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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 8-K**  
**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 1, 2016



**LivaNova PLC**

(Exact Name of Registrant as Specified in its Charter)

**England and Wales**  
(State or Other Jurisdiction  
of Incorporation)

**001-37599**  
(Commission  
File Number)

**98-1268150**  
(IRS Employer  
Identification No.)

**5 Merchant Square  
North Wharf Road  
London, W2 1AY  
United Kingdom**

(Address of Principal Executive Offices)

**(44) 203 786 5275**

(Registrant's Telephone Number, Including Area Code)

**N/A**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 5.02      Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

On July 6, 2016, LivaNova PLC (“LivaNova” or the “Company”) issued a press release announcing a refined business implementation model and related organizational structure designed to strengthen execution and accountability of its business units, to promote collaboration across the global organization and support long-term profitable growth (the “Realignment”).

***Appointment of Chief Operating Officer***

In connection with the Realignment, the Board of Directors of LivaNova (the “Board”) has appointed Mr. Damien McDonald as the Company’s Chief Operating Officer, effective October 3, 2016.

LivaNova has entered into an employment agreement, effective October 3, 2016 (the “COO Employment Agreement”), pursuant to which Mr. McDonald will serve as the Company’s Chief Operating Officer, reporting to the Company’s Chief Executive Officer. As described in the COO Employment Agreement, Mr. McDonald will receive an annual base salary of £390,500 and an opportunity to earn an annual cash incentive bonus under the Company’s Annual Executive Bonus Program with a target amount equal to 85% of his annual base salary. In addition, the Company has agreed to pay Mr. McDonald a one-off signing bonus of £159,750, £150,000 per year for housing allowance (for two years), an annual school allowance £31,950 (reducing by £6,390 per year over each of the following years), an allowance for attorneys’ fees of £10,000, an annual car allowance of £17,750, and pension contributions equal to 15% of Mr. McDonald’s base salary. Mr. McDonald will also be eligible to participate in the Company’s employee benefit plans made available to all employees of the Company. Under the COO Employment Agreement, Mr. McDonald is entitled to 12 months’ notice of termination, and the Company is entitled to the same.

The Company also issued a side letter (the “Side Letter”) effective as of October 3, 2016 to Mr. McDonald addressing certain intended future grants of equity awards to him. The Side Letter confirmed that the Compensation Committee will be asked to grant, at the earliest opportunity after the commencement of his employment, an award of service-based restricted stock units (“RSUs”) to Mr. McDonald over shares equal in value to \$3,000,000, with 25% of the RSUs vesting on each of the first four anniversaries of the grant date. The Side Letter also confirmed that the Compensation Committee will be asked to grant of an award of stock appreciation rights (“SARs”) having a grant date value (based on the Black-Scholes value of a SAR on the grant date) equal to \$2,000,000, with 25% of the SARs vesting on each of the first four anniversaries of the grant date. The Side Letter also confirmed that Mr. McDonald will be eligible to receive annual grants of equity awards under the Company’s 2015 Incentive Award Plan (the “Plan”) commencing in 2017 and that the target value of his award will be equal to 300% of his base salary, all subject to the discretion of the Company’s Compensation Committee.

A copy of the COO Employment Agreement and the Side Letter described above are filed herewith as Exhibits 10.1 and 10.2, respectively. The foregoing descriptions of these documents are summaries only and are qualified in their entirety by the full text of the COO Employment Agreement and the Side Letter, which are incorporated herein by reference.

Effective upon his employment with the Company, Mr. McDonald will be designated as an “officer” as such term is used within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended.

Prior to joining the Company, Mr. McDonald held several senior roles in the global life science sector. Most recently, Mr. McDonald was Group Executive and Corporate Vice President at New York Stock Exchange-listed Danaher Corporation. From 2013 until 2016, he served as Group President, Professional Consumables at Danaher. During his tenure at Danaher, he was responsible for, among other things, 13 operating plants in Europe and the Americas and over 3200 employees globally. Prior to that, Mr. McDonald served from 2011 as Group President of Kerr Corporation, a subsidiary of Danaher Corporation. In that function, he was responsible for a dental consumables business with operations in the United States, Mexico, Switzerland, Italy and the Czech Republic. In 2010, Mr. McDonald undertook special projects for Danaher Corporation. Prior to joining the Danaher group, Mr. McDonald from 2007 to 2010 was President, Zimmer Spine at Zimmer Holdings, an orthopedics company where he was responsible for divisions in the United States and France. From 1999 to 2007, Mr. McDonald occupied various roles with Johnson & Johnson. Mr. McDonald holds bachelor’s degrees in pharmacy (1987) and economics (1989) from the University of Queensland in Australia, a master’s degree in international economics from the University of Wales, and an MBA from the Institute for Management Development (IMD) in Lausanne.

**Item 8.01        Other Events**

Further information regarding the appointment of Mr. Damien McDonald as Chief Operating Officer of the Company is set forth in the press release filed herewith as Exhibit 99.1, which is incorporated into this Item 8.01 by reference.

**Item 9.01        Financial Statements and Exhibits**

(d) Exhibits

The following exhibits are filed herewith:

- 10.1        COO Employment Agreement effective October 3, 2016 between LivaNova Plc and Mr. Damien McDonald.
- 10.2        Side Letter effective October 3, 2016 between LivaNova Plc and Mr. Damien McDonald.
- 99.1        Press release regarding appointment of Mr. Damien McDonald as Chief Operating Officer, issued by LivaNova PLC on August 1, 2016.

## **SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LivaNova PLC

Date: August 1, 2016

By: /s/ Catherine Moroz

Name: Catherine Moroz

Title: Deputy Company Secretary

## **EXHIBIT INDEX**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
10.1	COO Employment Agreement effective October 3, 2016 between LivaNova Plc and Mr. Damien McDonald.
10.2	Side Letter effective October 3, 2016 between LivaNova Plc and Mr. Damien McDonald.
99.1	Press release regarding appointment of Mr. Damien McDonald as Chief Operating Officer, issued by LivaNova PLC on August 1, 2016.

**Dated 3 October 2016**

**LIVANOVA PLC**

**DAMIEN McDONALD**

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SERVICE AGREEMENT

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**THIS AGREEMENT** is made on 3 October 2016 (the “Effective Date”).

**BETWEEN**

- (1) **LIVANOVA PLC**, a company registered in England with registered number 09451374 and having its registered office at 5 Merchant Square, North Wharf Road, London, W2 1AY United Kingdom (the “**Company**”); and
- (2) **DAMIEN McDONALD**, residing at 28153 Camino Del Río, San Juan Capistrano, California 92675, United States of America (the “**Executive**”).

**BACKGROUND**

The Company wishes to employ the Executive as Chief Operating Officer on the terms and conditions of this Agreement, and the Executive wishes to accept such employment.

**IT IS AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Agreement, unless the context otherwise requires:

“ <b>Basic Salary</b> ”	means the salary, as specified in Clause 6.1.1 or, as appropriate, the reviewed annual salary from time to time;
“ <b>Board</b> ”	means the Board of directors of the Company from time to time or any duly authorised committee thereof, or where the relevant powers have been reserved to the Company’s members, its members from time to time;
“ <b>Compensation Committee</b> ”	means the compensation committee appointed by the Board;
“ <b>Confidential Information</b> ”	means all information which is identified or treated by the Company or any Group Company or any of the Group’s clients or customers as confidential or which by reason of its character or the circumstances or manner of its disclosure is evidently confidential including (without prejudice to the foregoing generality) any information about the personal affairs of any of the directors (or their families) of the Company or any Group Company, business plans, proposals relating to the acquisition or disposal of a company or business or proposed expansion or contraction of activities, maturing new business opportunities, research and development projects, designs, secret processes, trade secrets, product or services development and formulae, know-how, inventions, sales statistics and forecasts, marketing strategies and plans, costs, profit and loss and other financial information (save to the extent published in audited accounts), prices and discount structures and the names, addresses and contact and other details of: (a) employees and their terms of employment; (b) customers and potential customers, their requirements and their terms of business with the Company/Group; and (c) suppliers and potential suppliers and their terms of

	business (all whether or not recorded in writing or in electronic or other format);
<b>“Employment”</b>	means the employment of the Executive under this Agreement or, as the context requires, the duration of that employment;
<b>“Group”</b>	means together or separately the Company, any holding company of the Company and any subsidiaries and subsidiary undertakings of the Company or any such holding company (and the words “subsidiary” and “holding company” shall have the meanings given to them in section 1159 of the Companies Act 2006 and “subsidiary undertaking” shall have the meaning given in section 1162 of the Companies Act 2006) from time to time;
<b>“Group Company”</b>	means any company within the Group;
<b>“Health Care Scheme”</b>	means the medical expenses insurance, permanent health insurance (“ <b>PHI</b> ”), critical illness insurance or other healthcare or disability scheme(s) or arrangement(s) as may be provided or introduced from time to time by the Company (at the Company’s discretion) for the benefit of similarly situated executives in the Group;
<b>“Intellectual Property Rights”</b>	means any and all existing and future intellectual or industrial property rights in and to any Works (whether registered or unregistered), including all existing and future patents, copyrights, design rights, database rights, trade marks, semiconductor topography rights, plant varieties rights, internet rights/domain names, know-how and any and all applications for any of the foregoing and any and all rights to apply for any of the foregoing in and to any Works;
<b>“Minority Holder”</b>	means a person who either solely or jointly holds (directly or through nominees) any shares or loan capital in any company whose shares are listed or dealt in on a recognised investment exchange (as that term is defined by section 285 Financial Services and Markets Act 2000) provided that such holding does not, when aggregated with any shares or loan capital held by the Executive’s partner and/or his or his partner’s children under the age of 18, exceed 3% of the shares or loan capital of the class concerned for the time being issued;
<b>“Share Incentives”</b>	means any options or other rights that the Executive may have to purchase, hold or otherwise acquire shares or rights in respect of or relating to shares in the Company or a Group Company;
<b>“Termination Date”</b>	means the date of termination of the Employment;
<b>“Works”</b>	means any documents, materials, models, designs, drawings, processes, inventions, formulae, computer coding, methodologies, know-how, Confidential Information or other work, performed made, created, devised, developed or discovered by the Executive in the



course of the Employment (and whether or not made or discovered in the course of the Employment) either alone or with any other person in connection with or in any way affecting or relating to the business of the Company or any Group Company or capable of being used or adapted for use therein or in connection therewith.

## **1.2 Interpretation and construction**

Save to the extent that the context or the express provisions of this Agreement require otherwise, in this Agreement:

- (a) words importing the singular shall include the plural and vice versa;
- (b) words importing any gender shall include all other genders;
- (c) words importing the whole shall be treated as including reference to any part of the whole;
- (d) any reference to a Clause, the Schedule or part of the Schedule is to the relevant Clause, Schedule or part of the Schedule of or to this Agreement unless otherwise specified;
- (e) reference to this Agreement or to any other document is a reference to this Agreement or to that other document as modified, amended, varied, supplemented, assigned, novated or replaced from time to time;
- (f) reference to a provision of law is a reference to that provision as extended, applied, amended, consolidated or re-enacted or as the application thereof is modified from time to time and shall be construed as including reference to any order, instrument, regulation or other subordinate legislation from time to time made under it;
- (g) references to a “person” includes any individual, firm, company, corporation, body corporate, government, state or agency of state, trust or foundation, or any association, partnership or unincorporated body (whether or not having separate legal personality) or two or more of the foregoing;
- (h) general words shall not be given a restrictive meaning because they are followed by words which are particular examples of the acts, matters or things covered by the general words and “including”, “include” and “in particular” shall be construed without limitation; and
- (i) the meaning of any words coming after “other” or “otherwise” shall not be constrained by the meaning of any words coming before “other” or “otherwise” where a wider construction is possible.

## **1.3 Headings**

The headings in this Agreement are included for convenience only and shall be ignored in construing this Agreement.

## **2. THE EMPLOYMENT**

### **2.1 Appointment**

Subject to the provisions of this Agreement, the Company employs the Executive and the Executive accepts employment as Chief Operating Officer of the Company with effect from Closing notwithstanding the date or dates of this Agreement.

### **2.2 Work permits and warranty**

2.2.1 The Executive warrants to the Company that by virtue of entering into this Agreement he will not be in breach of any express or implied obligation to any third party, including any restrictive covenants.

2.2.2 The Executive further warrants to the Company that he is not aware of any reason he should not be granted a visa to work in the United Kingdom.

## **3. DURATION OF THE EMPLOYMENT**

### **3.1 Employment**

The Executive's employment with the Company will commence on the Effective Date.

### **3.2 Duration and notice**

Subject to the provisions of Clauses 3.3 and 18.1, the Employment shall continue unless and until terminated at any time by:

- (a) the Company, which must give to the Executive not less than twelve months' prior written notice of termination of the Employment; or
- (b) the Executive, who must give to the Company not less than twelve months' prior written notice of termination of the Employment.

### **3.3 Payment in lieu of notice**

3.3.1 The Company shall be entitled, at its sole discretion, to terminate the Employment immediately at any time by giving the Executive notice in writing. In these circumstances, subject to the terms of Clause 3.3.2, the Company will subsequently make a payment to the Executive in lieu of notice, calculated in accordance with the provisions of Clauses 3.3.3 and 3.3.4 (the payment being referred to as a "**Notice Payment**").

3.3.2 For the avoidance of doubt, the Company is not obliged to make a Notice Payment so long as it continues to employ the Executive throughout the notice period. If the Company shall decide not to make a Notice Payment, the Executive shall not be entitled to enforce that payment as a contractual debt nor as liquidated damages.

3.3.3 The Notice Payment will be paid less all deductions that are required or permitted by law to be made, including in respect of income tax, national insurance contributions and any sums due to the Company or any Group Company.

3.3.4 Subject to the terms of Clause 3.4, the Notice Payment will consist of a sum equivalent to the Basic Salary, pensions contributions and any other benefits which the Executive would have received in respect of any notice period outstanding on the Termination Date, but will exclude any bonus, commission and share of profit (including any benefits derived from any Share Incentives) that he would have received or would have accrued to him during that period.

- 3.3.5 The Notice Payment is in full and final settlement of all and any rights and claims that the Executive may have against the Company arising out of the termination of his employment (including both contractual and statutory employment claims but excluding claims in respect of Basic Salary accrued to the Termination Date and bonus entitlement, if applicable). The Executive agrees to waive, release and discharge any and all such rights and claims and acknowledges that it is a condition of the payment of the Notice Payment that he will execute a settlement agreement (and any other documents reasonably required by the Company) in a form reasonably acceptable to the Company in order to give effect to the release and waiver in this Clause 3.3.

#### **3.4 Payment in instalments**

- 3.4.1 The Company may, at its sole discretion and subject to the terms of Clause 3.4.2, pay the Notice Payment in equal monthly instalments over a period of twelve months (the “**Instalment Period**”), the first instalment payable at the end of the month in which the Termination Date occurs.
- 3.4.2 If the Executive commences alternative employment during the Instalment Period, then the gross instalments of Notice Payment payable after that date will be reduced by a sum equal to the gross amount of the Executive’s income from the alternative employment (but excluding any bonus, commission and share of profits).
- 3.4.3 If the Executive obtains alternative employment that is to commence during the Instalment Period, he will immediately advise the Company of that fact and of his gross monthly salary and other contractual benefits (but excluding any bonus, commission and share of profits) from that employment. If the Executive fails to comply with this obligation, then from the date the Executive commences alternative employment, the Executive shall have no further entitlement to any payment of Notice Payment.

### **4. HOURS AND PLACE OF WORK**

#### **4.1 Hours of work**

The Executive agrees that he shall work normal business hours together with such additional hours as are necessary for the proper performance of his duties. No payment will be made for any additional hours worked by the Executive.

#### **4.2 Working Time Regulations**

- 4.2.1 The Executive has autonomous decision-making powers. The duration of his working time is not measured or predetermined.

#### **4.3 Place of work**

- 4.3.1 The Executive’s place of work will initially be at the Company’s offices in London, United Kingdom, but, subject to the terms of Clause 4.3.2, the Company may require the Executive to work at any other location within or outside the U.K. for such periods as the Company may from time to time require. The Executive will be given reasonable notice of any change in his permanent place of work.
- 4.3.2 The Executive will not be required to be absent from the United Kingdom for a period exceeding one month at any one time.

### **5. SCOPE OF THE EMPLOYMENT**

#### **5.1 Duties of the Executive**

During the Employment the Executive shall:

- (a) undertake and carry out to the best of his ability such duties and exercise such powers in relation to the Group's business as may from time to time be assigned to or vested in him by the Chief Executive Officer, including where those duties require the Executive to work for any Group Company;
- (b) in the discharge of those duties and the exercise of those powers observe and comply with all lawful resolutions, regulations and directions from time to time made by, or under the authority of, the Board and promptly upon request, give a full account to the Board or a person duly authorised by the Board, in writing if requested, of all matters with which he is involved;
- (c) comply with the Articles of Association (as amended from time to time) of any Group Company of which he is a director;
- (d) ensure compliance with the UK Corporate Governance Code, as applicable from time to time;
- (e) act in accordance with all statutory, fiduciary and common law duties that he owes to the Company and any Group Company;
- (f) make reasonable endeavours to do, or refrain from doing, such things as are necessary or expedient to ensure compliance by himself and any Group Company with applicable law and regulations and all other regulatory authorities relevant to any Group Company and any codes of practice issued by any Group Company (as amended from time to time);
- (g) unless prevented by ill-health, holidays or other unavoidable cause, devote the whole of his working time, attention and skill to the discharge of his duties under this Agreement;
- (h) faithfully and diligently perform his duties and at all times use his best endeavours to promote and protect the interests of the Group;
- (i) promptly disclose to the Chief Executive Officer full details of any wrongdoing by the Executive or any other employee of any Group Company of which the Executive is aware and where that wrongdoing is material to that employee's employment by the relevant company or to the interests or reputation of any Group Company;
- (j) not incur on behalf of the Company or any Group Company any capital expenditure in excess of such sum as may be authorised from time to time by resolution of the Board; and
- (k) not enter into on behalf of the Company or any Group Company any commitment, contract or arrangement which is otherwise than in the normal course of the Company's or the relevant Group Company's business or is outside the scope of his normal duties or authorisations or is of an unusual or onerous or long-term nature.

## **5.2 Directorships and Directors and Officers insurance**

- 5.2.1 The Executive may be required to act as a director of the Company and other Group Companies (either executive or non-executive) as the Board requires from time to time. The Company reserves the right on giving written notice to the Executive to terminate any office of directorship immediately at any time.

5.2.2 The Company shall for the duration of the Employment and for a period of not less than six calendar years following the Termination Date, maintain directors' and officers' insurance for the benefit of the Executive in respect of those liabilities which he may incur as a director or officer of the Company or any Group Company and for which such insurance is normally available.

### 5.3 **Right to suspend duties and powers**

5.3.1 The Company reserves the right in its absolute discretion to suspend all or any of the Executive's duties and powers on terms it considers expedient or to require him to perform only such duties, specific projects or tasks as are assigned to him expressly by the Company (including the duties of another position of equivalent status) in any case for such period or periods and at such place or places (including, without limitation, the Executive's home) as the Company in its absolute discretion deems necessary (the "**Garden Leave**"). During any period of Garden Leave, the terms and conditions set out in this Agreement shall continue to apply to the Executive.

5.3.2 The Company may, at its sole discretion, require that during the Garden Leave the Executive shall not:

- (a) enter or attend the premises of the Company or any Group Company;
- (b) contact or have any communication with any client or prospective client or supplier of the Company or any Group Company in relation to the business of the Company or any Group Company;
- (c) contact or have any communication with any employee, officer, director, agent or consultant of the Company or any Group Company in relation to the business of the Company or any Group Company;
- (d) remain or become involved in any aspect of the business of the Company or any Group Company except as required by such companies; or
- (e) work either on his own account or on behalf of any other person.

5.3.3 During Garden Leave, the Executive will continue to receive his Basic Salary and benefits but will not accrue any bonus, commission or share of profit, save where Clause 6.3.3 applies.

5.3.4 For the avoidance of doubt, the Company may exercise its powers under this Clause 5.3 at any time during the Employment including after notice of termination has been given by either party.

## 6. **REMUNERATION**

### 6.1 **Basic Salary**

6.1.1 During the Employment the Company shall pay the Executive a Basic Salary of not less than £390,500 per annum. The Basic Salary shall accrue from day to day and be payable by credit transfer in equal monthly instalments in arrears on or around the last day of each calendar month or otherwise as arranged from time to time. The Basic Salary will be paid less all deductions that are required by law to be made including in respect of income tax and national insurance contributions.

6.1.2 The Basic Salary shall be inclusive of all director's fees (if any) to which the Executive may become entitled including all remuneration and director's fees in respect of services rendered by the Executive to any Group Company.

## 6.2 **Salary review**

The Basic Salary shall be reviewed annually, the first review to take effect following the first Compensation Committee quarterly meeting of each calendar year commencing in 2017; however, the Compensation Committee is not obliged to increase the Basic Salary at any review.

## 6.3 **Discretionary bonus**

6.3.1 The Executive is eligible to receive an annual bonus in respect of each financial year of the Company (the “**Bonus**”). The target amount of the Executive’s Bonus is a sum equal to 85% of his Basic Salary for that financial year. The terms and amount of this bonus (and whether it is paid in cash or in other forms, such as shares or share options) will be approved from time to time and notified to the Executive by the Compensation Committee in its sole discretion.

6.3.2 The actual amount of any Bonus payable, which may be greater or less than the target amount specified in Clause 6.3.1, will be determined by reference to the Compensation Committee in its sole discretion and will be determined by the achievement of performance objectives, which may include Company and Group performance objectives, personal performance objectives, or a combination of those objectives. The Compensation Committee will determine appropriate performance targets at the beginning of each financial year. The Bonus will be paid by the Company after receipt by it of the audited financial statements of the Company for the financial year in question.

6.3.3 The Bonus will only be paid if the Executive is in Employment (and has not received or served notice of termination of employment) at the date the Bonus is due for payment. Upon the termination of the Executive’s employment or (if earlier) upon either party giving notice under Clause 3 or the Company exercising its rights under Clause 18, the Executive will have no rights as a result of this Agreement or any alleged breach of it to any compensation under or in respect of any Bonus.

## 6.4 **Signing bonus**

The Company shall pay the Executive a signing bonus equal to £159,750 with 30 days following the Effective Date, less all deductions that are required by law to be made including in respect of income tax and national insurance contributions, to offset a cash award forfeited by the Executive on his resignation from his prior employer.

## 6.5 **Corporate Governance**

All payments and/or benefits payable to the Executive are subject to and conditional upon the terms of applicable law, regulation and governance codes that regulate or govern executive pay from time to time (“**Remuneration Governance**”). The Company reserves the right to amend, reduce, hold back, defer, claw back and alter the structure of any payments and benefits payable to the Executive as necessary to comply with Remuneration Governance.

# 7. **ACCOMMODATION, ALLOWANCES AND SERVICES**

## 7.1 **Relocation**

7.1.1 The Executive agrees to relocate his family to London, U.K. as soon as reasonably possible, taking into account the Executive’s family circumstances, but in no event later than one year from the Effective Date.

7.1.2 The Company agrees to provide relocation assistance to the Executive, including assistance with the sale of the Executive’s principal residence in San Juan Capistrano, California

pursuant to the terms of the Managed Executive Plan provided by the Company's vendor, Orion Mobility; packing, shipping to London and unpacking Executive's household possessions at the Company's expense; reimbursement of non-refundable California school tuition payments for the 2016-17 school year for the Executive's two daughters; reimbursement of expenses incurred as a consequence of the Executive's cancellation of the lease on his Tesla automobile; and reimbursement of expenses incurred in connection with the purchase of a principal residence in London. If the Executive is compelled to pay income taxes on any of the foregoing relocation benefits provided by the Company, the Company will pay to the Executive such additional amounts as are necessary to ensure receipt by the Executive of the full amount that the Executive would have received but for the income taxes payable by the Executive or by the Company on his behalf.

## **7.2 Accommodation allowance**

- 7.2.1 The Company will provide the Executive with an allowance towards accommodation costs of £150,000 per annum for the two-year period commencing on the date of the Executive's relocation to London (the "**Accommodation Allowance**").
- 7.2.2 The Accommodation Allowance will be paid by the Company to the Executive in equal monthly instalments. The Accommodation Allowance is stated as a gross figure and will be subject to deductions for income tax and National Insurance contributions where applicable.
- 7.2.3 The Accommodation Allowance does not form part of the Executive's Basic Salary. For the avoidance of doubt, the Executive is under no obligation to demonstrate that his actual accommodation expenses equal or exceed the Accommodation Allowance.
- 7.2.4 The Company agrees that, at the conclusion of the second year of payment of the Accommodation Allowance and annually thereafter, it shall propose consideration by the Compensation Committee as to whether, based on the Executive's performance and personal circumstances, to extend the Accommodation Allowance for an additional year.

## **7.3 School allowance**

The Company will provide the Executive with an allowance to offset incremental school-related expenses for the Executive's two daughters commencing with the first school year following the family's relocation to London (the "**School Allowance**"). The amount of the School Allowance in the first year shall be £31,950. The amount of the School Allowance shall be reduced by £6,390 each year after the first year, with no School Allowance payable after the fifth year.

## **7.4 Attorney's fee allowance**

The Company will pay the Executive within 30 days following the Effective Date an allowance equal to £10,000, subject to deduction of income tax and National Insurance contributions, to offset the cost of attorney's fees incurred in connection with the negotiation of this Agreement.

# **8. EXPENSES**

## **8.1 Out-of-pocket expenses**

The Company shall reimburse to the Executive (against receipts or other appropriate evidence as the Company may require) the amount of all out-of-pocket expenses reasonably and properly incurred by him in the proper discharge of his duties hereunder to the extent that such expenses are incurred in accordance with the Company's business expenses policy from time to time.

## **8.2 Company credit/charge cards**

In the event that the Company issues a Company-sponsored credit or charge card to the Executive he shall use such card only for expenses reimbursable under Clause 8.1 and shall return it to the Company when so requested and in any event immediately on termination of the Employment howsoever arising.

## **9. DEDUCTIONS**

The Executive agrees that the Company may deduct from any sums due to him under this Agreement any sums due by him to the Company including, without limitation, any debits to his Company credit or charge card not authorised by the Company, the Executive's pension contributions (if any), any overpayments, loans or advances made to him by the Company, the cost of repairing any damage or loss to the Company's property caused by him and any losses suffered by the Company as a result of any negligence or breach of duty by the Executive.

## **10. COMPANY CAR**

### **10.1 Car allowance**

The Executive will be paid a car allowance of £17,750 per annum, subject to deduction of income tax and National Insurance contributions.

## **11. PENSION SCHEME**

### **11.1 The Scheme**

11.1.1 The Executive is eligible to join the Company's pension scheme (the "**Scheme**"), subject to its rules in force from time to time. Details of the Scheme are available from the Company. Pursuant to the Scheme, the Company will make an annual supplemental contribution to the Scheme in respect of the Executive equal to 15% of the Executive's Basic Salary and discretionary bonus. The contribution shall be paid to the Scheme at such time or times during the year as the Company shall decide at its discretion.

11.1.2 When the Company becomes subject to the employer duties in the Pensions Act 2008, the Company reserves the right to amend the Executive's pension arrangements in place in its absolute discretion. The Company will inform the Executive of any changes to his pension arrangements at that time.

11.1.3 A copy of the current explanatory booklet giving details of the Scheme is available from the HR department.

11.1.4 The Scheme is not a contracted-out scheme for the purposes of the Pension Schemes Act 1993.

### **11.2 Company's right to amend and terminate**

11.2.1 The Company may at any time terminate the Scheme or the Executive's membership of it subject to providing him with membership of an equivalent pension scheme.



## **12. OTHER INSURANCE & BENEFITS**

### **12.1 Health Care Scheme**

Without prejudice to the terms of Clauses 3 and 18, the Executive (and his spouse and children in respect of private medical insurance) shall be entitled during the Employment, to participate in any Health Care Scheme subject to the following terms and conditions:

- (a) the Executive's (and his family's participation as applicable) is subject to the Company's rules regarding eligibility and the rules, terms and conditions of the relevant Scheme, both in force from time to time, copies of which shall be available from Human Resources;
- (b) the Company reserves the right to terminate the Executive's (or his family's, as applicable) or the Company's participation in any of the Schemes, substitute a new scheme for an existing Scheme and/or alter the level or type of benefits available under any Scheme;
- (c) if a scheme provider (e.g. an insurance company or pensions provider) refuses for any reason (whether under its own interpretation of the rules, terms and conditions of the relevant insurance policy or otherwise) to accept a claim and/or provide the relevant benefit(s) to the Executive (or his family) under the applicable Scheme, the Company shall not be liable to provide (or compensate the Executive for the loss of) such benefit(s) nor shall it be obliged to take action against the provider to enforce any rights under the Scheme;
- (d) the fact that the termination of the Employment under Clauses 3 and 18 may result in the Executive or his family ceasing to be eligible to receive or continue to receive benefits under any Scheme does not remove the Company's right to terminate the Employment; and
- (e) the Executive's acceptance of such variations to his terms and conditions of employment as may from time to time be required by the Company.

### **12.2 Payments**

12.2.1 All payments under the Schemes will be subject to the deductions required by law.

12.2.2 Where payments are made under a PHI scheme or critical illness scheme, all other payments or benefits provided to or in respect of the Executive will cease from the start of those payments (if they have not done so already), unless the Company is fully reimbursed by the relevant insurance provider for the cost of providing the benefit.

### **12.3 Medical examinations**

At any reasonable time during the Employment the Company may require the Executive to undergo a medical examination by a medical practitioner appointed by the Company and at the Company's expense. The Executive will consent to such examination and to the results being made available to the Company.

## **13. HOLIDAYS**

### **13.1 The holiday year**

The Company's holiday year runs from 1st January to 31st December.

### **13.2 Annual entitlement**

- 13.2.1 The Executive's annual entitlement to paid holidays is to those public or customary holidays recognised by the Company in any holiday year of which there are eight in total and in addition 29 contractual days holiday.
- 13.2.2 Entitlement to contractual holidays is accrued pro rata throughout the holiday year. The Executive will be entitled to take public and customary holidays on the days that they are recognised by the Company during the holiday year.
- 13.2.3 The Executive is not entitled to carry any unused holiday entitlement forward to the next holiday year without the permission of the Company.

**13.3 Holiday entitlement on termination**

- 13.3.1 Upon notice of termination of the Employment being served by either party, the Company may require the Executive to take any unused holidays accrued in the holiday year in which the termination takes place at that time during any notice period. Alternatively, the Company may, at its discretion, on termination of the Employment, make a payment in lieu of accrued contractual holiday entitlement.
- 13.3.2 The Executive will be required to make a payment to the Company in respect of any holidays taken in excess of his holiday entitlement accrued at the Termination Date. Any sums so due may be deducted from any money owing to the Executive by the Company.

**14. ABSENCE**

**14.1 Absence due to sickness or injury**

- 14.1.1 If the Executive is absent from work due to sickness or injury he shall:

- (a) immediately inform the Company of his sickness or injury; and
- (b) In respect of absence due to sickness, injury or accident that continues for more than 7 consecutive days (including weekends) the Executive must provide the Company with a note of fitness to work stating the reason for the absence. Thereafter notes of fitness to work must be provided to the Company to cover the remainder of the period of continuing sickness absence.

- 14.1.2 Failure to follow the requirements referred to in Clause 14.1.1 may result in disciplinary action and loss of Statutory Sick Pay and/or Company Sick Pay pursuant to Clause 14.2.

**14.2 Payment of salary during absence**

- 14.2.1 Subject to the Executive complying with the terms of Clause 14.1.1, the Company will continue to pay Basic Salary and usual benefits during any period of absence due to sickness or injury for up to a maximum of six months in any period of twelve consecutive months (the twelve-month period being referred to as the "**Entitlement Period**") unless the Employment is terminated in terms of Clauses 3 or 18. The first Entitlement Period will begin on the first day of absence and any subsequent Entitlement Period will start on the first day of any absence occurring outside an enduring Entitlement Period.

- 14.2.2 Payment of the Basic Salary in terms of Clause 14.2.1 shall be made less:

- (a) an amount equivalent to any Statutory Sick Pay payable to the Executive;
- (b) any sums which may be received by the Executive under any insurance policy effected by the Company; and

- (c) any other benefits or sums which the Executive receives, such as under a PHI or other insurance scheme, in terms of the Employment or under any relevant legislation.

#### **14.3 Absence caused by third party negligence**

If the Executive's absence is caused by the negligence of a third party in respect of which damages are recoverable, then all sums paid by the Company during the period of absence in terms of Clause 14.2 shall constitute loans to the Executive who shall:

- (a) notify the Company immediately of all the relevant circumstances and of any claim, compromise, settlement or judgment made or awarded; and
- (b) if the Company so requires, refund to it an amount determined by the Company, not exceeding the lesser of:
  - (i) the amount of damages recovered by him in respect of loss of earnings during the period of absence under any compromise, settlement or judgment; and
  - (ii) the sums advanced to him by the Company in respect of the period of incapacity.

### **15. RESTRICTIONS DURING EMPLOYMENT**

#### **15.1 Disclosure of other interests**

The Executive shall disclose to the Company any interest of his own (or that of his partner or of any child of his or of his partner under eighteen years of age):

- (a) in any trade, business or occupation whatsoever which is in any way similar to any of those in which the Company or any Group Company is involved; and
- (b) in any trade, business or occupation carried on by any supplier or customer of the Company or any Group Company whether or not such trade, business or occupation is conducted for profit or gain.

#### **15.2 Restrictions on other activities and interests of the Executive**

15.2.1 During the Employment the Executive shall not at any time, without the prior written consent of the Chief Executive Officer, either alone or jointly with any other person, carry on or be directly or indirectly employed, engaged, concerned or interested in any business, prospective business or undertaking other than a Group Company. Nothing contained in this Clause 15.2.1 shall preclude the Executive from being a Minority Holder unless the holding is in a company that is a direct business competitor of the Company or any Group Company in which case, the Executive shall obtain the prior consent of the Chief Executive Officer to the acquisition or variation of such holding.

15.2.2 If the Executive, with the consent of the Company, accepts any other appointment he must keep the Company accurately informed of the amount of time he spends working under that appointment.

#### **15.3 Transactions with the Company**

Subject to any regulations issued by the Company, the Executive shall not be entitled to receive or obtain directly or indirectly any discount, rebate, commission or any other form of gift or gratuity (any of these referred to as a “**Gratuity**”) as a result of the Employment or any sale or purchase of goods or services effected or other business transacted (whether or not by him) by or on behalf of the Company or any Group Company and if he (or any person in

which he is interested) obtains any Gratuity he shall account to the Company for the amount received by him (or a due proportion of the amount received by the person having regard to the extent of his interest therein).

#### **15.4 Dealing in securities**

The Executive shall comply with every rule of law (including but not limited to the insider dealing provisions contained in Part V of the Criminal Justice Act 1993), the UK Financial Conduct Authority's listing rules' Model Code for transactions in securities by directors of listed companies, certain employees and persons connected with them and every regulation of the Company for the time being in force in relation to dealings in shares or other securities of the Company or any Group Company. Under Rule 4 of the Model Code, the person to whom notice should be given and from whom acknowledgement must be received before the Executive may deal in securities shall be the Company Secretary of the Company from time to time or such other person as shall be notified to the Executive. The Executive also acknowledges that under the provisions of the Model Code the Executive must seek to ensure compliance with the Model Code by persons connected with the Executive (within the meaning of section 96B and Schedule 11B of the Financial Services and Markets Act 2000) including, without limitation, the Executive's spouse and dependent children, and by investment managers acting on the Executive's behalf or on behalf of connected persons. The Executive undertakes to procure that dealings by or on behalf of such persons are in compliance with the Model Code.

#### **15.5 Compliance with the code on Corporate Governance**

The Executive shall comply, to the extent that the Board considers appropriate for a company the size of the Company, with the provisions of "The UK Corporate Governance Code" a corporate governance code issued by the Financial Reporting Council (as amended from time to time).

### **16. CONFIDENTIALITY AND COMPANY DOCUMENTS**

#### **16.1 Restrictions on disclosure and use of Confidential Information**

The Executive must not either during the Employment (except in the proper performance of his duties) or at any time (without limit) after the Termination Date:

- (a) divulge or communicate to any person;
- (b) use for his own purposes or for any purposes other than those of the Company or any Group Company; or
- (c) through any failure to exercise due care and diligence, cause any unauthorised disclosure of;

any Confidential Information. The Executive must at all times use his best endeavours to prevent publication or disclosure of any Confidential Information. These restrictions shall cease to apply to any information which shall become available to the public generally otherwise than through the default of the Executive.

#### **16.2 Protection of Company documents and materials**

All notes, records, lists of customers, suppliers and employees, correspondence, computer and other discs or tapes, data listings, codes, keys and passwords, designs, drawings and other documents or material whatsoever (whether made or created by the Executive or otherwise

and in whatever medium or format) relating to the business of the Company or any Group Company or any of its or their clients (and any copies of the same):

- (a) shall be and remain the property of the Company or the relevant Group Company or client; and
- (b) shall be handed over by the Executive to the Company or the relevant Group Company or client on demand by the Company and in any event on the termination of the Employment;

provided that following the termination of the Employment, the Executive shall be provided with reasonable access to Board Minutes and agendas of the Company or any Group Company relating to any period during which he was a director of the Company or such Group Company that shall nevertheless remain confidential.

## **17. INVENTIONS AND OTHER WORKS**

### **17.1 Executive to further interests of the Company**

The Company and the Executive agree that the Executive may make or create Works during the Employment and agree that in this respect the Executive is obliged to further the interests of the Company and any Group Company.

### **17.2 Disclosure and ownership of Works**

The Executive must immediately disclose to the Company all Works and all Intellectual Property Rights. Both the Works and all Intellectual Property Rights will (subject to sections 39 to 43 Patents Act 1977) belong to and be the absolute property of the Company or any other person the Company may nominate.

### **17.3 Protection, registration and vesting of Works**

The Executive shall immediately on request by the Company (whether during or after the Employment) and at the expense of the Company:

- (a) apply or join with the Company or any Group Company in applying for any Intellectual Property Rights or other protection or registration (“**Protection**”) in the United Kingdom and in any other part of the world for, or in relation to, any Works;
- (b) execute all instruments and do all things necessary for vesting all Intellectual Property Rights or Protection when obtained and all right, title and interest to and in the same absolutely and as sole beneficial owner in the Company or such Group Company or other person as the Company may nominate; and
- (c) sign and execute any documents and do any acts reasonably required by the Company in connection with any proceedings in respect of any applications and any publication or application for revocation of any Intellectual Property Rights or Protection.

### **17.4 Waiver of rights by the Executive**

The Executive hereby irrevocably and unconditionally waives all rights under Chapter IV Copyright, Designs and Patents Act 1988 and any other moral rights which he may have in the Works, in whatever part of the world such rights may be enforceable including:

- (a) the right conferred by section 77 of that Act to be identified as the author of any such Works; and

- (b) the right conferred by section 80 of that Act not to have any such Works subjected to derogatory treatment.

#### **17.5 Power of Attorney**

The Executive hereby irrevocably appoints the Company to be his attorney and in his name and on his behalf to execute any such act and to sign all deeds and documents and generally to use his name for the purpose of giving to the Company the full benefit of this Clause. The Executive agrees that, with respect to any third parties, a certificate signed by any duly authorised officer of the Company that any act or deed or document falls within the authority hereby conferred shall be conclusive evidence that this is the case.

#### **17.6 Statutory rights**

Nothing in this Clause 17 shall be construed as restricting the rights of the Executive or the Company under sections 39 to 43 Patents Act 1977.

### **18. TERMINATION**

#### **18.1 Termination events**

Notwithstanding any other provision of this Agreement, the Company shall be entitled, but not bound, to terminate the Employment with immediate effect by giving to the Executive notice in writing at any time after the occurrence of any one or more of the following events:

- (a) if the Executive is guilty of any gross misconduct or behaviour which tends to bring himself or the Company or any Group Company into disrepute; or
- (b) if the Executive commits any material or persistent breach of this Agreement (in the case of a non-material persistent breach, having been given notice in writing of the breach and a reasonable opportunity to rectify the breach) or fails to comply with any reasonable order or direction of the Chief Executive Officer; or
- (c) if the Executive fails to perform his duties to the reasonable satisfaction of the Board (having been given notice in writing of: (i) the areas of underperformance, (ii) the improvements in performance that are reasonably required by the Board; and (iii) a reasonable period of time to make the necessary improvements in performance; or
- (d) if he becomes insolvent or bankrupt or compounds with or grants a trust deed for the benefit of his creditors; or
- (e) if his behaviour (whether or not in breach of this Agreement) can reasonably be regarded as materially prejudicial to the interests of the Company or any Group Company, including if he is found guilty of any criminal offence punishable by imprisonment (whether or not such sentence is actually imposed); or
- (f) if he has an order made against him disqualifying him from acting as a company director; or
- (g) if the Executive is found guilty of a serious breach of the rules or regulations as amended from time to time of the UK Listing Authority (including the Model Code for transactions in securities by directors), or any other regulatory authority relevant to the Company or any Group Company or any code of practice issued by the Company or any Group Company (as amended from time to time).

## **18.2 Company's right to proceed**

While the Company will endeavour to deal fairly with allegations against the Executive, it reserves the right to proceed under Clause 18.1 without prior notice and without holding a hearing or inviting any representations from the Executive.

## **18.3 Termination on resignation as director**

If the Executive resigns as a director of the Company or any Group Company (otherwise than at the request of the Company), he shall be deemed to have terminated the Employment with effect from the date of his resignation and the Employment shall terminate at that time, unless the Company agrees with the Executive that the Employment should continue, in which case the Employment may be subject to any terms and conditions stipulated by the Company in its absolute discretion.

## **18.4 No damages or payment in lieu of notice**

In the event of the Employment being terminated pursuant to Clause 18.1 or 18.3, the Executive shall not be entitled to receive any payment in lieu of notice nor make any claim against the Company or any Group Company for damages for loss of office or termination of the Employment. Regardless of this, the termination shall be without prejudice to the continuing obligations of the Executive under this Agreement.

# **19. EVENTS UPON TERMINATION**

## **19.1 Obligations upon termination**

Immediately upon the termination of the Employment howsoever arising or immediately at the request of the Chief Executive Officer at any time after either the Company or the Executive has served notice of termination of the Employment, the Executive shall:

- (a) deliver to the Company all Works, materials within the scope of Clause 16.2 and all other materials and property including credit or charge cards, mobile telephone, computer equipment, disks and software, passwords, encryption keys or the like, keys, security pass, letters, stationery, documents, files, films, records, reports, plans and papers (in whatever format including electronic) and all copies thereof used in or relating to the business of the Company or the Group which are in the possession of or under the control of the Executive;
- (b) resign (without claim for compensation) as a director and from all other offices held by him in the Company or any Group Company or otherwise by virtue of the Employment. For the avoidance of doubt, such resignations shall be without prejudice to any claims the Executive may have against the Company or any Group Company arising out of the termination of the Employment; and
- (c) transfer without payment, to the Company, or as the Company may direct, any shares or other securities held by the Executive as nominee or trustee for the Company or any Group Company;

and should the Executive fail to do so the Company is hereby irrevocably authorised to appoint some person to sign any documents and/or do all things in his name and on his behalf necessary to give effect thereto,

## **19.2 Loss of Share Incentives**

On the termination of the Employment (howsoever arising), the Executive shall not be entitled to any compensation or payment for the loss of any Share Incentives that lapse

pursuant to the terms of the award agreement that the particular Share Incentives were granted under.

## **20. RESTRICTIONS AFTER TERMINATION**

### **20.1 Definitions**

Since the Executive is likely to obtain Confidential Information in the course of the Employment and personal knowledge of and influence over suppliers, customers, clients and employees of the Company and Group Companies, the Executive hereby agrees with the Company that in addition to the other terms of this Agreement and without prejudice to the other restrictions imposed upon him by law, he will be bound by the covenants and undertakings contained in Clauses 20.2 to 20.5. In this Clause 20, unless the context otherwise requires:

- |                               |  |
|-------------------------------|--|
| <b>“Customer”</b>             | means any person to which the Company distributed, sold or supplied Restricted Products or Restricted Services during the Relevant Period and with which, during that period either the Executive, or any employee under the direct or indirect supervision of the Executive, had material dealings in the course of the Employment, but always excluding therefrom, any division, branch or office of such person with which the Executive and/or any such employee had no dealings during that period;   |
| <b>“Prospective Customer”</b> | means any person with which the Company had discussions during the Relevant Period regarding the possible distribution, sale or supply of Restricted Products or Restricted Services and with which during such period the Executive, or any employee who was under the direct or indirect supervision of the Executive, had material dealings in the course of the Employment, but always excluding therefrom any division, branch or office of that person with which the Executive and/or any such employee had no dealings during that period; |
| <b>“Relevant Period”</b>      | means: (i) where the Employment is continuing, the period of the Employment; and (ii) where the Employment has terminated, the period of twelve months immediately preceding the Termination Date;   |
| <b>“Restricted Area”</b>      | means: <ul style="list-style-type: none"><li>(a) the United Kingdom; and</li><li>(b) any other country in the world where, on the Termination Date, the Company dealt in Restricted Products or Restricted Services;</li></ul>   |
| <b>“Restricted Employee”</b>  | means any person who was a director, employee or consultant of the Company at any time within the Relevant Period who by reason of that position and in particular his seniority and expertise or knowledge of Confidential Information or knowledge of or influence over the clients, customers or contacts of the Company is likely to cause damage to the Company if he were to leave the employment of the Company and become employed by a competitor of the Company;   |
| <b>“Restricted Period”</b>    | means the period commencing on the Termination Date and,   |



subject to the terms of Clause 20.4, continuing for twelve months;

- “Restricted Products”** means any product, device, equipment or machinery researched into, developed, manufactured, supplied, marketed, distributed or sold by the Company and with which the duties of the Executive were materially concerned or for which he was responsible during the Relevant Period, or any products, equipment or machinery of the same type or materially similar to those products, equipment or machinery;
- “Restricted Services”** means any services (including but not limited to technical and product support, technical advice and customer services) researched into, developed or supplied by the Company and with which the duties of the Executive were materially concerned or for which he was responsible during the Relevant Period, or any services of the same type or materially similar to those services;
- “Supplier”** means any supplier, agent, distributor or other person who, during the Relevant Period was in the habit of dealing with the Company and with which, during that period, the Executive, or any employee under the direct or indirect supervision of the Executive, had material dealings in the course of the Employment.

## 20.2 Restrictive covenants

Both during the Employment and during the Restricted Period, the Executive will not, without the prior written consent of the Company (such consent not to be unreasonably withheld), whether by himself, through his employees or agents or otherwise and whether on his own behalf or on behalf of any person, directly or indirectly:

- (a) so as to compete with the Company, solicit business from or canvas any Customer or Prospective Customer in respect of Restricted Products or Restricted Services;
- (b) so as to compete with the Company, accept orders from, act for or have any business dealings with, any Customer or Prospective Customer in respect of Restricted Products or Restricted Services;
- (c) within the Restricted Area, be employed or engaged or at all interested (except as a Minority Holder) in that part of a business or person which is involved in the business of researching into, developing, manufacturing, distributing, selling, supplying or otherwise dealing with Restricted Products or Restricted Services, if the business or person is or seeks to be in competition with the Company. For the purposes of this sub-Clause, acts done by the Executive outside the Restricted Area shall nonetheless be deemed to be done within the Restricted Area where their primary purpose is to distribute, sell, supply or otherwise deal with Restricted Products or Restricted Services in the Restricted Area;
- (d) solicit or induce or endeavour to solicit or induce any person who was a Restricted Employee (and with whom the Executive had direct dealings during the Relevant Period) to cease working for or providing services to the Company, whether or not any such person would thereby commit a breach of contract;
- (e) employ or otherwise engage any Restricted Employee (and with whom the Executive had direct dealings during the Relevant Period) in the business of researching into, developing, manufacturing, distributing, selling, supplying or otherwise dealing with

Restricted Products or Restricted Services if that business is, or seeks to be, in competition with the Company; or

- (f) solicit or induce or endeavour to solicit or induce any Supplier to cease to deal with the Company and shall not interfere in any way with any relationship between a Supplier and the Company.

### **20.3 Application of restrictive covenants to other Group Companies**

Clause 20.2 shall also apply as though references to the “**Company**” in Clauses 20.1 and 20.2 include references to each Group Company in relation to which the Executive has in the course of the Employment or by reason of rendering services to or holding office in such Group Company:

- (a) acquired knowledge of its products, services, trade secrets or Confidential Information; or
- (b) had personal dealings with its Customers or Prospective Customers; or
- (c) supervised directly or indirectly employees having personal dealings with its Customers or Prospective Customers;

but so that references to the “**Company**” shall for this purpose be deemed to be references to the relevant Group Company. The obligations undertaken by the Executive pursuant to this Clause 20.3 shall, with respect to each Group Company, constitute a separate and distinct covenant in favour of and for the benefit of each Group Company and which shall be enforceable either by the particular Group Company or by the Company on behalf of the Group Company and the invalidity or unenforceability of any such covenant shall not affect the validity or enforceability of the covenants in favour of any other Group Company.

### **20.4 Effect of suspension on Restricted Period**

If the Company exercises its right to suspend the Executive’s duties and powers under Clause 5.3 after notice of termination of the Employment has been given, the aggregate of the period of the suspension and the Restricted Period shall not exceed twelve months and if the aggregate of the two periods would exceed twelve months, the Restricted Period shall be reduced accordingly.

### **20.5 Further undertakings**

The Executive hereby undertakes to the Company that he will not at any time:

- (a) during the Employment or after the Termination Date engage in any trade or business or be associated with any person engaged in any trade or business using any trading names used by the Company or any Group Company including the name(s) or incorporating the word(s) “LivaNova”, “Cyberonics” or “Sorin”;
- (b) after the Termination Date make any public statement in relation to the Company or any Group Company or any of their officers or employees without the consent of the Chief Executive Officer; or
- (c) after the Termination Date represent or otherwise indicate any association or connection with the Company or any Group Company or for the purpose of carrying on or retaining any business represent or otherwise indicate any past association with the Company or any Group Company.

### **20.6 Severance**

The restrictions in this Clause 20 (on which the Executive has had the opportunity to take independent advice, as the Executive hereby acknowledges) are separate and severable restrictions and are considered by the parties to be reasonable in all the circumstances. It is agreed that if any such restrictions, by themselves, or taken together, shall be adjudged to go beyond what is reasonable in all the circumstances for the protection of the legitimate interests of the Company or a Group Company but would be adjudged reasonable if some part of it were deleted, the relevant restriction or restrictions shall apply with such deletion(s) as may be necessary to make it or them valid and enforceable.

## **21. RECONSTRUCTION AND AMALGAMATIONS**

If the Company undergoes any process of reconstruction or amalgamation (whether or not involving the liquidation of the Company) and the Executive is offered employment by the successor or proposed successor to the Company or any Group Companies on terms which as a whole are no less favourable than those under this Agreement whether as to duties, responsibilities, remuneration or otherwise and the Executive does not accept the offer within one month of it being made, then the Executive shall have no claim against the Company or the successor to the Company in respect of termination of this Agreement and the Employment.

## **22. DISCIPLINARY AND GRIEVANCE PROCEDURE**

### **22.1 Disciplinary procedures and grievance procedures**

22.1.1 Any disciplinary action taken in connection with the Employment will usually be taken in accordance with the Company's normal disciplinary procedures (which are workplace rules and not contractually binding) a copy of which is available from Human Resources.

22.1.2 If the Executive wishes to obtain redress of any grievance relating to the Employment or is dissatisfied with any reprimand, suspension or other disciplinary step taken by the Company, he should follow the procedures set out in the Company's grievance policy, a copy of which is available from Human Resources.

## **23. GENERAL**

### **23.1 Provisions which survive termination**

Any provision of this Agreement which is expressed or intended to have effect on, or to continue in force after, the termination of this Agreement shall have such effect, or, as the case may be, continue in force, after such termination.

### **23.2 No collective agreements**

There are no collective agreements that directly affect the terms and conditions of the Employment.

## **24. DATA PROTECTION AND PRIVACY**

### **24.1 Data Protection**

The Executive acknowledges and agrees that the Company is permitted to hold personal information (including sensitive personal data) about the Executive as part of its personnel and other business records and may use such information in the course of the Company's or the Group's business. The Executive agrees that the Company may disclose such information to third parties in the event that such disclosure is in the Company's view required for the

proper conduct of the Company's business or that of any Group Company. This Clause 24.1 applies to information held, used or disclosed in any medium.

#### **24.2 Privacy**

All communications, whether by telephone, email, fax, or any other means, which are transmitted, undertaken or received using the Company's IT or communications systems ("Company Systems") or on Company premises will be treated by the Company as work-related. The Company Systems are provided for work use only. The Company may intercept, record and monitor all communications made by the Executive and his use of the Company Systems, without further notice. The Executive should not regard any communications or use as being private.

### **25. AMENDMENTS, WAIVERS AND REMEDIES**

#### **25.1 Amendments**

No amendment or variation of this Agreement or any of the documents referred to in it (other than an alteration in the Basic Salary) shall be effective unless it is in writing and signed by or on behalf of each of the parties.

#### **25.2 Assignment to a Group Company**

Effective on written notice to the Executive, the Company shall have the right to substitute a Group Company for the Company as a party to this Agreement for any or all of its rights and obligations under this Agreement, whereby the Executive would become an employee of the Group Company.

#### **25.3 Waivers and remedies cumulative**

##### **25.3.1 The rights of each party under this Agreement:**

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

##### **25.3.2 Delay in exercising or non-exercise of any right is not a waiver of that right.**

##### **25.3.3 Any right of rescission conferred upon the Company by this Agreement shall be in addition to and without prejudice to all other rights and remedies available to it.**

### **26. ENTIRE AGREEMENT**

#### **26.1.1 This Agreement and the documents referred to in it constitute the entire agreement and understanding of the parties and supersede and extinguish all previous agreements (including any agreement between the Executive and any Sorin Group entity), promises, assurances, warranties, representations and understandings between the parties, whether written or oral, relating to the subject matter of this Agreement.**

#### **26.1.2 Each party acknowledges that in entering into this Agreement it does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this Agreement.**

#### **26.1.3 Each party agrees that it shall have no claim for innocent or negligent misrepresentation or negligent misstatement based on any statement in this Agreement.**

26.1.4 Nothing in this Clause shall limit or exclude any liability for fraud.

## **27. NO OUTSTANDING CLAIMS**

The Executive hereby acknowledges that as at Closing, he has no outstanding claims of any kind against the Company or any Group Company (other than in respect of remuneration and expenses due to the date of this Agreement but not yet paid).

## **28. SEVERANCE**

If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other provisions of this Agreement; or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other provision of this Agreement.

## **29. NOTICE**

### **29.1 Notices and deemed receipt**

Any notice hereunder shall be given by either party to the other either personally to the Executive or the Company Secretary (as appropriate) or sent in the case of the Company, to its registered office for the time being and, in the case of the Executive, to his address last known to the Company. Any such notice shall be in writing and shall be given by letter delivered by hand or sent by first class prepaid recorded delivery or registered post or by facsimile transmission. Any such notice shall be deemed to have been received:

- (a) if delivered personally, at the time of delivery;
- (b) in the case of pre-paid recorded delivery or registered post, 48 hours from the date of posting;
- (c) in the case of registered airmail, five days from the date of posting; and
- (d) in the case of fax or email, at the time of transmission;

provided that if deemed receipt occurs before 9am on a business day the notice shall be deemed to have been received at 9am on that day and if deemed receipt occurs after 5pm on a business day, or on a day which is not a business day, the notice shall be deemed to have been received at 9am on the next business day. For the purpose of this Clause, “**business day**” means any day which is not a Saturday, a Sunday or a public holiday in the place at or to which the notice is left or sent.

## **30. GOVERNING LAW AND JURISDICTION**

### **30.1 Governing law**

This Agreement is governed by and to be construed in accordance with English law.

### **30.2 Jurisdiction**

Each party hereby submits to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of or in connection with this Agreement and its implementation and effect.

**IN WITNESS** of which this Agreement has been executed and delivered as a deed as of the first date written above.

EXECUTED as a Deed  
by LIVANOVA PLC  
acting by André -Michel  
Ballester

/s/ André-Michel Ballester  
André-Michel Ballester

In the presence of

\_\_\_\_\_  
Witness's Name

Witness's Signature:  
Full Name:  
Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

EXECUTED as a Deed  
By DAMIEN McDONALD

/s/ Damien McDonald  
Damien McDonald

28153 Camino Del Río  
San Juan Capistrano, California 92675  
United States of America

In the presence of

\_\_\_\_\_  
Witness's Name

Witness's Signature:  
Full Name:  
Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**André-Michel Ballester**  
President & Chief Executive Officer  
+44 (0) 203 786 5280 Direct Line  
+39 340 1363404 Mobile

October 3, 2016

Damien McDonald  
2855 Zell Drive  
Laguna Beach, California 92651

Re: Proposed awards under the LivaNova 2015 Incentive Award Plan (the “Plan”)

Dear Damien,

### **Inducement Equity Award**

On behalf of LivaNova PLC (the “**Company**”), I can confirm that, at the first available opportunity after you commence employment, we will recommend to the Compensation Committee that the following awards are granted to you under the Plan:

- An award of service-based restricted stock units (“**RSUs**”) to you over Shares equal in value to \$3,000,000, with 25% of the RSUs vesting on each of the first four anniversaries of the grant date. The calculation of the number of Shares subject to the award will be determined based on the closing price of Shares on NASDAQ Stock Exchange on the date of grant of the award.
- An award of SARs having a grant date value (based on the Black-Scholes value of a SAR on the grant date) equal to \$2,000,000, with 25% of the SARs vesting on each of the first four anniversaries of the grant date. This award will expire after a term of ten years from the grant date.

The aforementioned awards will accelerate upon a change of control of LivaNova.

### **Future Awards Under the Company’s Long-Term Incentive Plan**

You will be eligible to receive annual awards under the Plan commencing in fiscal year 2017. The target amount of your annual award will be 300% of your Basic Salary.

The grant of any of the awards under the Plan as described in this letter is, of course, always subject to the discretion of the Compensation Committee, and nothing in this letter shall be taken to fetter the discretion of the Compensation Committee. The Compensation Committee may decide not to grant awards as described in this letter.

Vesting of any of the awards is conditional on your continued employment with the Company and vesting will cease upon you ceasing to be employed by the Company. All awards made under the Plan will be subject to the terms of the Plan and the award agreement pursuant to which the particular award is granted.

If you have any queries in relation to the terms of this letter, please do not hesitate to contact me.

Kind regards,

/s/ André-Michel Ballester

André-Michel Ballester



## **LivaNova PLC Names Chief Operating Officer**

London, August 1, 2016 – LivaNova PLC (NASDAQ:LIVN; LSE: LIVN) (“LivaNova” or the “Company”), a market-leading medical technology and innovation company, following its announcement of a refined business implementation model and related organizational structure today announced the appointment of Damien McDonald as its new Chief Operating Officer (COO). Damien McDonald brings nearly 30 years of health care experience to LivaNova through executive leadership roles with Danaher Corporation, Zimmer Holdings and Johnson & Johnson. Joining LivaNova effective October 3, 2016, McDonald will report to CEO André-Michel Ballester as a member of the corporation’s executive team and will be domiciled in London.

“We recently announced a new organizational model to ensure that we have the right resources and structure to implement our strategic priorities,” said André-Michel Ballester, Chief Executive Officer. “Today I am pleased to announce a critical addition to LivaNova’s leadership team with the naming of Damien McDonald as our new Chief Operating Officer. Damien brings a breadth of healthcare P&L leadership credentials to LivaNova and a track record of profitable growth achieved through execution of commercialization strategies across the globe.”

McDonald joins LivaNova from Danaher Corporation where he was Group Executive and Corporate Vice President. He was Group President of Kerr Corporation, leading an approximately \$1.5 billion dental consumables entity. Prior to that he led Zimmer’s spine division where he helped acquire and successfully integrate substantial acquisitions. Earlier in his career, he worked with a number of J&J’s Medical Device Franchises, including Ethicon, where he led marketing of the \$2.5 billion medical device unit.

“I am confident that Damien’s experience, knowledge and understanding of health care portfolios along with his track record of executing successful and profitable growth through an uncompromising focus on commercial leadership and quality will propel LivaNova’s growth,” added Ballester.

“I am enormously excited about the growth potential of LivaNova’s portfolio of medical technology businesses,” said Damien McDonald. “I look forward to working with André-Michel and his talented leadership team to capitalize on the numerous opportunities across the globe and to help accelerate the long-term strategic goals the company has outlined.”

McDonald will be charged with driving innovative products and global expansion across the organization. His direct reports will include:

- regional leaders in the United States, Europe and Rest of World responsible for sales and marketing for all company products in their respective regions,
- product franchise leaders in Neuromodulation, Cardiac Surgery and Cardiac Rhythm Management responsible for product R&D and alignment of product marketing activities on a global basis,
- global market access teams responsible for coordinating public and private reimbursement on a global basis,
- global operations responsible for global manufacturing operations, including supply chain and purchasing, and
- global customer service responsible for product order processing and fulfillment.

The transition to our new realigned organization is expected to be completed by the end of 2016.

## About LivaNova

LivaNova PLC is a global medical technology company formed by the merger of Sorin S.p.A, a leader in the treatment of cardiovascular diseases, and Cyberonics Inc., a medical device company with core expertise in neuromodulation. LivaNova transforms medical innovation into meaningful solutions for the benefit of patients, healthcare professionals, and healthcare systems. The Company employs approximately 4,600 employees worldwide and is headquartered in London, U.K. With a presence in more than 100 countries, LivaNova operates as three business units: Cardiac Surgery, Cardiac Rhythm Management, and Neuromodulation, with operating headquarters in Clamart (France), Mirandola (Italy) and Houston (U.S.), respectively.

LivaNova is listed on NASDAQ and is admitted to the standard listing segment of the Official List of the UK's Financial Conduct Authority and to trading on the London Stock Exchange (LSE) under the ticker symbol "LIVN".

## Safe Harbor Statement

This press release contains forward-looking statements within the meaning of Section 21E of the United States Securities Exchange Act of 1934, as amended. Forward-looking statements are not historical facts but are based on certain assumptions of management and describe our future plans, strategies and expectations. Forward-looking statements can generally be identified by the use of forward-looking terminology, including, but not limited to, "may," "could," "seek," "guidance," "predict," "potential," "likely," "believe," "will," "expect," "anticipate," "estimate," "plan," "intend," "forecast," or variations of these terms and similar expressions, or the negative of these terms or similar expressions. Forward-looking statements contained in this press release are based on information presently available to LivaNova and assumptions that LivaNova believes to be reasonable, but are inherently uncertain. As a result, our actual results, performance or achievements may differ materially from those expressed or implied by these forward-looking statements. Investors are cautioned that all such statements involve risks and uncertainties, including without limitation, the factors described in the "Risk Factors" section of LivaNova's Annual Reports on Form 10-K,

Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other documents filed from time to time with, and/or announced or published pursuant to the rules of, the United States Securities and Exchange Commission and/or the United Kingdom Financial Conduct Authority by LivaNova, together with the risk that our internal leadership and organizational realignment will not lead to intended improvements, efficiency or results. This list of factors is not exhaustive. LivaNova does not give any assurance (1) that LivaNova will achieve its expectations, or (2) concerning any result or the timing thereof.

All information in this press release is as of the date of its release. LivaNova does not undertake or assume any obligation to update publicly any of the forward-looking statements in this press release to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. We caution you not to place undue reliance on any forward-looking statements, which are made only as of the date of this press release.

**For more information, please visit [www.livanova.com](http://www.livanova.com), or contact:**

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