discretion, accept as valid an instrument of proxy where there has not been compliance with the provisions of this Article 8.4 and such proxy shall thereupon be valid notwithstanding such default.
- 8.5 The validity of a vote given or poll demanded in accordance with the terms of an appointment of a proxy or the validity of anything done by a proxy acting as duly appointed chairman of a meeting, or any decision determining whether a proxy counts in a quorum at a meeting, shall not be affected notwithstanding the death or mental disorder of the appointor or the revocation of the appointment of the proxy (or of the authority under which the appointment of the proxy was executed) or the transfer of the Share in respect of which the appointment of the proxy is given, unless notice in writing of such death, mental disorder, revocation or transfer shall have been sent or supplied to the Company in any manner permitted for the sending or supplying of appointments of proxy pursuant to these Articles, and received at the registered office of the Company (or such other address (including Electronic Address) as has been designated for the sending or supplying of appointments of proxy), before the time of the meeting or adjourned meeting to which it relates or, in the case of a poll taken after the date of the meeting or adjourned meeting, before the time appointed for the poll.
- 8.6 The shares held on behalf of CF Woodford Equity Income Fund ("**WEIF**") will each have one vote per share provided that if at any time WEIF's shares constitute more than 19.5% of the total voting share capital of the Company, WEIF's shares will be limited in aggregate

to 19.5% of the total number of votes, those votes to be split equally on a fractional basis amongst WEIF's shares.

- 8.7 The shares held on behalf of Omnis Income and Growth Fund ("**OIG**") will each have one vote per share provided that if at any time OIG's shares constitute more than 19.5% of the total voting share capital of the Company, OIG's shares will be limited in aggregate to 19.5% of the total number of votes, those votes to be split equally on a fractional basis amongst OIG's shares.
- 8.8 Notwithstanding any other provisions of the Company's constitution, for so long as Woodford Patient Capital Trust Plc ("**WPCT**") is the holder of any shares in the capital of Company and any provision would result in WPCT being able to exercise more than 49% of the votes capable of being exercised at any particular meeting, the number of votes attaching to all shares held by WPCT will so long as this situation pertains, be restricted so that the votes conferred on WCPT in respect of all shares held by it in the capital of the Company will represent 49% of the votes capable of being exercised.

9. Class rights

Whenever the capital of the Company is divided into different classes of Shares the special rights attached to any class may not be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, without the consent in writing of the holders of 75% of the issued Shares of that class entitled at that time to vote at a general meeting of the Company in accordance with the Acts; provided always that the issuance of a new class of Share which ranks in priority to one or more existing class(es) of Share shall not be deemed to be a variation or abrogation of the rights, privileges or restrictions of the relevant existing class(es) of Share.

10. Further issues of Shares

10.1 Subject to Article 10.2:

- (a) before issuing any Shares or any other instrument which confers on the holders the right to vote on all or substantially all matters at a meeting of the Shareholders (an "**Instrument**"), or granting any rights to subscribe for or convert securities into Shares or an Instrument, the Company shall first offer them to the Shareholders on a pro rata basis (the "**Offer**");
- (b) the Offer shall be made by notice in writing stating the number or amount of Shares or Instruments (or rights to Shares or Instruments) being offered, the price at which they are offered (the "**Offer Price**") and any other terms of the Offer;
- (c) the Offer shall remain open for the period (being not less than 14 clear calendar days) specified in the notice; and
- (d) the Company shall issue the Shares or Instruments or grant the rights to those Shareholders who apply for them, provided that no applicant shall be issued or granted more Shares, Instruments or rights than the number for which it or he has applied. Any Share, Instrument or right not taken up under the Offer may, at any time up to three months after expiry of the Offer, be issued or granted by the Company at such price (being not less than the Offer Price), on such terms (being no less favourable to the Company than the terms of the Offer), in such manner and to such persons as the Board may determine.

10.2 Article 10.1 shall not apply to:

- (a) an issue of Shares arising upon the exercise of rights under a Share Option Scheme; or
- (b) an issue of Shares in circumstances where an Offer is not made under Article 10.1 where such disapplication of the provisions of Article 10.1 has been approved in writing by the holders of 50 per cent. or more of the total number of Preferred Shares; or
- (c) any issuance of Shares which is made by the Company otherwise than for cash consideration.

11. Transfer of Shares

11.1 The Directors may refuse to register any transfer of Shares made (or purported to be made) other than to a Permitted Transferee or where such transfer is in accordance with Articles 13 and 14, but shall not otherwise be entitled to refuse to register any transfer of Shares. For the purpose of ensuring that a particular transfer of Shares is permitted under the provisions of these Articles, the Directors may request the transferor, or the person named as transferee in any transfer lodged for registration, to furnish the Company with such information and evidence as the Directors may reasonably think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the Directors *within a period of 28 days after such request the Directors shall be entitled to refuse to register the transfer in question.*

11.2 Any purported transfer of Shares otherwise than in accordance with the provisions of these Articles shall be void and have no effect.

12. Permitted transfers

12.1 *Permitted transfers to Privileged Relations and Family Trusts*

Any Shareholder may at any time during his lifetime transfer all or any Shares held by him to a Privileged Relation or to trustees to be held upon a Family Trust of which he is the settlor.

12.2 *Permitted transfers by Family Trusts*

Where any Shares are held by trustees upon a Family Trust such Shares may be transferred without restriction as to price or otherwise:

- (a) on any change of trustees, to the new trustees of that Family Trust;
- (b) at any time to the settlor or to another Family Trust of which he is the settlor or to any Privileged Relation of the settlor.

12.3 *Permitted transfers by corporate investors or undertakings*

Notwithstanding any other provisions of these Articles, a transfer of any Shares in the Company held by a Shareholder which is a body corporate or undertaking may be made to:

- (a) its holding company or to any wholly owned direct or indirect subsidiary of that holding company, or equivalent parent or subsidiary undertakings; or

(b) any of its Permitted Investor Transferees,

in each case, without restriction as to price or otherwise, and any such transfer shall be registered by the Directors.

12.4 *Mandatory transfer*

If any Share (or any interest in a Share) is transferred to a Permitted Transferee in accordance with the provisions of these Articles and such Permitted Transferee subsequently ceases to be a Permitted Transferee, then (unless the Board resolves otherwise) the relevant Permitted Transferee shall be bound immediately to transfer the Shares in question back to the original Shareholder or such other person, if any, as may be designated by the relevant Shareholder and who is a Permitted Transferee of such Shareholder and, until such transfer has taken place, the relevant Shares shall have no right to receive notice of, attend or vote at any general meeting of the Company or receive distributions, dividends or any other return of capital.

12.5 *Delegation of authority*

As security for its obligations under this agreement, each Shareholder irrevocably appoints, jointly and severally, the Company and such persons as may be nominated for the purpose by the Board, to act as its duly appointed agent to do such things in its name (including the completion, execution and delivery of documents) as may be required or reasonably considered by the attorney or agent (as applicable) to be desirable to effect any transfer of Shares held by that Shareholder (or its Permitted Transferee(s)) required pursuant to the provisions of Articles 12.4, 13 or 14.2.

13. **Pre-emption rights**

13.1 *Transfer Notices and Sale Price*

- (a) Otherwise than in respect of a transfer which is either (i) a permitted transfer in accordance with Article 12; (ii) made pursuant to a Tag Notice in accordance with Article 14.1; or (iii) made pursuant to a Drag Along Notice in accordance with Article 14.2, no Shareholder may transfer any direct or indirect interest in Shares unless it has first served a Transfer Notice.
- (b) If a person at any time attempts or purports to transfer a Share (or an interest in a Share) otherwise than in accordance with the provisions of these Articles, the holder of that Share shall, unless the Board resolves otherwise, be deemed immediately before the attempt to have served the Company with a Transfer Notice in respect of it. If a Transfer Notice is deemed to have been served on the Company pursuant to this Article 13.1(b):
 - (i) any other Transfer Notice previously issued in respect of the Shares in question shall be immediately and automatically cancelled; and
 - (ii) the Sale Price for the relevant Shares shall be such price as the Board may determine (acting reasonably) or, at the election of the person who has deemed to have issued the Transfer Notice, as determined by the Independent Expert.
- (c) The Company shall forthwith notify the Shareholders of the existence of a Transfer Notice.

13.2 *The Sale Price*

Subject to Article 13.1, Transfer Notices shall constitute the Company the Seller's agent for the sale of the Sale Shares in one or more lots at the discretion of the Directors at the price agreed by the Seller and the Directors (the "**Sale Price**"). If the Seller and the Directors are unable to agree a price within 21 days of the Transfer Notice being given or being deemed to have been given, the Sale Price will instead be the price which the Independent Expert shall certify to be in his opinion a fair value of the Sale Shares. In arriving at his opinion the Independent Expert will value the Sale Shares as at the date the Transfer Notice is given, or is deemed to have been given, on a going concern basis as between a willing seller and a willing buyer, ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and on the assumption that the Sale Shares are capable of transfer without restriction. The decision of the Independent Expert as to the Sale Price shall be final and binding.

13.3 *Right of Seller to reject partial sales*

A Transfer Notice (but not a deemed Transfer Notice issued pursuant to Article 13.1(b)) may contain a condition (a "**Total Transfer Condition**") that unless all the Sale Shares are sold by the Company pursuant to this Article none shall be sold. Any such provision shall be binding on the Company.

13.4 *Certification of the Sale Price and right of Seller to cancel*

If the Independent Expert is asked to certify the fair value, his certificate shall be delivered to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Seller. The Seller shall be entitled by notice in writing given to the Company within seven days of the service upon him of the copy certificate to cancel the Company's authority to sell the Sale Shares unless the Shares are to be sold pursuant to a deemed Transfer Notice issued pursuant to Article 13.1(b)). The cost of obtaining the certificate shall be paid by the Company unless the Seller cancels it in which case the Seller shall bear the cost.

13.5 *Pre-emptive offers-general*

Once the Sale Price has been determined, unless the Seller has given a valid notice of cancellation, the Sale Shares shall be offered for sale in accordance with the following provisions of this Article 13.

13.6 *Offer to Shareholders*

As soon as the Sale Shares become available they shall forthwith be offered for sale by the Company giving notice in writing to that effect to all holders of Shares (other than the Seller). The notice shall specify:

- the number of Sale Shares on offer and the Sale Price;
- whether the Sale Shares are subject to a Total Transfer Condition;
- the date by which the application to purchase the Sale Shares has to be received by the Company (being a date no less than 14 days and no more than 21 days after the date of the notice).

The notice shall set out the method of allocation of the Sale Shares and shall invite each Shareholder to apply in writing to the Company for as many of the Sale Shares (if any) as that Shareholder would like to purchase.

13.7 *Basis of allocation to Shareholders*

- (a) The Sale Shares shall be allocated by the Directors in satisfaction of the applications received in accordance with the procedure set out in this Article.
- (b) The Sale Shares shall be allocated first to the holders of Preferred Shares and second to the holders of Ordinary Shares, in each case on a *pari passu* basis *pro rata* to their existing shareholdings.
- (c) If the total number of Sale Shares applied for by the Shareholders is equal to or less than the number of Sale Shares available, the Sale Shares shall be allocated in satisfaction of the applications received (subject to the order of preference referred to in (b) above).
- (d) If the total number of Sale Shares applied for is more than the number of Sale Shares available, the Directors shall allocate Sale Shares in satisfaction of each Shareholder's application for Sale Shares in accordance with the following formula (subject to the order of preference referred to in (b) above). This formula shall be applied repeatedly until such time as there are no Sale Shares remaining to be allocated. Each application of the formula is herein referred to as an "**iteration**".

$$A = \frac{B}{C} \times D$$

Where:

A is the number of Sale Shares to be allocated to the relevant Shareholder in the iteration.

B is the number of Shares held by the Shareholder.

C is the number of Shares held by all Shareholders to whom the iteration is being applied.

D is the number of Sale Shares or, after the first iteration, the number of Sale Shares remaining unallocated by previous iterations.

If, in any iteration, a Shareholder would be allocated all or more than all of the Sale Shares for which he applied (including allocations from previous iterations) then any excess will not be allocated to that Shareholder. That Shareholder will cease to take part in any further iterations and the excess Sale Shares will be available for allocation in the next iteration.

The Company shall notify the Seller and each Shareholder who applied for Sale Shares of the number of Sale Shares that have been allocated and the persons to whom they have been allocated. The notification shall include the place and time (being not later than 14 days after the date by which applications had to be received) at which the sale of the Sale Shares shall be completed.

13.8 *Transfer procedure for pre-emptive offers*

If the Company finds a purchaser or purchasers for all or any of the Sale Shares under the terms of this Article the Seller shall be bound, upon receipt of the Sale Price, to transfer the

Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Seller defaults in transferring Sale Shares the Company shall, if so required by the person or persons willing to purchase such Sale Shares, receive and give a good discharge for the purchase money on behalf of the Seller and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Shareholders as the holder of such of the Sale Shares as have been transferred to them.

13.9 *Transfers free of pre-emption*

Where the Company does not find purchasers for all of the Sale Shares under the terms of the pre-emptive offer provisions of this Article 13 then, the Seller shall at any time within six months after the date of the last offer by the Company to its Shareholders be free to sell and transfer such of the Sale Shares as have not been sold to any person at a price which is no less than the Sale Price. If the Sale Shares were the subject of a Total Transfer Condition such a sale may only be made of all the Sale Shares and not part only.

14. **Tag and Drag**

14.1 *Tag along rights*

- (a) Except for transfers permitted by Article 12, no sale or transfer of the legal or beneficial interest in any Shares may be made or validly registered if, as a result of such sale or transfer by the Shareholder(s) (the **"Tag Seller"**) and registration thereof, a Controlling Interest would be obtained in the Company by any person or group of persons acting in concert unless the proposed transferee or transferees or his or their nominees:
 - (i) are independent third parties acting in good faith; and
 - (ii) has or have offered to purchase all the Shares in accordance with Article 14.1(b) below; and
 - (iii) has or have allocated the consideration payable for all the Shares it is purchasing and offering to purchase in the same manner as if the consideration was to be distributed to the selling Shareholders in accordance with the provisions of Articles 5.1 and 5.2.
- (b) If this Article 14.1 applies, the Tag Seller must first give written notice (a **"Tag Notice"**) to each Shareholder (the **"Tagging Shareholders"**). A Tag Notice must:
 - (i) specify the number of Shares the Tag Seller proposes to sell, the proposed sale price per Share (the **"Tag Sale Price"**) and any other terms and conditions of the sale (the **"Tag Sale Terms"**);
 - (ii) state the name of the person to whom the Tag Seller proposes to sell its Shares (the **"Tag Buyer"**);
 - (iii) state that each Tagging Shareholder has an option (a **"Tag Option"**) to direct the Tag Seller to require, as a condition of the sale of the Tag Seller's Shares, that the Tag Buyer also buy all of the Tagging Shareholder's Shares (the **"Tag Shares"**), at the Tag Sale Price on the Tag Sale Terms;
 - (iv) specify a period which must be at least ten business days, during which recipients of a Tag Notice may exercise their Tag Options (the **"Tag Period"**); and

- (v) state the Tag Seller's reasonable best estimate of the date for completion of the sale of the Tag Shares if the Tag Option is exercised, which, unless otherwise agreed between the Tag Seller and the Tagging Shareholder, must be at least ten business days after the end of the Tag Period.
- (c) A Tagging Shareholder may exercise a Tag Option by giving notice in writing to the Tag Seller (with a copy to the Company) no later than 5.00 pm on the last day of the Tag Period. Any exercise of a Tag Option is irrevocable, unless the Tag Seller otherwise agrees in writing.
- (d) If a Tagging Shareholder exercises its Tag Option in accordance with Article 14.1(c), then:
 - (i) the Tag Seller must not complete the sale unless at the same time the Tag Buyer buys each of that Tagging Shareholder's Tag Shares at the Tag Sale Price and on the Tag Sale Terms;
 - (ii) the Tagging Shareholder must sell the Tag Shares to the Tag Buyer on the terms stated in the Tag Notice; and
 - (iii) the Tagging Shareholder must warrant that it is transferring the Tag Shares free from all encumbrances and together with all rights, benefits and advantages attached to them, except the right to any dividend declared but not paid prior to the date of the registration of such transfer.
- (e) If the sale has not been completed within 60 business days after the end of the Tag Period, the Tag Seller must not complete the sale without first issuing a new Tag Notice and following the procedure set out in this Article 14.1.

14.2 *Drag along rights*

- (a) If:
 - (i) the holders of at least 75% of the Shares (on an as converted basis) in issue for the time being (the "**Selling Shareholders**") wish to transfer all their interest in Shares (the "**Sellers' Shares**") to a bona fide arm's length purchaser (the "**Third Party Purchaser**"); and
 - (ii) the Selling Shareholders will receive cash or marketable securities as consideration for the transfer for their Shares; and
 - (iii) no Selling Shareholder is required to provide the Third Party Purchaser with any representations, warranties or indemnities (save as to title of their Shares) or provide any indemnities in relation to liabilities arising under any warranties given by the Company, or give restrictive covenants or undertakings, then

the Selling Shareholders shall have the option (the "**Drag Along Option**") to require all the other holders of Shares (the "**Called Shareholders**") to sell and transfer all their Shares and/or options to the Third Party Purchaser or as the Third Party Purchaser shall direct in accordance with the provisions of this Article 14.2.

- (b) The Selling Shareholders may exercise the Drag Along Option by giving a written notice to that effect (a "**Drag Along Notice**") at any time before the transfer of the Sellers' Shares to the Third Party Purchaser. A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their Shares and options (the "**Called Shares**") pursuant to this

Article, the person to whom they are to be transferred, the consideration for which the Called Shares are to be transferred (calculated in accordance with this Article), the proposed date of transfer and any other material terms and conditions of the proposed sale.

- (c) If the Selling Shareholder gives a Drag Along Notice under this Article:
 - (i) each Called Shareholder must sell its Called Shares to the Third Party Purchaser on the terms stated in the Drag Along Notice;
 - (ii) the Called Shareholder must deliver to the Third Party Purchaser a duly executed transfer in favour of the Third Party Purchaser, together with Share certificate(s) representing all of its Called Shares and such other documents as the Selling Shareholder may reasonably require to give effect to the sale; and
 - (iii) the Selling Shareholder must not sell any Shares to the Third Party Purchaser unless at the same time the Third Party Purchaser buys all of the Called Shares on the terms stated in the Drag Along Notice.
- (d) Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholders to the Third Party Purchaser within 60 days after the date of service of the Drag Along Notice. The Selling Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- (e) The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be that to which they would be entitled if the total consideration proposed to be paid by the Third Party Purchaser were distributed to the holders of the Called Shares and the Sellers' Shares in accordance with the provisions of Article 5.
- (f) No Drag Along Notice may require a Called Shareholder to agree to any terms save those specifically provided for in this Article.
- (g) Completion of the sale of the Called Shares shall take place on the same date as the date proposed for completion of the sale of the Sellers' Shares unless:
 - (i) all of the Called Shareholders and the Selling Shareholders agree otherwise; or
 - (ii) that date is less than three days after the Drag Along Notice where it shall be deferred until the third day after the Drag Along Notice.
- (h) The rights of pre-emption set out in these Articles shall not arise on any transfer of Shares to a Third Party Purchaser (or as they may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served.
- (i) If any holder of Shares or options to subscribe for Shares does not on completion of the sale of Called Shares execute transfer(s) in respect of all the Called Shares held by them the defaulting holder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be their agent and attorney to execute all necessary transfer(s) on his behalf against receipt by the Company (on trust for such holder) of the purchase monies or any other consideration payable for the Called Shares deliver such transfer(s) to the Third Party Purchaser (or as they may direct) and the Directors shall forthwith register the Third Party Purchaser (or as they may direct) as the holder thereof. After the Third Party Purchaser (or their nominee) has been registered as

the holder, the validity of such proceedings shall not be questioned by any such person. It shall be no impediment to registration of Shares under this Article 14.2 that no Share certificate has been produced.

- (j) Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder of the Company pursuant to the exercise of a pre-existing option to acquire Shares in the Company (a "**New Shareholder**"), a Drag Along Notice shall be deemed to have been served upon the New Shareholder on the same terms as the previous Drag Along Notice who shall thereupon be bound to sell and transfer all such Shares acquired by them to the Third Party Purchaser or as the Third Party Purchaser may direct and the provisions of this Article shall apply mutatis mutandis to the New Shareholder save that completion of the sale of such Shares shall take place forthwith upon the Drag Along Notice being deemed served on the New Shareholder.

15. Conversion

Voluntary conversion

- 15.1 Any individual holder of Preferred Shares may at any time convert all (but not some only) of his Preferred Shares into Ordinary Shares. The rate of conversion shall be one Ordinary Share for each Preferred Share held (the "**Conversion Rate**"). The Conversion Rate shall be duly adjusted following any Reorganisation Event on terms approved by the Board. The Directors shall forthwith supply to any Shareholder requesting the same a certificate setting out the Conversion Rate then applicable to the Preferred Shares.

Automatic conversion

- 15.2 All of the Preferred Shares shall immediately upon the occurrence of an IPO convert automatically into Ordinary Shares at the Conversion Rate.
- 15.3 In the event of a conversion in accordance with Article 15.2 on the occurrence of an IPO, the Company shall (in addition to the Ordinary Shares allotted on conversion in accordance with Article 15.2) allot at par to each Shareholder by way of a capitalisation of reserves such number of additional Ordinary Shares (disregarding any fraction of a Share) as may be necessary (if any) to ensure that the aggregate Realisation Price of the Ordinary Shares held by such Shareholder immediately after conversion (in addition to those Ordinary Shares held by such Shareholder as a result of the conversion in accordance with Article 15.2) is equal to:
- (a) the aggregate Original Subscription Price paid (or an equivalent value deemed to have been paid) by such Shareholder in respect of his or its Preferred Shares; plus
 - (b) in the case of the holders of the Preferred A Shares and Ordinary Shares (excluding Ordinary Shares which have been converted from Preferred Shares in accordance with this Article 15) only, *pari passu* as if the same constituted one class of Share, an amount equal to £87,250,000 less the aggregate of the Original Subscription Prices paid by all Shareholders in respect of his or its Preferred A Shares and Preferred B Shares (as referred to in (a) above).

General

- 15.4 In the case of a voluntary conversion, the conversion shall be effected by notice in writing given to the Company signed by the relevant holder(s) of the Preferred Shares. The conversion shall take effect immediately upon the date of delivery of such notice to the

Company (unless such notice states that conversion is to be effective when any conditions specified in the notice have been fulfilled in which case conversion shall take effect when such conditions have been fulfilled).

- 15.5 Where conversion is mandatory on the occurrence of an IPO, that conversion will be effective only immediately prior to and conditional upon such IPO and, if such IPO does not become effective or does not take place, such conversion (and any issue of additional Ordinary Shares pursuant to Article 15.3) shall be deemed not to have occurred.
- 15.6 Forthwith after conversion takes effect the holders of the resulting Ordinary Shares shall send to the Company the certificates in respect of their holding of the relevant Preferred Shares (or, if such certificates are lost, damaged or otherwise misplaced, an indemnity in a form reasonably satisfactory to the Company) and, against such delivery, the Company shall issue to such holder a certificate for the Ordinary Shares resulting from the conversion.
- 15.7 The Ordinary Shares resulting from the conversion shall rank from the date of conversion *pari passu* in all respects with the other Ordinary Shares in the capital of the Company.
- 15.8 If any holder of Preferred Shares becomes entitled to fractions of an Ordinary Share as a result of conversion ("**Fractional Holders**"), the Directors may (in their absolute discretion) deal with these fractions as they think fit on behalf of the Fractional Holders. In particular, the Directors may aggregate and sell the fractions to a person for the best price reasonably obtainable and distribute the net proceeds of sale in due proportions among the Fractional Holders or may ignore fractions or accrue the benefit of such fractions to the Company rather than the Fractional Holder. For the purposes of completing any such sale of fractions, the chairman of the Company or, failing him, the secretary will be deemed to have been appointed the Fractional Holder's agent for the purpose of the sale.

16. Appointment of Directors

- 16.1 The maximum numbers of Directors shall be fourteen.
- 16.2 Model Article 17(1) shall be amended by inserting "Subject to Article 16.1," at the beginning of the first sentence.
- 16.3 Lord Paul Drayson and Lady Elspeth Drayson shall be maintained as Directors while the Company name includes the word 'Drayson' or derivatives thereof and Lord Paul Drayson and Lady Elspeth Drayson (or persons acting in concert with either or both of them) directly or indirectly control 25% of the Shares.
- 16.4 In addition to the powers of appointment under Model Article 17(1), each of Lansdowne Partners (UK) LLP and Woodford Investment Management Limited for so long as it and its Permitted Transferees holds not less than 5 per cent of the Shares in issue shall be entitled to nominate one person to act as a Director by notice in writing addressed to the Company from time to time and the other holders of Shares shall not vote their Shares so as to remove that Director from office. Each Investor shall be entitled to remove their nominated Director so appointed at any time by notice in writing to the Company served at its registered office and appoint another person to act in his place.
- 16.5 An appointment or removal of a Director under Article 16.4 will take effect at and from the time when the notice is received at the registered office of the Company or produced to a meeting of the directors of the Company.

- 16.6 Each of Lansdowne Partners (UK) LLP and Woodford Investment Management Limited for so long as it and its Permitted Transferees holds not less than 5 per cent of the Shares in issue and does not exercise its right to nominate one person to act as a Director, such Shareholder shall be entitled to appoint one person to act as an observer to the Board. The observer shall be entitled to attend and speak at all such meetings and receive copies of all board papers as if he were a Director but shall not be entitled to vote on any resolutions proposed at a board meeting.

17. Directors duties'

A Director will not breach his duty to exercise independent judgment if he acts in accordance with a direction from the Shareholder who appointed him or takes into account the interests of the Shareholder who appointed him.

18. Meetings of Directors

- 18.1 Notice of every meeting of the Directors shall be given to each Director at any address (including Electronic Address) supplied by him to the Company for that purpose whether or not he be present in the United Kingdom provided that any Director may waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him.
- 18.2 Model Article 10(3) shall be amended by inserting after the first sentence "In the absence of a decision as aforesaid, the meeting shall be deemed to be held at the place, if any, where a majority of the Directors attending the meeting are physically present, or in default of such a majority, the place at which the Chairman of the meeting is physically present."
- 18.3 The quorum for meetings of Directors shall be three Directors, one of whom must be the Chairman.
- 18.4 The Board shall meet at least four times in each Financial Year. No longer than 100 days shall elapse between each meeting of the Board.

19. Delegation of Directors' powers

Any committee of the Board may consist of one or more co-opted persons other than Directors on whom voting rights may be conferred as members of the committee but so that:

- (a) the number of co-opted members shall be less than one-half of the total number of Shareholders of the committee; and
- (b) no resolution of the committee shall be effective unless a majority of the members of the committee present at the meeting are Directors.

20. Proceedings of Directors

- 20.1 An alternate director who is himself a Director and/or who acts as an alternate director for more than one Director shall be entitled, in the absence of his appointor(s), to a separate vote or votes on behalf of his appointor(s) in addition (if he is himself a Director) to his own vote.
- 20.2 Lord Paul Drayson will be maintained as Chairman of the Company unless he resigns.

21. Appointment and removal of alternates

21.1 Any Director (the **appointor**) may appoint as an alternate any other Director, or any other person approved by the majority of the other Directors to:

- (a) exercise that Director's powers; and
- (b) carry out that Director's responsibilities,

in relation to the taking of decisions by the Directors in the absence of the alternate's appointor.

21.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the Directors.

21.3 The notice must:

- (a) identify the proposed alternate; and
- (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the Director giving the notice.

22. Rights and responsibilities of alternate directors

22.1 Subject to the Articles, an alternate may act as an alternate director to more than one Director and has the same rights, in relation to any decision of the Directors as the alternate's appointor.

22.2 Except as the Articles specify otherwise, alternate directors:

- (a) are deemed for all purposes to be Directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as their appointors; and
- (d) are not deemed to be agents of or for their appointors,

and, in particular, each alternate director shall be entitled to receive notice of all Directors' meetings and of all committee meetings of Directors of which his appointor is a member.

22.3 Subject to the Articles, a person who is an alternate director but not a Director:

- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating); and
- (b) may otherwise participate in a unanimous decision of the Directors (but only if his appointor is an eligible Director in relation to that decision and is not participating).

No alternate may be counted as more than one Director for such purposes.

22.4 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

23. Termination of alternate directorship

An alternate director's appointment as an alternate terminates:

- (a) when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- (b) on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a Director;
- (c) on the death of the alternate's appointor;
- (d) when the alternate's appointor's appointment as a Director terminates; or
- (e) where the Directors otherwise decide.

24. Directors' services and remuneration

24.1 Directors may undertake any services for the Company that the Directors decide and the Company may enter into a contract of service with any Director on such terms as the Directors think fit.

24.2 Any appointment of a Director to an executive office shall terminate if he ceases to be a Director but without prejudice to any claim to damages for breach of contract of service between the Director and the Company.

24.3 Directors are entitled to such remuneration as the Directors determine:

- (a) for their services to the Company as directors; and
- (b) for any other service which they undertake for the Company.

24.4 Subject to the Articles, a Director's remuneration may:

- (a) take any form; and
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that Director.

24.5 Unless the Directors decide otherwise, Directors' remuneration accrues from day to day.

24.6 Model Article 19 shall be amended accordingly.

25. Directors' expenses

Model Article 20 shall be amended by inserting in the first line the words “, alternate directors and the company secretary (if any)” after the word “directors”.

26. Directors' pensions and other benefits

The Directors may exercise all the powers of the company to:

- (a) pay, provide, arrange or procure the grant of pensions or other retirement benefits, death, disability or sickness benefits, health, accident and other insurances or other such benefits, allowances, gratuities or insurances, including in relation to the termination of employment, to or for the benefit of any person who is or has been at any time a Director of the Company or in the employment or service of the Company or of any body corporate which is or was associated with the Company or of the predecessors in business of the Company or any such associated body corporate, or the relatives or dependants of any such person. For that purpose, the Directors may procure the establishment and maintenance of, or participation in, or contribution to, any pension fund, scheme or arrangement and the payment of any insurance premiums;
- (b) establish, maintain, adopt and enable participation in any profit sharing or incentive scheme including Shares, Share options or cash or any similar schemes for the benefit of any Director or employee of the company or of any associated body corporate, and to lend money to any such Director or employee or to trustees on their behalf to enable any such schemes to be established, maintained or adopted; and
- (c) support and subscribe to any institution or association which may be for the benefit of the company or associated body corporate or any directors or employees of the Company or associated body corporate or their relatives or dependants or connected with any town or place where the company or an associated body corporate carries on business, and to support and subscribe to any charitable or public object whatsoever.

27. Directors' conflicts of interest

27.1 Subject to the provisions of the Acts and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:

- (a) may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;
- (b) may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;
- (c) may (and any firm or company of which he is a partner or Shareholder or director may) act in a professional capacity for the Company or any body corporate in which the Company is in any way interested;
- (d) shall not by reason of his office be accountable to the Company for any benefit which he derives from such office service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and
- (e) shall be entitled to vote and be counted in the quorum on any matter referred to in the foregoing paragraphs of this Article.

27.2 For the purposes of this Article:

- (a) a general notice to the Directors that a Director is to be regarded as having an *interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified;*
- (b) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and
- (c) an interest of a person who is for any purpose of the Acts (excluding any statutory modification not in force when these Articles were adopted) connected with a Director shall be treated as an interest of the Director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

28. Transmission of Shares

The Board may at any time give notice requiring any person entitled to a Share by reason of the death or bankruptcy of the holder of it to elect either to be registered himself in respect of the Share or to transfer the Share and if the notice is not complied with within 60 days the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Share until the requirements of the notice have been complied with.

29. Proceedings at general meetings

- 29.1 A Shareholder present either in person or by proxy, at any general meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which the meeting was convened.
- 29.2 *Model Article 39(2) shall be amended by the insertion of the following words “(including a proxy or a corporate representative)” after the word “Shareholder”.*
- 29.3 No business shall be transacted at any meeting unless a quorum is present at the time when the meeting proceeds to business. Two persons entitled to vote upon the business to be transacted, each being a Shareholder or a proxy for a Shareholder or a duly authorised representative of a corporation, shall be a quorum.
- 29.4 If within half an hour from the time appointed for a general meeting, a quorum is not present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If a quorum is not present at any such adjourned meeting within half an hour from the time appointed for that meeting, the meeting shall be dissolved.
- 29.5 A poll may be demanded at any general meeting by any Shareholder present in person or by proxy and entitled to vote.

30. Communications with Shareholders

- 30.1 Any document or information required or authorised to be sent or supplied by the Company to any Shareholder or any other person pursuant to these Articles, the Companies Acts, may be sent or supplied in hard copy form, in electronic form, by means of a website or in any other way in which documents or information may be sent or supplied by the Company

pursuant to the Companies Acts. The provisions of the 2006 Act which apply to sending or supplying a document or information required or authorised to be sent or supplied by the Companies Acts by making it available on a website shall, *mutatis mutandis*, apply to the sending or supplying of any document or information required or authorised to be sent by the Articles, by making it available on a website.

- 30.2 The Company may send or supply any document or information to a Shareholder either personally, or by post in a prepaid envelope addressed to the Shareholder at his registered address (being a corporation) or, (being an individual) his address for service, or by leaving it at that address or any other address for the time being notified to the Company by the Shareholder for the purpose, or by sending or supplying it using electronic means to an Electronic Address for the time being notified to the Company by the Shareholder for the purpose, or by any other means authorised in writing by the Shareholder concerned. A Shareholder whose registered address is not within the United Kingdom and who gives the Company an address within the United Kingdom to which documents or information may be sent or supplied to him or gives an Electronic Address to which documents or information may be sent or supplied using electronic means, shall be entitled to have documents or information sent or supplied to him at that address, but otherwise no such Shareholder shall be entitled to receive any document or information from the Company.
- 30.3 In the case of joint holders of a Share, if the Company sends or supplies any document or information to one of the joint holders, it shall be deemed to have properly sent or supplied such document or information to all the joint holders.
- 30.4 Any document or information addressed to a Shareholder at his registered address or address for service in the United Kingdom shall, if sent by post (whether in hard copy form or in electronic form), be deemed to have been received at the expiration of 24 hours after the envelope was posted and, if sent or supplied by electronic means, be deemed to have been received (if sent or supplied between the hours of 9am and 5pm on a working day) at the time it was sent, or (if sent or supplied at any other time) at 9am on the next following working day, and, if sent or supplied by means of a website, be deemed to have been received when the material was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website. In calculating a period of hours for the purpose of this Article, no account shall be taken of any part of a day that is not a working day.
- 30.5 In proving such service or delivery it shall be sufficient to prove that the envelope containing the document or information was properly addressed and put into the post as a prepaid letter or, in the case of a document or information sent or supplied by electronic means, to prove that it was properly addressed. Any document or information not sent or supplied by post but delivered or left at a registered address or address for service in the United Kingdom shall be deemed to have been served or delivered on the day on which it was so delivered or left. These provisions shall apply regardless of any such documents or information being returned undelivered and regardless of any delivery failure notification or any out of office or other similar response and the Company shall not be held responsible for any failure in transmissions beyond its reasonable control.

31. Indemnity, funds and insurance

- 31.1 Subject to and to the fullest extent permitted by the Acts (but without prejudice to any indemnity to which the person concerned may otherwise be entitled):
- (a) any person who is a director, secretary or other officer (other than any person engaged as auditor) of the Company or any associated company (which shall, for

the purposes of this Article 31 have the meaning given in section 256 of the 2006 Act) shall be indemnified out of the assets of the Company against all or any part of any costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution or discharge of his duties or in the actual or purported exercise of his powers in relation to the affairs of the Company or any associated company, or incurred by him in connection with the Company's activities as trustee of any occupational pension scheme (which shall, for the purposes of this Article 31 have the meaning given in section 235(6) of the 2006 Act); and

- (b) any person who is a director, secretary or other officer (other than any person engaged as auditor) of the Company or any holding company (as such is defined in section 1159 and Schedule 6 of the 2006 Act) shall be provided with funds to meet any expenditure incurred or to be incurred by him as provided in sections 205 and 206 of the 2006 Act (or to enable him to avoid incurring any such expenditure).

- 31.2 Subject to the provisions of the Acts, the Company (as the directors shall, in their absolute discretion, determine) shall purchase and maintain, at the expense of the Company, insurance for any person who is a director, secretary or other officer (other than any person engaged as auditor) of the Company or any associated company in respect of all or any part of any costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution or discharge of his duties or in the actual or purported exercise of his powers in relation to the affairs of the Company, or incurred by him in connection with the Company's activities as trustee of any occupational pension scheme.

32. Data protection

Each of the Shareholders and directors of the Company (from time to time) consent to the processing of their personal data by the Company, its Shareholders and directors (each a "**Recipient**") for the purpose of due diligence exercises, compliance with applicable laws, regulations and procedures and the exchange of information amongst themselves. A Recipient may process such personal data either electronically or manually. The personal data which may be processed for such purposes under this Article shall include any information which may have a bearing on the prudence or commercial merits of investing, or disposing of any Shares (or other investment or security) in the Company. Subject to any confidentiality undertakings given to them by a Recipient, each of the Company's Shareholders and directors (from time to time) consent to the transfer of such personal data to persons acting on behalf of any Recipient and to the offices of any Recipient both within and outside the European Economic Area for the purposes stated above, where it is necessary or desirable to do so.