

**THIS CIRCULAR AND ANY ACCOMPANYING FORM OF PROXY AND ELECTION FORM ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other professional adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Ordinary Shares, please forward this Circular (but not any personalised Form of Proxy or Election Form), at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or have sold part only of your holding of Ordinary Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected. However, this Circular should not be forwarded to or sent in or into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

This Circular has been prepared for the purposes of complying with English law and the Listing Rules and the information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside the United Kingdom. The distribution of this Circular in certain jurisdictions may be restricted by law. No action has been or will be taken to permit the possession or distribution of this Circular or the accompanying documents in any jurisdiction, other than the United Kingdom, where action for that purpose may be required. Accordingly, neither this Circular nor any accompanying Form of Proxy and Election Form may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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# MICROGEN plc

*(Incorporated in England and Wales with registered number 01602662)*

## **Proposed return of approximately £20 million to Shareholders (27 pence per Existing Ordinary Share)**

**by way of**

**one B Share or one C Share for each Existing Ordinary Share,  
and a 7 for 9 Share Capital Consolidation**

**and**

## **Notice of General Meeting**

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**This Circular should be read as a whole. Your attention is drawn to the Letter from the Chairman which is set out in Part I of this Circular. The letter contains a recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below and sets out certain information relating to the B/C Share Scheme.**

**Notice of the General Meeting of the Company to be held at Old Change House, 128 Queen Victoria Street, London EC4V 4BJ at 10.30 a.m. on Wednesday 18 March 2015 is set out at the end of this Circular.** The Form of Proxy to be used in connection with the Resolutions to be proposed at the General Meeting is enclosed. Whether or not you intend to attend the General Meeting in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible by post or (during normal business hours only) by hand but, in any event, so as to be received by the Company's Registrars, Capita Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible but in any event by no later than **10.30 a.m. on Monday 16 March 2015.**

If you hold Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Company's Registrars, Capita Asset Services, under CREST participant ID number RA10, so that it is received by no later than **10.30 a.m. on Monday 16 March 2015.**

**Please read the whole of this Circular. A summary of the action to be taken by Shareholders in relation to the General Meeting is set out in paragraph 9 of the letter from the Chairman of the Company set out in Part I of this Circular and in the accompanying Notice of General Meeting. Completion and return of a Form of Proxy, the giving of a CREST Proxy Instruction or the completion of a proxy form online, will not preclude Shareholders from attending and voting in person at the General Meeting (in substitution for their proxy vote) if they wish to do so and are so entitled.**

Application will be made to the United Kingdom Listing Authority and the London Stock Exchange, respectively, for the New Ordinary Shares resulting from the proposed Share Capital Consolidation to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities in place of the Existing Ordinary Shares. It is expected that dealings in the Existing Ordinary Shares will continue until close of business on Wednesday 18 March 2015 and that Admission of the New Ordinary Shares will become effective and dealings in them will commence on the London Stock Exchange at 8.00 a.m. on Thursday 19 March 2015.

No application will be made to the United Kingdom Listing Authority or to the London Stock Exchange, respectively, for any of the B Shares, C Shares or Deferred Shares to be admitted to the Official List or to trading on the main market for listed securities, nor will the B Shares, C Shares or Deferred Shares be listed or admitted to trading on any other securities or investment exchange.

Investec Bank plc, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority, is acting exclusively for the Company in connection with the Return of Value and for no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of Investec nor for providing any advice in relation to the Return of Value or the contents of this Circular or any transaction, arrangement or matter referred to herein. No liability whatsoever is accepted by Investec for the accuracy of any information contained in this Circular or the omission of any material information for which it is not responsible. Investec is not making any representation or warranty, express or implied, as to the contents of this Circular.

None of the B Shares, C Shares, Deferred Shares nor the New Ordinary Shares have been or will be registered under the US Securities Act or the state securities laws of the United States and none of them may be offered or sold in the United States or to any US persons unless pursuant to a transaction that has been registered under the US Securities Act and the relevant state securities laws or a transaction that is not subject to the registration requirements of the US Securities Act and the state securities laws, either due to an exemption therefrom or otherwise.

None of the B Shares, C Shares, Deferred Shares, New Ordinary Shares nor this Circular have been approved, disapproved or otherwise recommended by any US federal or state securities commission or other regulatory authority or any non-US securities commission or regulatory authority nor have such authorities passed upon or endorsed the merits of the Return of Value or confirmed the accuracy or determined the adequacy of this Circular. Any representation to the contrary is a criminal offence in the United States.

The attention of Overseas Shareholders is drawn to paragraph 6 of Part V of this Circular. Shareholders resident or with a registered address in the United States, Canada, Australia, Japan, the Republic of South Africa or Republic of Ireland are only eligible to elect for the Income Option and will automatically receive the C Share Dividend. The other Share Alternative is not being made available to Shareholders resident, or with a registered address, in any of these jurisdictions.

This Circular does not constitute an invitation to participate in the B/C Share Scheme in or from any jurisdiction in or from which, or to or from whom, it is unlawful to make such offer or participate under applicable securities laws or otherwise.

This document is a circular relating to the proposed B/C Share Scheme which has been prepared in accordance with the Listing Rules made under section 73A of FSMA. This Circular includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “anticipates”, “targets”, “aims”, “continues”, “expects”, “intends”, “hopes”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this Circular and include statements regarding the Directors’ intentions, beliefs or current expectations concerning, amongst other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation: conditions in the markets; the market position of the Group; earnings, financial position, cash flows, return on capital and operating margins of the Group; anticipated investments and capital expenditures of the Group; changing business or other market conditions; and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this Circular based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the Listing Rules, the Disclosure and Transparency Rules or other applicable legislation or regulation, Microgen does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on any forward-looking statements, which speak only as of the date of this Circular.

**This document is dated 25 February 2015**

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### WHERE TO FIND HELP

You will find answers to some of the questions most often asked by shareholders about returns of value and the procedure for participating in the B/C Share Scheme in Part II of this Circular. If you have further questions on the B/C Share Scheme, there is a Shareholder helpline available between the hours of 9.00 a.m. and 5.30 p.m. Monday to Friday.

Shareholders should telephone Capita Asset Services between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on **0871 664 0321** from within the UK or **+44 20 8639 3399** if calling from outside the UK. Calls to the **0871 664 0321** number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones which may be considerably more. Calls may be recorded and randomly monitored for security and training purposes.

**Please note that for legal reasons the Shareholder helpline will only be able to provide information contained in this Circular and the accompanying Form of Proxy and Election Form and will be unable to give advice on the merits of the B/C Share Scheme, the Share Alternatives or to provide financial, investment or taxation advice.**

## DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	Martyn Ratcliffe ( <i>Chairman</i> ) Philip Wood ( <i>Group Finance Director</i> ) Peter Bertram ( <i>Senior Independent Non-Executive Director</i> ) Vanda Murray OBE ( <i>Non-Executive Director</i> ) Peter Whiting ( <i>Non-Executive Director</i> )
Company Secretary	Anjum O'Neill
Registered Office	Old Change House 128 Queen Victoria Street London EC4V 4BJ
Financial Adviser	Investec Bank plc 2 Gresham Street London EC2V 7QP
Solicitors to the Company	Brown Rudnick LLP 8 Clifford Street London W1S 2LQ
Receiving Agent	Capita Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy and CREST Proxy Instructions for the General Meeting	10.30 a.m. on 16 March 2015
Date of General Meeting	10.30 a.m. on 18 March 2015
Election Form deadline: latest time and date for receipt of Election Forms or TTE Instructions from CREST holders in relation to the Share Alternatives	1.00 p.m. on 18 March 2015
Latest time and date for dealings in Existing Ordinary Shares and Existing Ordinary Share register closed and Existing Ordinary Shares disabled in CREST	4.30 p.m. on 18 March 2015
Record Time for the Share Capital Consolidation and entitlement to B Shares and/or C Shares	6.00 p.m. on 18 March 2015
Cancellation of trading of Existing Ordinary Shares. New Ordinary Shares admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities and dealings commence in New Ordinary Shares	8.00 a.m. on 19 March 2015
B Shares and C Shares issued	19 March 2015
CREST accounts credited with New Ordinary Shares	As soon as practicable after 8.00 a.m. on 19 March 2015
Despatch of share certificates and fraction cheques (if applicable) in respect of New Ordinary Shares and CREST accounts credited with fractional payments (if applicable)	By 27 March 2015
Redemption of B Shares issued pursuant to the Capital Option	By 27 March 2015
C Share Dividend becomes payable on C Shares issued pursuant to the Income Option	By 27 March 2015
Despatch of cheques, or payment to CREST accounts or by dividend mandate (if applicable), in respect of proceeds under the Income Option	By 1 April 2015
Despatch of cheques, or payment to CREST accounts or by dividend mandate (if applicable), in respect of proceeds under the Capital Option	By 1 April 2015
<b>Latest date for Shareholders (receiving the proceeds of the Capital Option by cheque) to credit the cheque(s) to their accounts or by dividend mandate (if applicable) to avoid the capital treatment being lost and the receipt being treated, for tax purposes, as income</b>	<b>5 April 2015</b>

Notes:

- (1) All references in this Circular are to London times unless otherwise stated. **The dates and times given are indicative only and are based on the Company's current expectations and may be subject to change. If any of the times and/or dates above change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.**
- (2) All events in the above timetable following the holding of the General Meeting are conditional on the passing of the Resolutions at such meeting and, in the case of events following Admission, are conditional on Admission occurring.

## PART I

### LETTER FROM THE CHAIRMAN OF MICROGEN plc

*(Incorporated in England and Wales with registered number 01602662)*

*Directors:*

Martyn Ratcliffe (*Chairman*)  
Philip Wood (*Group Finance Director*)  
Peter Bertram (*Senior Independent Non-Executive Director*)  
Vanda Murray OBE (*Non-Executive Director*)  
Peter Whiting (*Non-Executive Director*)

*Registered Office:*

Old Change House  
128 Queen Victoria Street  
London  
EC4V 4BJ

25 February 2015

*To: Shareholders and, for information only, to participants in the Share Option Schemes*

Dear Shareholder,

### **PROPOSED RETURN OF APPROXIMATELY £20 MILLION TO SHAREHOLDERS (27 PENCE PER EXISTING ORDINARY SHARE) AND NOTICE OF GENERAL MEETING**

#### **1. Introduction**

The Directors announced on 23 January 2015 that the possibility of a material return of cash to Shareholders, in the order of £15-20 million was being evaluated. On 25 February 2015, the date of publication of the Microgen results for the financial year ended 31 December 2014, the Directors announced that they proposed, subject to Shareholder approval, that the return of cash to Shareholders would be at the top of the range at approximately £20 million. I am writing to you to provide further details of the proposed return of value to Shareholders (the “**Return of Value**”). The Board has decided to effect the Return of Value through a structure involving an issue of B Shares and/or C Shares. The reason for this is that it may enable Shareholders (subject to applicable overseas restrictions and tax laws) to receive their cash proceeds as either an income or a capital receipt (or any combination of the two) provided, in the case of the Capital Option, that a valid election is made and the same is received by Shareholders on or prior to 5 April 2015.

Under this proposal, referred to as the “**B/C Share Scheme**”, for every 1 Existing Ordinary Share held at the Record Time, 27 pence per Existing Ordinary Share will be returned to Shareholders through the issue to Shareholders of either:

**one B Share**, which will be redeemed by the Company for 27 pence, the **Capital Option**;

**or**

**one C Share**, on which a dividend of 27 pence will be payable, the **Income Option**.

Shareholders shall receive C Shares (the Income Option) unless an Election Form is submitted to the Receiving Agent by not later than 1.00 p.m. on 18 March 2015 requesting all (or part) of a Shareholder's entitlement to be in the form of B Shares (the Capital Option).

The method by which Shareholders (other than Overseas Shareholders resident, or with a registered address, in a Restricted Territory) will be able to elect for the Capital Option, either in whole or in part, is explained in detail in paragraph 3 below.

**Shareholders who do not make a valid election for the Capital Option will receive the Income Option in respect of all of their C Share Entitlement.**

In order to maintain (subject to market fluctuations) the market price for Ordinary Shares at approximately the same level as prevailed immediately prior to the implementation of the B/C Share Scheme, a proportional share capital consolidation of the Company's Existing Ordinary Shares is also proposed.

Shareholders will receive 7 New Ordinary Shares in substitution for every 9 Existing Ordinary Shares held at the Record Time (the “**Share Capital Consolidation**”). Details of the Share Capital Consolidation are summarised in paragraph 4 below.

This Circular sets out details of the B/C Share Scheme and explains why the Directors consider the B/C Share Scheme to be in the best interests of the Company and Shareholders as a whole. In order to comply with applicable companies legislation, the B/C Share Scheme and certain related matters require the approval of Shareholders at a general meeting of the Company, to be held at Old Change House, 128 Queen Victoria Street, London EC4V 4BJ at 10.30 a.m. on Wednesday 18 March 2015 (the “**General Meeting**”). A notice convening the General Meeting is set out at the end of this Circular. The Board is recommending to Shareholders that they vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to do for their respective individual beneficial holdings of, in aggregate, 5,508,792 Ordinary Shares, representing approximately 7.4 per cent. of the current issued share capital of the Company.

The terms of the B/C Share Scheme are summarised in paragraphs 3 and 4 of this Part I.

## **2. Background to the proposed Return of Value**

At 31 December 2014 the Group had gross cash of £40.9 million and net funds of £24.6 million. In addition to the add-on acquisition completed in the Financial Systems business, the Board evaluated a number of potential larger opportunities during 2014. While continuing to evaluate add-on acquisitions, in the current market environment it is not anticipated that attractive larger opportunities to deploy the Group’s substantial cash resources will arise in the foreseeable future. The Board therefore proposes to undertake the B/C Share Scheme to return to Shareholders approximately £20 million, in cash (27 pence per Existing Ordinary Share). Upon completion of the Return of Value, Microgen will have returned a total of £70.6 million to Shareholders since October 2008, approximately 190 per cent. of its market capitalisation at that time.

The B/C Share Scheme has been chosen to complete the Return of Value because:

- with the Return of Value scheduled for completion prior to 5 April 2015 it gives all Shareholders (with the exception of Overseas Shareholders resident, or with a registered address in, a Restricted Territory) a choice as to how they receive their cash, which is intended to afford United Kingdom tax-resident Shareholders flexibility in the tax treatment of their proceeds. After 5 April 2015 the changes announced in the Chancellor of the Exchequer’s 2014 Autumn Statement are likely to remove the flexibility of such schemes; and
- it treats all Shareholders equally relative to the size of their existing shareholdings in the Company.

## **3. The Share Alternatives**

Each Shareholder (with the exception of Overseas Shareholders resident, or with a registered address, in a Restricted Territory) will be able to choose how they receive their cash proceeds under the B/C Share Scheme. This is intended to give United Kingdom resident Shareholders the flexibility to receive their cash proceeds as income or capital, or any combination of the two. It is also possible that equivalent treatment may be available in certain other jurisdictions (but Shareholders should take their own professional advice in this regard). Each Share Alternative is expected to return 27 pence of cash per B Share or per C Share.

**Shareholders should read Part X of this Circular which outlines the tax consequences of the Share Alternatives in the United Kingdom and (in relation to the Capital Option) the requirement for it to be received by the relevant Shareholder and credited to the Shareholder’s account on or prior to 5 April 2015. Shareholders who are in any doubt as to their tax position, or who are subject to taxation in a jurisdiction other than the United Kingdom, should consult an appropriate professional adviser.**



**Shareholders who do not make a valid election, and all Overseas Shareholders resident, or with a registered address, in a Restricted Territory, will be deemed under the terms of the B/C Share Scheme to have elected for the Income Option in respect of ALL of their B/C Share Entitlement.**

***Alternative 1 (Income Option)***

For the Income Option (including deemed elections for the Income Option) a Shareholder will receive one C Share for each corresponding Existing Ordinary Share held at the Record Time. It is expected that the C Share Dividend of 27 pence will become payable in respect of each such C Share by Friday 27 March 2015 and that the cash proceeds of the C Share Dividend will be sent to relevant Shareholders by the Payment Date. The cash received under Alternative 1 (Income Option) should be taxed as income for United Kingdom individual shareholders. Part X of this Circular provides further details on the United Kingdom taxation in relation to the Return of Value.

Once the C Share Dividend has been paid, each relevant C Share will be reclassified as a Deferred Share having negligible value and carrying extremely limited rights. The Company will then take steps to purchase the Deferred Shares for an aggregate consideration of one penny and then cancel the Deferred Shares. In view of the negligible amount of the aggregate consideration, Shareholders will not be entitled to have any part of the aggregate consideration paid to them.

***Alternative 2 (Capital Option)***

For shares validly elected to the Capital Option, a Shareholder will (save as set out below) receive one B Share for each corresponding Existing Ordinary Share held at the Record Time.

Where B Shares are issued to satisfy valid elections for the Capital Option, it is expected that each such B Share will be redeemed by the Company for 27 pence by 27 March 2015. It is expected that the redemption proceeds will be sent to relevant Shareholders by the Payment Date. The cash received under Alternative 2 (Capital Option) should be taxed as capital for United Kingdom individual shareholders. Part X of this Circular provides further details on the taxation position in relation to the Return of Value.

Overseas Shareholders resident, or with a registered address, in a Restricted Territory will not be eligible for the Capital Option and so will be deemed to have elected for the Income Option in respect of all of their B/C Share Entitlement.

***Information relating to the B Shares, C Shares and Deferred Shares***

None of the B Shares, C Shares or the Deferred Shares will be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities, nor will the B Shares, C Shares or Deferred Shares be listed or admitted to trading on any other recognised investment exchange.

The B Shares, C Shares and Deferred Shares will have limited rights. The rights and restrictions attached to the B Shares, C Shares and the Deferred Shares are set out more fully in Parts VII, VIII and IX of this Circular respectively.

***Further information***

The Share Alternatives summarised above are explained in further detail in paragraph 4 of Part V of this Circular. In addition, set out in Part II of this Circular are some answers to frequently asked questions to help Shareholders understand what is involved in the B/C Share Scheme including worked examples of how each of the Share Alternatives summarised above would affect Shareholders. Also, Shareholders should read Part X (Taxation) of this Circular in full.

**4. Share Capital Consolidation**

As part of the B/C Share Scheme, the Company proposes to undertake the Share Capital Consolidation. The purpose of the Share Capital Consolidation is to seek to ensure that, subject to market fluctuations, the market price of each New Ordinary Share immediately following the implementation of the B/C Share Scheme is approximately the same as the market price of each Existing Ordinary Share immediately beforehand. The Share Capital Consolidation should also allow historical and future financial information in relation to the Company to be compared on a per-share basis before and after the B/C Share Scheme.



The value proposed to be returned pursuant to the B/C Share Scheme represents approximately 21.9 per cent. of the Company's market capitalisation (based on the average closing middle market price for the three business days prior to the posting of the Circular of 123.3 pence per Existing Ordinary Share). As a result of the Share Capital Consolidation, the number of Ordinary Shares in issue will be reduced by a broadly equivalent percentage (being 22.2 per cent.), with Shareholders receiving 7 New Ordinary Shares for every 9 Existing Ordinary Shares held at the Record Time.

Following the Share Capital Consolidation, it is expected that there will be 58,030,520 New Ordinary Shares in issue on the Admission Date.

The New Ordinary Shares will, subject to Admission, be traded on the London Stock Exchange's main market for listed securities and will be equivalent in all material respects to the Existing Ordinary Shares. After the B/C Share Scheme, Shareholders will own the same proportion of the Company as they did immediately beforehand, subject to fractional entitlements.

A fractional entitlement will arise as a result of the Share Capital Consolidation unless a holding of Existing Ordinary Shares is exactly divisible by 9. For example, a Shareholder holding 100 Existing Ordinary Shares would be entitled to 77 New Ordinary Shares and a fractional entitlement of  $\frac{2}{9}$  of a New Ordinary Share after the Share Capital Consolidation. These fractional entitlements will be aggregated and sold in the market and the proceeds of the sale will be distributed *pro rata* to relevant Shareholders save that, where the proceeds from the sale of any such fractional entitlement (net of any expenses) is less than £5.00, Shareholders will have no entitlement or right to the proceeds of sale but instead any such proceeds will be retained by the Company. It is expected that most fractional entitlements will be less than £5.00 but cheques for any amount exceeding £5.00 in respect of the net proceeds of sale of a fractional entitlement will be despatched, or CREST accounts will be credited with such net proceeds, as appropriate, by 1 April 2015.

Following the Capital Reorganisation, New Ordinary Share certificates are expected to be sent to Shareholders who hold their Existing Ordinary Shares in certificated form by 27 March 2015 (with the share certificates in respect of Existing Ordinary Shares ceasing to be valid with effect from 18 March 2015), and the CREST accounts of Shareholders who hold their Existing Ordinary Shares in uncertificated form are expected to be credited with New Ordinary Shares as soon as practicable after 8.00 a.m. on 19 March 2015.

## **5. Tax**

A guide to certain United Kingdom tax consequences of the B/C Share Scheme under current United Kingdom law and HMRC's practice is set out in Section 1 of Part X of this Circular.

The general guide set out in Section 1 of Part X of this Circular is based on current United Kingdom law and HMRC practice as at the date of this Circular. Current legislation and practice may change (including during the period from the date of this Circular and the date(s) on which any proceeds of the B/C Share Scheme are received by Shareholders) and any such change may affect the Taxation liabilities of Shareholders in relation to the B/C Share Scheme. Alternatively, Shareholders may fail to credit cheques to their account(s) in respect of the Capital Option by 5 April 2015, being the end of the current tax year, which may lead to the capital treatment being lost and the receipt being treated, for tax purposes, as income only.

Shareholders who are subject to tax in a jurisdiction other than the United Kingdom, or who are in any doubt as to the potential tax consequences of the B/C Share Scheme, should consult an appropriate professional adviser.

## **6. Overseas Shareholders**

Overseas Shareholders' attention is drawn to paragraph 6 of Part V of this Circular. In particular, Overseas Shareholders (other than those in Restricted Territories) should note that, by making a valid election for the Capital Option, such Shareholders will be deemed to represent, warrant and undertake in, and/or agree (as applicable) to, the terms set out in paragraphs 6 and 7 of Part V of this Circular. Furthermore, Overseas Shareholders resident, or with a registered address, in a Restricted Territory will be deemed to

have elected for the Income Option in respect of all of their C Share Entitlement. The tax consequences of the C Share Scheme may vary for Overseas Shareholders. Accordingly, Overseas Shareholders should consult their own independent professional adviser without delay.

## 7. Share Option Schemes

Separate communications are being sent to participants in the Share Option Schemes in respect of the effect of the B/C Share Scheme on the Share Option Schemes. The Remuneration Committee of the Board have also reviewed certain option arrangements affecting executive directors as set out below:

### (a) *General*

The effect of the Share Capital Consolidation should be to preserve the prevailing value immediately before the B/C Share Scheme of each Ordinary Share under option or award, subject to any market fluctuations. As a result, the value of each option and award under the Share Option Schemes after the Share Capital Consolidation should remain approximately the same. Other than in relation to the options granted in 2013 to Martyn Ratcliffe (Chairman) described in sub-paragraph (b) below and the Share Scheme Nominal Adjustment described in sub-paragraph (c) below, no adjustments are proposed to be made to options or awards that have been made under the Share Option Schemes. Accordingly, in relation to the number of Ordinary Shares over which participants have options or awards, the exercise price (subject to the Share Scheme Nominal Adjustment) and the other terms of the relevant options or awards will remain unchanged.

### (b) *Martyn Ratcliffe (Chairman)*

On 18 November 2013, share options over 2,500,000 Existing Ordinary Shares were issued to Martyn Ratcliffe. The exercise price for the share options is set at 5 pence and the grant of these share options were approved by Shareholders at the general meeting of the Company held on 18 November 2013. In addition to challenging performance conditions, as a condition of exercise Mr Ratcliffe is required to hold a minimum of 5,500,000 ordinary shares in Microgen plc at the point of exercise. This shareholding requirement will be reduced in line with the Share Capital Consolidation to a minimum of 4,277,777 New Ordinary Shares.

### (c) *Share Scheme Nominal Adjustment*

Certain options under the Share Option Schemes are exercisable at 5 pence per share (“**Relevant Strike Price**”) being the nominal value of an Existing Ordinary Share. A New Ordinary Share shall have a nominal value of 6 $\frac{3}{4}$  pence and accordingly it is proposed that an amount equal to the difference between the Relevant Strike Price and the nominal value of 6 $\frac{3}{4}$  pence for a New Ordinary Share shall be capitalised from reserves pursuant to Resolution 1 to be proposed at the General Meeting. This shall ensure that shares of the Company under the Share Option Schemes are not issued at a discount to nominal value. The amount to be capitalised shall assume that all outstanding options at the Relevant Strike Price are capable of being exercised and therefore this will amount to an aggregate total sum of £78,500 (the “**Share Scheme Nominal Adjustment**”).

## 8. General Meeting

Implementation of the B/C Share Scheme and certain related matters require the approval of Shareholders at a General Meeting of the Company. Accordingly there is set out at the end of this Circular a notice convening the General Meeting to be held at Old Change House, 128 Queen Victoria Street, London, EC4V 4BJ at 10.30 a.m. on Wednesday 18 March 2015.

Four resolutions will be proposed at the General Meeting. Resolution 1 is required for the implementation of the B/C Share Scheme and proposes the adoption of new Articles of Association and the approval and authorisation of certain steps to be taken by the Company and its Directors for the purposes of implementing the B/C Share Scheme.

In addition to Resolution 1, the following resolutions will also be put before Shareholders at the General Meeting:

- Resolution 2, to give the Directors general authority to allot shares in the Company;

- Resolution 3, to empower the Directors to allot equity securities under the authority conferred under Resolution 2 on a non-pre-emptive basis; and
- Resolution 4, authorising the Company to make market purchases of New Ordinary Shares.

Resolution 1 is not conditional on the passing of Resolutions 2, 3 or 4. Resolutions 2, 3 and 4 are each conditional on the passing of Resolution 1 and Admission. In addition, Resolutions 2 and 3 are inter-conditional.

A summary explanation of the Resolutions to be proposed at the General Meeting can be found at paragraph 12 of Part V of this Circular.

## 9. Action to be taken in relation to the General Meeting

Shareholders will find enclosed a Form of Proxy for use in connection with the General Meeting. Whether or not you intend to be present at the General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and to return it to the Company's Registrars, Capita Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, so as to arrive as soon as possible, but in any event to be received by no later than 10:30 a.m. on Monday 16 March 2015. The Form of Proxy is pre-paid and can be posted free of charge from inside the United Kingdom.

If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Asset Services (under CREST participant ID number RA10), so that it is received no later than 10:30 a.m. on Monday 16 March 2015.

Completion of a Form of Proxy, the giving of a CREST Proxy Instruction, or the completion of a proxy form online will not prevent you from attending the General Meeting and voting in person (in substitution for your proxy vote) if you wish to do so and are so entitled.

## 10. Action to be taken in relation to the B/C Share Scheme

The procedure for making elections under the B/C Share Scheme depends on whether your Existing Ordinary Shares are held in certificated or uncertificated form and is summarised further below.

Shareholders (other than Overseas Shareholders resident, or with a registered address, in a Restricted Territory) may elect for any combination of the Share Alternatives provided that the total number of Existing Ordinary Shares in respect of which an election is made does not exceed a Shareholder's total holding as at the Record Time. If no action is taken a Shareholder is deemed to have elected for the Income Option.

Shareholders need to make their own decision regarding election(s) they make under the B/C Share Scheme between the Share Alternatives and are recommended to consult their own independent professional adviser.

### (a) *Existing Ordinary Shares held in certificated form*

Shareholders (other than Overseas Shareholders resident, or with a registered address, in a Restricted Territory) who hold Existing Ordinary Shares in certificated form should make any election for the Share Alternatives suitable for them by completing the Election Form, in accordance with the instructions printed thereon, and returning it as soon as possible and, in any event, so as to be received by post or using the accompanying reply paid envelope if posting from inside the United Kingdom or (during normal business hours only) by hand to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 1.00 p.m. on 18 March 2015. **Shareholders who do not complete and return a valid Election Form by 1.00 p.m. on 18 March 2015 will be deemed to have elected for the Income Option in respect of their entire C Share Entitlement.**

Overseas Shareholders with a registered address in a Restricted Territory will not be sent an Election Form and will be deemed to have elected for the Income Option in respect of all of their C Share Entitlement.

(b) ***Existing Ordinary Shares held in uncertificated form (CREST)***

Shareholders (other than Overseas Shareholders resident, or with a registered address, in a Restricted Territory) who hold their Existing Ordinary Shares in uncertificated form should refer to the applicable procedures and related timings set out in paragraph 3 of Part XI of this Circular. **Any Shareholder whose TTE Instruction does not settle by 1.00 p.m. on 18 March 2015 will be deemed to have elected for the Income Option in respect of their entire C Share Entitlement.** The CREST Manual may also assist you in making a TTE Instruction.

**Shareholders who do not make a valid election, and all Overseas Shareholders resident, or with a registered address, in a Restricted Territory, will be deemed to have elected for the Income Option in respect of all of their C Share Entitlement.**

**11. Recommendation**

The Board considers that the terms of the B/C Share Scheme and the Resolutions to be in the best interests of Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as the Directors intend to do for their respective individual beneficial holdings of, in aggregate, 5,508,792 Existing Ordinary Shares, representing approximately 7.4 per cent. of the total issued share capital of the Company as at 24 February 2015.

The Board makes no recommendation to Shareholders in relation to elections for the Share Alternatives under the B/C Share Scheme itself. Shareholders need to take their own decision in this regard and are recommended to consult their own independent professional adviser.

Yours faithfully,

**Martyn Ratcliffe**  
***Chairman***

## PART II

### FREQUENTLY ASKED QUESTIONS AND ANSWERS

*To help you understand what is involved in the B/C Share Scheme, the following sets out some frequently asked questions and brief responses. **Shareholders should read both the questions and answers below and the Circular as a whole carefully.** In the event of any inconsistency between the contents of this Part II and the contents of Parts I and V of this Circular, the contents of Parts I and V of this Circular shall prevail.*

#### **Is there a meeting to approve the B/C Share Scheme? How do I vote?**

As the B/C Share Scheme requires the approval of Shareholders, the General Meeting has been convened for 10.30 a.m. on Wednesday 18 March 2015 at Old Change House, 128 Queen Victoria Street, London EC4V 4BJ. A summary explanation of each of the Resolutions being proposed at the General Meeting is set out at paragraph 12 of Part V of this Circular. Resolutions 1, 3 and 4, as special resolutions, will require a majority of 75 per cent. or more of the votes cast to be in favour in order to be passed. Resolution 2, as an ordinary resolution, will require more than 50 per cent. of the votes cast to be in favour in order to be passed.

All Shareholders are entitled to attend and vote at the General Meeting, but are not obliged to do so. If you choose not to attend, we would encourage you to exercise your right to vote at the meeting by signing and returning the enclosed Form of Proxy so that it is received by the Company's Registrars, Capita Asset Services, by no later than 10.30 a.m. on Monday 16 March 2015. Alternatively you may complete the proxy form online at [www.capitashareportal.com](http://www.capitashareportal.com). If you hold your Existing Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Asset Services under CREST participant ID number RA10 so that it is received by no later than 10.30 a.m. on Monday 16 March 2015.

#### **What do I need to do next?**

First, whether or not you intend to be present at the General Meeting, we would encourage you to vote on the Resolutions being proposed by appointing a proxy as described above.

Secondly, you should consider whether or not you are resident in or have a registered address in the United States, Canada, Australia, Japan, the Republic of South Africa and Republic of Ireland (referred to as "**Restricted Territories**"). Shareholders resident, or with a registered address, in a Restricted Territory will be deemed to have elected for the Income Option in respect of all of their C Share Entitlement and so will **not** be sent Forms of Election. If you are such a Shareholder, you do not need to take any further action in respect of your election to any of the Share Alternatives.

If your registered address is not in a Restricted Territory and you are not resident in a Restricted Territory, you will be able to choose between the two alternatives as to how to receive your proceeds from the B/C Share Scheme. Further details of these choices are set out in paragraph 3 of Part I and paragraph 4 of Part V of this Circular. You do not have to elect the same alternative for all of your Existing Ordinary Shares: you may choose a combination of the two.

Before making any election or elections between the Share Alternatives available under the B/C Share Scheme, you are recommended to consult your own independent professional adviser. In particular, Overseas Shareholders should read paragraph 6 of Part V of this Circular.

#### **How do I elect for a Capital Option under the Share Alternatives?**

Assuming you do not have a registered address in a Restricted Territory and you are not resident in a Restricted Territory and you hold your existing shares in certificated form, you can elect in whole or in part for the Capital Option by completing and signing the enclosed Election Form and returning it so as to be received by Capita Asset Services by no later than 1.00 p.m. on 18 March 2015. Instructions on how to complete the Election Form are printed on the form itself.

Shareholders who hold their existing shares in CREST will not be sent an Election Form. They will, however, be able to make their election by way of a TTE Instruction through the CREST system to be received by Capita Asset Services by no later than 1.00 p.m. on 18 March 2015. Further information for Shareholders who hold their existing shares in CREST is contained in paragraph 3 of Part XI of this Circular.

Shareholders who are resident or have a registered address in a Restricted Territory will not be sent an Election Form and will be deemed to have elected for the Income Option in respect of ALL of their relevant C Share Entitlement.

### **How do I elect for an Income Option under the Share Alternatives?**

You do not need to take any action if you want to receive the whole of your entitlement as income and you shall automatically receive the C Share Dividend under the Income Option in respect of all of your relevant C Share Entitlement.

Shareholders who do not submit an Election Form, or who have submitted an invalid Election Form will be deemed to have elected for the Income Option in whole and will therefore receive only C Shares.

### **What is the impact of the B/C Share Scheme on the value of my Microgen shares?**

The purpose of the Share Capital Consolidation, which forms part of the B/C Share Scheme, is to try to make sure that (subject to market fluctuations) the market price of each New Ordinary Share immediately following the implementation of the B/C Share Scheme is approximately the same as the market price of each Existing Ordinary Share immediately beforehand. In addition, you will continue to own the same proportion of the Company (subject to fractional entitlements) as you did before.

Under the Share Capital Consolidation, every 9 Existing Ordinary Shares you hold will be consolidated into 7 New Ordinary Shares, thus reducing the aggregate number of Ordinary Shares in issue. Expressed as a percentage, the reduction in the number of Ordinary Shares as a result of the Share Capital Consolidation is broadly equivalent to the percentage of the Company's market capitalisation (based on the average mid-market price of Existing Ordinary Shares for the three Business Days up to and including 24 February 2015) proposed to be returned to Shareholders under the B/C Share Scheme. Therefore, the value of your holding of New Ordinary Shares plus the amount to be returned per Existing Ordinary Share held at the Record Time should, subject to market fluctuations, approximately equal the value of your holding of Existing Ordinary Shares before the Return of Value.

If you currently hold Existing Ordinary Shares in: (a) certificated form, you will be issued with a new share certificate in respect of your New Ordinary Shares following the issue of New Ordinary Shares and your existing share certificate(s) should then be destroyed; or (b) uncertificated form, the Existing Ordinary Shares under ISIN GB0005869531 will be disabled after 4.30 p.m. on 18 March 2015 and as soon as practicable after 8.00 a.m. on 19 March 2015 your CREST account will be credited with the applicable New Ordinary Shares under ISIN GB00BVVHWX30.



## How will the B/C Share Scheme affect my shareholding?

To give you an idea of how the B/C Share Scheme would affect your shareholding we have set out some examples below:<sup>1</sup>

### Alternative 1 (Income Option)

<i>Number of Existing Ordinary Shares held at the Record Time</i>	<i>Number of C Shares you will receive</i>	<i>Number of New Ordinary Shares you will receive</i>	<i>Dividend expected to be despatched by the Payment Date</i>
100	100	77	£27.00
500	500	385	£135.00
1,000	1,000	777	£270.00

### Alternative 2 (Capital Option)

<i>Number of Existing Ordinary Shares held at the Record Time</i>	<i>Number of B Shares you will receive</i>	<i>Number of New Ordinary Shares you will receive</i>	<i>Proceeds payable on redemption of B Shares expected to be despatched by the Payment Date</i>
100	100	77	£27.00
500	500	385	£135.00
1,000	1,000	777	£270.00

## Do I have to elect for one of the two alternatives? What happens if I do nothing?

Shareholders who do not make a valid election will be deemed to have elected for the Income Option in respect of all of their C Share Entitlement.

## What if I sell or have sold or transferred all or some of my existing shares?

If you sell or have sold or otherwise transferred all of your existing shares at any time prior to the Record Time, please forward this Circular (but not any personalised Form of Proxy or Election Form), at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or have sold only part of your holding of existing shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected. However, this Circular should not be forwarded to or sent in or into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

## Can I trade my New Ordinary Shares?

Subject to Admission, New Ordinary Shares will be traded on the London Stock Exchange's main market for listed securities and will be equivalent in all material respects (including as to the right to transfer) to Existing Ordinary Shares. It is expected that dealings in Existing Ordinary Shares will continue until 4.30 p.m. on Wednesday 18 March 2015 and that Admission of the New Ordinary Shares will become effective and dealings in them will commence on the London Stock Exchange at 8.00 a.m. on Thursday 19 March 2015 meaning there should not be any period when you cannot trade either your Existing Ordinary Shares or your New Ordinary Shares on the London Stock Exchange's main market for listed securities.

<sup>1</sup> In the event that immediately before the Share Capital Consolidation your holding of Existing Ordinary Shares does not divide exactly by 9, you will be left with a fractional entitlement to a New Ordinary Share. Fractional entitlements will be aggregated into New Ordinary Shares and sold in the market and the proceeds of the sale will be distributed *pro rata* to relevant Shareholders save that where the proceeds from the sale of any fractional entitlement is less than £5.00. Shareholders will have no entitlement or rights to the proceeds of sale and any such proceeds will be retained by the Company. See paragraph 4 of Part I and paragraph 3 of Part V of this Circular for further details. This will mean that, following the Share Capital Consolidation, no Shareholder will be left with a fraction of a New Ordinary Share.

### **Can I trade my B Shares, C Shares and/or Deferred Shares?**

Although the B Shares and C Shares are transferable (subject to the applicable restrictions set out in the revised Articles of Association (please refer to Part VII and Part VIII of this Circular for further details), neither they nor the Deferred Shares (into which the C Shares will be reclassified immediately upon payment of the C Share Dividend) will be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities or listed or admitted to trading on any other recognised investment exchange. There will be no formal market for the B Shares or C Shares and your ability to trade or sell the B Shares or C Shares is therefore likely to be limited.

The Deferred Shares are not transferable (other than in the circumstances set out in Part IX of this Circular) meaning you will not be able to trade or sell such shares.

### **What if I am a citizen, resident or national of a country other than the United Kingdom?**

Shareholders who are not resident in the United Kingdom, or who are citizens, residents or nationals of a country other than the United Kingdom, should read the additional information set out in paragraph 6 of Part V of this Circular. In particular, Overseas Shareholders should note that, by making a valid election for the Capital Option, such Shareholders will be deemed to represent, warrant, undertake and/or agree (as applicable) to the terms set out in paragraphs 6 and 7 of Part V of this Circular. Furthermore, Overseas Shareholders who are resident or have a registered address in a Restricted Territory will be deemed to have elected for the Income Option in respect of all their C Share Entitlement. Shareholders who are subject to tax in a jurisdiction other than the United Kingdom, or who are in any doubt as to their tax position, should consult their own independent professional adviser since the tax consequences of the B/C Share Scheme may vary for such Shareholders.

### **What is my tax position?**

A guide to certain United Kingdom tax consequences of the B/C Share Scheme under current law and HMRC's published practice is set out in Section 1 of Part X of this Circular.

Shareholders who are subject to tax in a jurisdiction other than the United Kingdom, or who are in any doubt as to the potential tax consequences of the B/C Share Scheme, are strongly recommended to consult their own independent professional adviser.

Shareholders need to be aware that HMRC may change, at any time, its practices and policies as regards Taxation of the B/C Share Scheme.

### **What happens if I do not get my Election Form back in time?**

If you hold your Existing Ordinary Shares in certificated form and do not complete and return a valid Election Form so that it is received by Capita Asset Services by 1.00 p.m. on 18 March 2015 or, if you are a CREST Shareholder and you do not send a valid TTE Instruction for settlement by 1.00 p.m. on 18 March 2015, you will be deemed to have elected for the Income Option in respect of ALL of your relevant C Share Entitlement and you will therefore receive C Shares.

### **When will I receive my proceeds from the B/C Share Scheme and how will these be paid?**

In respect of valid elections (or deemed elections) to the Income Option, it is expected that relevant Shareholders will be sent cheques (in respect of certificated Shareholders) or, if mandate instructions are held, payments are expected to be made by BACS to mandated accounts or a credit to the relevant CREST account (for uncertificated Shareholders) in respect of the C Share Dividend by the Payment Date.

In respect of valid elections to the Capital Option, it is expected that relevant Shareholders will be sent a separate cheque for payments in respect of their B Shares by the Payment Date (in respect of certificated Shareholders) or, if mandate instructions are held, payments are expected to be made by BACS to mandated accounts or a credit to the relevant CREST account (for uncertificated Shareholders) also by the Payment Date.

### **What is the impact of the B/C Share Scheme on the Share Option Schemes?**

Options and awards granted under the Share Option Schemes which remain unexercised at the Record Time do not entitle the holders of such options and awards to participate in the B/C Share Scheme. The B/C Share Scheme will not affect the legal rights of the holders of such options, and the number of Ordinary Shares over which participants have options or awards, the exercise price and the other terms of the relevant options or awards will remain unchanged other than as detailed in paragraph 7 of Part I and paragraph 11 of Part V of this Circular.

The effect of the Share Capital Consolidation should be to preserve the prevailing value, immediately before the implementation of the B/C Share Scheme, of each Ordinary Share under option or award, subject to any market fluctuations. A summary of the implications of the B/C Share Scheme for holders of awards or options over Existing Ordinary Shares in the Share Option Schemes is also set out in paragraph 7 of Part I and paragraph 11 of Part V of this Circular.

Separate communications are being sent to participants in the Share Option Schemes in respect of the B/C Share Scheme.

### **What if I have any more questions?**

If you have read this Circular and have any further questions, please telephone the Shareholder helpline, which is available between the hours of 9.00 a.m. and 5.30 p.m. Monday to Friday. Shareholders should telephone Capita Asset Services between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on **0871 664 0321** from within the UK or **+44 20 8639 3399** if calling from outside the UK. Calls to the **0871 664 0321** number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones which may be considerably more. Calls may be recorded and randomly monitored for security and training purposes. Please note that for legal reasons the Shareholder helpline will only be able to provide information contained in this Circular and will be unable to give advice on the merits of the B/C Share Scheme, the Share Alternatives or to provide financial, investment or taxation advice.

Shareholders are recommended to consult their own independent professional adviser before making any election(s) under the B/C Share Scheme.

## PART III

### COMPLETING THE ELECTION FORM

In order to make an election for the Capital Option, Shareholders who hold their Existing Ordinary Shares in certificated form must complete the Election Form sent to them with this Circular. Shareholders who hold their Existing Ordinary Shares in CREST will not be sent an Election Form and instead should make their election by means of a TTE Instruction and should refer to paragraph 3 of Part XI of this Circular for further information.

Overseas Shareholders resident or with a registered address in the United States, Canada, Australia, Japan, the Republic of South Africa or Republic of Ireland will be deemed to have elected for the Income Option in respect of all of their C Share Entitlement and will automatically receive the C Share Dividend. The Capital Option is not being offered to Shareholders resident, or with a registered address, in any of these jurisdictions. Accordingly, this Election Form is not being and must not be mailed or otherwise forwarded, distributed or sent in or into the United States, Canada, Australia, Japan, the Republic of South Africa or Republic of Ireland. The attention of Overseas Shareholders is drawn to paragraph 6 of Part V of the Circular.

**Shareholders wishing to receive the C Share Dividend (the Income Option) in respect of ALL of their C Share Entitlement and also Overseas Shareholders resident, or with a registered address, in a Restricted Territory should NOT complete or return the Election Form or make an election through CREST but are encouraged to vote on the Resolutions to be proposed at the General Meeting. C Shares will be issued and the C Share Dividend paid automatically in respect of all of the C Share Entitlement in relation to which a Shareholder has not elected for any of the other Share Alternatives.**

The following instructions describe what Shareholders should do when completing an Election Form. Shareholders need to take their own decision regarding any election(s) they make under the B/C Share Scheme and are recommended to consult their own independent professional adviser. References to “Boxes” are to the boxes on the Election Form.

#### **Number of Existing Ordinary Shares held**

Box A shows the number of Existing Ordinary Shares registered in the name(s) of the Shareholder(s) at 6.00 p.m. on 24 February 2015 and is for information purposes only. If Shareholders do not sell or transfer any Existing Ordinary Shares registered in their name(s) or purchase additional Existing Ordinary Shares between that date and the Record Time (expected to be 6.00 p.m. on Wednesday 18 March 2015), then this number will also be the same as their B/C Share Entitlement in respect of which they may make an election. If Shareholders sell or transfer any Existing Ordinary Shares registered in their name(s) and/or purchase additional Existing Ordinary Shares, they should ensure that their election corresponds to the number of Existing Ordinary Shares that will be registered in their name(s) at the Record Time.

#### **How Shareholders may elect for one Share Alternative in respect of all of their B/C Share Entitlement**

To elect for the **Income Option** in respect of ALL of their C Share Entitlement, Shareholders should take no further action. Shareholders who do not complete or return the Election Form will automatically receive only C Shares in respect of all of their C Share Entitlement, on which the C Share Dividend is expected to be paid.

To elect for the **Capital Option** in respect of ALL of their B Share Entitlement, Shareholders should mark an “X” or write an “ALL” where indicated in Box 1. By electing for the Capital Option, Shareholders will be deemed to have elected to participate in the Purchase Offer (to the extent applicable).

**How Shareholders may split their B/C Share Entitlement between more than one Share Alternative**

To split their B/C Share Entitlement between more than one Share Alternative, a Shareholder should enter (in numbers) the number of their B Share Entitlement they wish to elect for the Capital Option in Box 1. The balance will automatically be defaulted to the Income Option.

**The default position where a Shareholder makes an election which is less than their total B/C Share Entitlement**

If a Shareholder enters a number in Box 1 of the Election Form, which is less than their total B/C Share Entitlement, they will be deemed to have elected for the Income Option in respect of the balance of their holding.

**Dematerialisation of Existing Ordinary Shares following election**

If the Existing Ordinary Shares to which any election made on the enclosed Election Form relates are currently held in certificated form and are “dematerialised” into uncertificated form (i.e. held in CREST) after the relevant Election Form has been submitted but before the Election Deadline, such election will become invalid. Shareholders who subsequently hold such Existing Ordinary Shares in uncertificated form in CREST will need to give a valid TTE Instruction in place of the submitted Election Form by the Election Deadline.

**Overseas Shareholders**

Each Shareholder by whom, or on whose behalf, an Election Form is executed or TTE Instruction is given, irrevocably represents, warrants, undertakes and agrees to and with the Company that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in any territory in connection with any election for any of the Share Alternatives (or any transaction resulting therefrom) and such Shareholder has not taken or omitted to take any action which may result in the Company or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the B/C Share Scheme or such Shareholder’s election for any of the Share Alternatives (or any transaction resulting therefrom).

**General**

The Directors shall have absolute discretion to determine all questions as to the form and validity (including time and place of receipt) of any Election Form or TTE Instruction, which determination shall be final and binding. The Directors also reserve the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any Election Form completed by or on behalf of any Shareholder, and such determination shall be binding on such Shareholder(s). The Directors shall not be liable to Shareholders for any loss arising from the determination of questions as to the form and validity (including time and place of receipt) of any Election Form or TTE Instruction. The Directors shall not be under any duty to give notification of any defect or irregularity in any Election Form or incur any liability for failure to give any such notice.

Once the Election Period has ended, any election made is irrevocable. If the Election Period is extended, the period for exercising withdrawal rights will also be extended (these rights are described more fully in paragraph 5 of Part V of this Circular). No authority conferred by or agreed by the signing of an Election Form will be affected by, and all such authority will survive, the death or incapacity of the Shareholder executing such form or giving such instruction. All obligations of such Shareholder will be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

B Shares and/or C Shares which are transferred or otherwise disposed of shall remain subject to the relevant Shareholder’s election (or deemed election) for any Share Alternative(s) made in respect of such B Shares and/or C Shares.

### **Signing the Election Form**

The Election Form shows the name of the Shareholder, or names of joint Shareholders, of Existing Ordinary Shares by reference to which an election can be made in respect of the corresponding B/C Share Entitlement. The Shareholder, or all joint Shareholders, must sign the Election Form (in Box 2). The signatures of Shareholders who are individuals signing need to be witnessed. The witness must be over 18 years of age and cannot be the Shareholder, or one of the joint Shareholders, or otherwise have any financial interest in the relevant shares or in the proceeds resulting from the execution of the Election Form. However, one person may separately witness the signature of all joint Shareholders. If the Election Form is signed under a power of attorney, the original power of attorney should be sent to Capita Asset Services with the Election Form.

### **Final instructions on completing an Election Form**

Shareholders returning an Election Form must sign where applicable in Box 2.

**All Shareholders named on an Election Form must sign the Election Form. Once completed, signed and witnessed, this Election Form should be returned in the reply paid envelope provided. No stamps will be needed if posted in the United Kingdom. To be valid, Election Forms must be returned so as to be received by Capita Asset Services by the Election Deadline (which is 1.00 p.m. on Wednesday 18 March 2015). If Shareholders do not use the envelope provided, postage will be payable and the Election Form should be sent to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.**

Shareholders who do not validly complete and return their Election Form will be deemed to have elected for the Income Option in respect of all of their C Share Entitlement.

Shareholders should telephone Capita Asset Services between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on **0871 664 0321** from within the UK or **+44 20 8639 3399** if calling from outside the UK. Calls to the **0871 664 0321** number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones which may be considerably more. Calls may be recorded and randomly monitored for security and training purposes.

Please note that the Shareholder helpline will not give advice on the merits of the B/C Share Scheme or the Share Alternatives or provide financial, investment or taxation advice.



## **PART IV**

### **CHANGES TO ARTICLES RELATED TO THE PROPOSED B/C SHARE SCHEME**

In order to implement the B/C Share Scheme various changes to the Articles of Association of the Company shall be required. A special resolution is proposed at the General Meeting to adopt new articles (Resolution 1) and the changes are described in this Part IV as well as in Part VII to Part IX of this Circular which set out in detail the particular rights attaching to the new proposed classes of shares in the Company required for the B/C Share Scheme.

#### **1. Dividends and distributions**

Modifications are required in relation to current Article 108 (Procedure for declaring dividends) in order to complement the B/C Share Scheme so that the proposed new Article 108 shall be as follows:

##### ***“Procedure for declaring dividends***

- 108 (1) Subject to the provisions of the Companies Acts, the company may from time to time by ordinary resolution declare dividends in respect of such periods as it thinks fit. The directors may from time to time declare and pay interim or special dividends on shares of any class of such amounts and on such dates and in respect of such periods as the directors think fit.
- (2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- (3) No dividend may be declared or paid unless it is in accordance with members’ respective rights and interests and out of profits available for distribution under the provisions of the Companies Acts.
- (4) If the company’s share capital is divided into different classes, no interim or special dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- (5) Subject to the provisions of the Companies Acts, in so far as in the opinion of the board, the profits available for distribution justify such payments, the board may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on the fixed dates on the half-yearly or other dates prescribed for the payment thereof.
- (6) Provided the directors act in good faith, they shall not incur any liability to the holders of any shares for any loss they may suffer by the lawful payment, on any other class of shares having rights ranking after or equally with those shares, of any fixed, interim or special dividend referred to in this article 108.
- (7) The requirement for an ordinary resolution under Article 108(1) may also be satisfied by way of a special resolution.”

#### **2. Payment Process**

Modifications shall also be required in relation to current Article 112 (Payment of dividends and other distributions) in order to make the payment process for Shareholders more efficient under the B/C Share Scheme. The new Article 112 shall be as follows:

##### ***“Payment of distributions and redemptions***

- 112 (1) Where a dividend or other sum which is a distribution is payable, or redemption is to be made, in respect of a share, it must be paid by one or more of the following means:
- (a) electronic transfer to a bank or building society account or other funds transfer system or such other means including, in respect of uncertificated shares, by means of the facilities and requirements of a relevant system, specified by the distribution recipient either in writing or as the directors may otherwise decide;

- (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
  - (d) any other means of electronic or other payment as the directors may decide to be desirable in the circumstances.
- (2) In the articles, **“the distribution recipient”** means, in respect of a share in respect of which a dividend or other sum is payable or redemption is to be made:
- (a) the holder of the share; or
  - (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
  - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy or otherwise by operation of law, the transmittee.
- (3) Payment of the cheque by the financial institution on which it is drawn shall constitute a good discharge to the company
- (4) Every such payment shall be sent (whether electronically or otherwise) at the risk of the person entitled to the money represented thereby and the company shall have no responsibility for any sums lost or delayed in the course of payment by any electronic system or any relevant system or other means or where it has acted on any directions of the distribution recipient.”

### 3. Power to Capitalise Reserves

In order to implement the B/C Share Scheme and allow for the Share Scheme Nominal Adjustment, specific authority under the Articles is required to capitalise relevant reserves of the Company. The proposed change to the Articles for dealing with this is set out in detail in Part VI of this Circular.

### 4. General

Certain other non-material changes to the Articles are also proposed in order to reflect certain changes made to the status of organisations referred to in the Articles, for example, the change of the reference to the former regulatory authority the Financial Services Authority to the Financial Conduct Authority and related matters.

## **PART V**

### **DETAILS OF THE B/C SHARE SCHEME**

#### **1. B/C Share Scheme**

The B/C Share Scheme and the Share Capital Consolidation comprises the Capital Reorganisation (described in paragraph 3 of this Part V) and the Share Alternatives (described in paragraph 4 of this Part V).

The aggregate amount to be returned under the B/C Share Scheme will depend on the number of Existing Ordinary Shares in issue at the Record Time. However, based on the number of Existing Ordinary Shares in issue on 25 February 2015, the aggregate amount to be returned under the B/C Share Scheme would amount to approximately £20 million.

#### **2. Conditions to the implementation of the B/C Share Scheme**

The B/C Share Scheme is conditional on:

- (A) the approval by Shareholders of Resolution 1 to be proposed at the General Meeting; and
- (B) Admission of the New Ordinary Shares.

If these conditions are not satisfied by 8.00 a.m. on the Admission Date, or such later time and/or date as the Directors may determine, then no B Shares or C Shares will be allotted or issued, the Share Capital Consolidation will not take place, no New Ordinary Shares will be created and the B/C Share Scheme will not take effect.

#### **3. Capital Reorganisation**

The proposed Capital Reorganisation consists of the allotment and issue of B Shares and C Shares and the Share Capital Consolidation, each described below.

##### ***Allotment and issue of B Shares and C Shares***

It is proposed that the Company capitalises a sum not exceeding approximately £20 million standing to the credit of the Company's share premium account and merger reserve. The resulting amount is then applied for the purpose of paying up in full the B Shares with a nominal value of 27 pence each and the C Shares with a nominal value of 0.000001 pence each, on the basis that the aggregate nominal value of the B Shares and the C Shares so issued shall not exceed approximately £20 million, as described below.

The B Shares and the C Shares will be issued to Shareholders on the basis of one B Share or one C Share for each Existing Ordinary Share held at the Record Time, which is expected to be 6.00 p.m. on 18 March 2015.

The exact number of B Shares and C Shares to be issued will depend upon (in addition to the factors described below) the elections made by each Shareholder between the Share Alternatives, but in total will be equal to the number of Existing Ordinary Shares in issue at the Record Time. As at 24 February 2015 there were 74,610,669 Existing Ordinary Shares in issue.

The rights and restrictions to be attached to the B Shares and the C Shares are more fully set out in Parts VII and VIII, respectively, of this Circular. No application has been, or will be, made for the B Shares, C Shares or Deferred Shares to be admitted to listing on the Official List or admitted to trading on the London Stock Exchange's main market for listed securities, nor will the B Shares, C Shares or Deferred Shares be listed or admitted to trading on any other recognised investment exchange. No share certificates will be issued in respect of the B Shares issued to satisfy elections for the Capital Option, the C Shares or the Deferred Shares, and no CREST accounts will be credited with such shares.

The Company will announce the exact number of B Shares and C Shares issued under the proposed Capital Reorganisation on the Admission Date.

### ***Share Capital Consolidation***

Under the proposed Share Capital Consolidation, the Existing Ordinary Shares will be subdivided and consolidated so that Shareholders will receive 7 New Ordinary Shares for every 9 Existing Ordinary Shares held at the Record Time. The nominal value of each New Ordinary Share will be 6 $\frac{2}{3}$  pence.

The intention is that, subject to market fluctuations, the market price of one New Ordinary Share immediately following the implementation of the B/C Share Scheme should be approximately equal to the market price of one Existing Ordinary Share immediately beforehand. The ratio used for the Share Capital Consolidation has been set by reference to the average closing middle market price for the three business days prior to the posting of this Circular of 123.3 pence per Existing Ordinary Share. The effect of this will be to reduce the number of Ordinary Shares in issue to reflect the return of 27 pence per Existing Ordinary Share to Shareholders under the B/C Share Scheme. However, Shareholders will own the same proportion of the Company as they did beforehand, subject to fractional entitlements.

Subject to Admission, New Ordinary Shares will be traded on the London Stock Exchange's main market for listed securities in the same way as Existing Ordinary Shares and will be equivalent in all material respects to the Existing Ordinary Shares (including as to dividend, voting and other rights), with the exception of the difference in nominal value and the New Ordinary Shares being subject to the rights of the B Shares and the C Shares.

Application will be made for the New Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities with a premium listing, with Admission expected to take place and dealings expected to commence at 8.00 a.m. on the Admission Date. The Company will apply for the New Ordinary Shares to be admitted to CREST with effect from Admission so that general market transactions in the New Ordinary Shares may be settled within the CREST system.

Share certificates representing the New Ordinary Shares will be issued following the Capital Reorganisation and it is expected that they will be sent to Shareholders by 27 March 2015. Share certificates representing the Existing Ordinary Shares shall cease to be valid from 19 March 2015. Shareholders who hold their Existing Ordinary Shares in CREST will automatically have their New Ordinary Shares credited to their CREST account as soon as practicable after 8.00 a.m. on the Admission Date.

In respect of any dividends payable, your present dividend mandate, where in respect of a Sterling bank account, will (unless revoked or amended) be deemed to be valid for dividends and any potential dividends going forward in respect of the New Ordinary Shares.

### ***Fractional entitlements to New Ordinary Shares***

Unless a holding of Existing Ordinary Shares is exactly divisible by 9, a Shareholder will have a fractional entitlement to a New Ordinary Share following the Share Capital Consolidation. So, for example, a Shareholder holding 100 Existing Ordinary Shares would, after the Share Capital Consolidation, be entitled to 77 New Ordinary Shares and a fractional entitlement of  $\frac{2}{9}$  of a New Ordinary Share. By contrast, a Shareholder holding 99 Existing Ordinary Shares would, after the Share Capital Consolidation, be entitled to 77 New Ordinary Shares with no fractional entitlement.

These fractional entitlements will all be aggregated into New Ordinary Shares and sold in the market and the net proceeds of sale will be distributed *pro rata* to relevant Shareholders. Cheques in respect of the net proceeds of sale will be despatched to relevant Shareholders. Separately share certificates for New Ordinary Shares will be sent to Shareholders, or relevant CREST accounts will be credited with the net proceeds, by 27 March 2015. Where the cash consideration for any such fractional entitlement (net of any expenses) is less than £5.00, Shareholders will have no entitlement or right to the proceeds of sale and so will not receive a cheque or have their CREST account credited in respect of that entitlement due to the administrative costs incurred in doing so. In this situation the net proceeds will be retained by the Company.

## **4. Share Alternatives**

Shareholders (with the exception of Overseas Shareholders resident, or with a registered address, in a Restricted Territory) may choose between the two Share Alternatives (the Income Option and the Capital Option), or a combination of the two Share Alternatives, in respect of their B/C Share Entitlement. Details

of how to make an election are set out in Part III of this Circular and on the Election Form enclosed with this Circular in respect of Existing Ordinary Shares held in certificated form and, in respect of Existing Ordinary Shares held in CREST, in paragraph 3 of Part XI of this Circular. If you elect for more than one Share Alternative, you will need to specify a whole number of your B Share Entitlement for the B Share Alternative that you choose.

**Overseas Shareholders with a registered address in a Restricted Territory will not be sent Election Forms and will be deemed to have elected for the Income Option in respect of their entire C Share Entitlement.**

Shareholders who do not complete and return a valid Election Form or TTE Instruction by 1.00 p.m. on 18 March 2015 will be deemed to have elected for the Income Option in respect of ALL of their C Share Entitlement. Shareholders who complete a valid Election Form or TTE Instruction in respect of less than their entire B Share Entitlement will be deemed to have elected for the Income Option for those Existing Ordinary Shares in respect of which no election has been made.

Shareholders should read the general guidance on certain aspects of the United Kingdom tax consequences of the proposed B/C Share Scheme set out in Part X of this Circular. Shareholders who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate professional adviser.

***Alternative 1 (Income Option)***

Shareholders who elect, or are deemed to have elected, the Income Option in respect of some or all of their C Share Entitlement will receive one C Share in respect of each Existing Ordinary Share held at the Record Time and validly elected to such Share Alternative. Shareholders who are resident or have a registered address in a Restricted Territory, or who do not make a valid election, will automatically be deemed to have elected for the Income Option in respect of all their Existing Ordinary Shares.

The C Share Dividend of 27 pence will become automatically payable on each such C Share on the Effective Date. It is expected that Shareholders entitled to receive the C Share Dividend will be sent cheques or, if mandate instructions are held that payments will be made by BACS to mandated accounts, in respect of the C Share Dividend on the Payment Date.

The C Shares upon which the C Share Dividend becomes payable will be automatically reclassified as Deferred Shares, with the Shareholder receiving one Deferred Share for each such C Share. Deferred Shares will carry extremely limited rights as more fully described in Part IX of this Circular and will have negligible value.

The Company will purchase all Deferred Shares (then in issue) at any time for an aggregate consideration of one penny and no further action will be required from Shareholders. In view of the negligible amount of the aggregate consideration, Shareholders will not be entitled to have any part of the aggregate consideration paid to them.

No share certificates will be issued in respect of the C Shares or the Deferred Shares and no CREST accounts will be credited with C Shares or Deferred Shares. Neither the C Shares nor the Deferred Shares will be listed on the Official List or traded on the London Stock Exchange's main market for listed securities or listed or admitted to trading on any other recognised investment exchange. The rights and restrictions attached to the C Shares and the Deferred Shares are more fully set out in Parts VIII and IX of this Circular respectively.

***Alternative 2 (Capital Option)***

Shareholders (other than Overseas Shareholders resident or with a registered address in a Restricted Territory) who elect for the Capital Option will receive one B Share in respect of each Existing Ordinary Share held at the Record Time and validly elected to such Share Alternative. B Shares issued to satisfy valid elections for the Capital Option will be redeemed by the Company for 27 pence on the Effective Date. Each such B Share will be cancelled on redemption.



The B Shares will not be listed on the Official List or traded on the London Stock Exchange's main market for listed securities, nor will such shares be listed or admitted to trading on any other recognised investment exchange. No share certificates will be issued in respect of the B Shares and no CREST accounts will be credited with such shares.

The rights and restrictions attached to the B Shares are more fully set out in Parts VII of this Circular. The attention of Overseas Shareholders (and, in particular, Overseas Shareholders resident, or with a registered address, in a Restricted Territory) is generally drawn to paragraph 6 of Part V of this Circular.

It is expected that Shareholders, who are entitled to do so, will be sent cheques in respect of the proceeds from the redemption of B Shares issued pursuant to the Capital Option, by the Payment Date. Alternatively, if mandate instructions are held payments are expected to be made by BACS to mandated accounts. If Shareholders hold their Existing Ordinary Shares in CREST, they will have their CREST accounts credited on the Payment Date.

## **5. Withdrawal rights**

Any election for a Share Alternative, whether made by the signing of an Election Form or the giving of a TTE Instruction, may be withdrawn by a Shareholder at any time up to 1.00 p.m. prior to the Election Deadline. Thereafter, such election will be irrevocable. If an election is validly withdrawn, the Shareholder may make a new election during the Election Period, but if a new valid election is not made by the Election Deadline, the Shareholder will be deemed to have elected for the Income Option to the extent the Shareholder has not otherwise made a valid election. After the end of the Election Period, any election made will be irrevocable. If the Election Period is extended, withdrawal rights will be correspondingly extended.

Shareholders wishing to withdraw their election must call the Shareholder helpline. Shareholders should telephone Capita Asset Services between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on **0871 664 0321** from within the UK or **+44 20 8639 3399** if calling from outside the UK. Calls to the **0871 664 0321** number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones which may be considerably more. Calls may be recorded and randomly monitored for security and training purposes and then send written notice of such withdrawal to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. If such Shareholders wish to re-elect in respect of any of the Share Alternatives, they can request a replacement Election Form or receive instructions on how to re-elect through CREST from the Shareholder helpline. Shareholders will need to take into account the postal time necessary for a replacement Election Form to reach Capita Asset Services by the Election Deadline (which is 1.00 p.m. on 18 March 2015).

For a withdrawal of any election to be effective, a written notice of withdrawal signed by the person(s) who signed the relevant Election Form or who gave the relevant TTE Instruction must:

- (i) specify the name(s) and address(es) of the person(s) who tendered the election to be withdrawn, the account number (which, for Shareholders who hold their Existing Ordinary Shares in certificated form, appears on the front page of the relevant Election Form) and the exact number of their B/C Share Entitlement to be withdrawn; and
- (ii) in the case of an election originally made by a TTE Instruction, be accompanied by a valid ESA Message given by the person(s) who gave the relevant TTE Instruction,

and be received by Capita Asset Services before the Election Deadline.

Telex, facsimile, electronic mail or other electronic means of transmission or any form of copy of written notice will not constitute a written instruction of withdrawal.

Withdrawals may not be rescinded, but re-elections may be made at any time prior to the end of the Election Period. Withdrawals must be received by Capita Asset Services no later than 1.00 p.m. on 18 March 2015. Any re-elections that are received by Capita Asset Services after the end of the Election Period will be deemed invalid for the purposes of the Share Alternatives. Any Shareholder who withdraws



their election in accordance with this paragraph 5 before the end of the Election Period and does not validly re-elect in respect of their B/C Share Entitlement will be deemed to have elected for the Income Option to the extent the Shareholder has not otherwise made a valid election.

The Directors shall determine all questions as to the form and validity (including time and place of receipt) of any notice of withdrawal, in their absolute discretion, which determination shall be final and binding. The Directors also reserve the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any withdrawal by any Shareholder, and such determination will be binding on such Shareholder. None of the Company, any other member of the Group, Capita Asset Services or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification or for any reason with regard to withdrawals and re-elections.

## **6. Overseas Shareholders**

Shareholders who are not resident in the United Kingdom or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the return of value pursuant to the B/C Share Scheme (including, as may be relevant in each case, the issue, holding, redemption or disposal of the B Shares, the C Shares and/or the Deferred Shares) will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Overseas Shareholder to satisfy himself as to full observance of the laws of each relevant jurisdiction in connection with the B/C Share Scheme, including the obtaining of any government, exchange control or other consents which may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this Circular in certain jurisdictions may be restricted by law. Persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. Neither this Circular nor any other Circular issued or to be issued by or on behalf of the Company in connection with the B/C Share Scheme constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

The Capital Option is not being made available to Shareholders who are resident, or have a registered address in any of the Restricted Territories. Any purported election by a Shareholder, resident, or with a registered address in a Restricted Territory for the Capital Option will be deemed by the Company to be an election for the Income Option in respect of the entirety of that Shareholder's B/C Share Entitlement and accordingly that Shareholder will receive the C Share Dividend.

Each Shareholder by whom, or on whose behalf, an Election Form is executed or TTE Instruction is given, irrevocably represents, warrants, undertakes and agrees with the Company that such Shareholder has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from such Shareholder in any territory in connection with any election for any of the Share Alternatives (or any transaction resulting therefrom) and such Shareholder has not taken or omitted to take any action which may result in the Company or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the B/C Share Scheme or such Shareholder's election for any of the Share Alternatives (or any transaction resulting therefrom).

In the event that the Company is advised that it would or might be in breach of legal or regulatory requirements in any jurisdiction, or the Company would or might be required to make filings or take any other action in any jurisdiction as a result of an election made pursuant to an Election Form or TTE Instruction by an Overseas Shareholder, such Overseas Shareholder shall be deemed to have elected for the Income Option (unless the Directors otherwise determine in their absolute discretion).

The above provisions of this paragraph 6 relating to Overseas Shareholders may be waived, varied or modified as regards specific Overseas Shareholders or on a general basis by the Company in its absolute discretion.

## **7. Securities law considerations in the United States**

None of the B Shares, C Shares, Deferred Shares nor the New Ordinary Shares have been or will be registered under the US Securities Act or the state securities laws of the United States and none of them may be offered or sold in the United States or to any US persons unless pursuant to a transaction that has been registered under the US Securities Act and the relevant state securities laws or a transaction that is not subject to the registration requirements of the US Securities Act and the state securities laws, either due to an exemption therefrom or otherwise.

## **8. General Meeting**

The General Meeting will be held at the registered office of the Company at Old Change House, 128 Queen Victoria Street, London EC4V 4BJ at 10.30 a.m. on Wednesday 18 March 2015. A notice convening the General Meeting is set out at the end of this Circular.

Shareholders will find enclosed with this Circular a Form of Proxy for use at the General Meeting.

**Whether or not you intend to attend the General Meeting in person, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and return it to the Company's Registrars, Capita Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, so as to arrive as soon as possible, but in any event by no later than 10.30 a.m. on Monday 16 March 2015. The Form of Proxy is pre-paid and can be posted free of charge from inside the United Kingdom.**

If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Asset Services (under CREST participant ID number RA10), so that it is received no later than 10.30 a.m. on Monday 16 March 2015.

Completion and return of a Form of Proxy, the giving of a CREST Proxy Instruction, or the completion of a proxy form online will not prevent you from attending the General Meeting and voting in person (in substitution for your proxy vote) if you wish to do so and are so entitled.

## **9. Dealings and despatch of documents**

The return of value pursuant to the B/C Share Scheme will be made by reference to holdings of Existing Ordinary Shares on the Company's register of members as at the Record Time.

B Shares and/or C Shares which are transferred or otherwise disposed of shall remain subject to the relevant Shareholder's election (or deemed election) for any Share Alternatives made in respect of such B Shares and/or C Shares.

It is expected that dealings and settlement within the CREST system of the Existing Ordinary Shares will continue until the Election Deadline when, the registration of uncertificated holdings in respect of Existing Ordinary Shares will be disabled. In the case of Existing Ordinary Shares held in certificated form, the register of members will be closed for transfers and no further transfers of Existing Ordinary Shares will be able to be made after the Election Deadline.

With effect from Admission, share certificates in respect of Existing Ordinary Shares will cease to be valid. Share certificates in respect of New Ordinary Shares will only be issued following the Share Capital Consolidation. It is therefore important that, if you hold certificate(s) in respect of your Existing Ordinary Shares, you retain them for the time being until New Ordinary Share certificates are despatched, which is expected to be by 27 March 2015. On receipt of share certificates in respect of New Ordinary Shares, certificates in respect of Existing Ordinary Shares should be destroyed.

Temporary documents of title will not be issued in respect of New Ordinary Shares and, pending despatch of definitive share certificates, transfers of New Ordinary Shares held in certificated form will be certified against the register of members held by Capita Asset Services. No share certificates will be issued by the Company in respect of B Shares, C Shares or Deferred Shares. It is expected that Shareholders entitled

to receive the C Share Dividend will be sent cheques or, if mandate instructions are held in respect of a Sterling bank account, payments will be made to CREST accounts in respect of the relevant C Share Dividend on the Payment Date. All payments in respect of the C Share Dividend will be made in Sterling.

It is expected that Shareholders, who are entitled to do so, will be sent cheques in respect of the proceeds from the redemption of B Shares issued pursuant to the Capital Option, by the Payment Date. Alternatively, if mandate instructions are held, payments are expected to be made by BACS to mandated accounts also by the Payment Date. If Shareholders hold their Existing Ordinary Shares in CREST, they will have their CREST accounts credited on the Payment Date.

All share certificates and cheques will be sent by post, at the risk of the Shareholder(s) entitled thereto, to the registered address of the relevant Shareholder (or, in the case of joint Shareholders, to the address of the joint Shareholder whose name stands first in the register of members in respect of such joint shareholding).

Your present dividend payment mandate, unless revoked or amended, will be deemed to be valid for dividends from the Company in respect of the New Ordinary Shares. In respect of any sums payable pursuant to the Income Option or Capital Option your present dividend mandate, where in respect of a Sterling bank account, will (unless revoked or amended) be deemed to be valid for dividends payable by the Company. All payments in respect of any dividend payable pursuant to the Income Option or Capital Option will be made in Sterling.

No application has been, or will be, made for the B Shares, C Shares or Deferred Shares to be admitted to listing on the Official List or admitted to trading on the London Stock Exchange's main market for listed securities, nor will they be listed or admitted to trading on any other recognised investment exchange.

## **10. Amendments to the Articles of Association**

A number of amendments to the Articles of Association are required in order to implement the B/C Share Scheme and require approval at the General Meeting. These amendments include:

- the insertion into the Articles of Association of the rights and restrictions attaching to the B Shares, C Shares and Deferred Shares, as set out in Parts IV, VII, VIII and IX respectively of this Circular; and
- changes required to Article 108 (Procedure for declaring dividends), Article 112 (Payment of distributions and redemptions) and Article 121 (Capitalisation of profits and reserves), in order that the Company can validly allot and issue B Shares and C Shares in the manner described in this Circular.

## **11. Share Option Schemes**

Under the Share Option Schemes, the Company has granted options and awards over Ordinary Shares at varying exercise prices and expiry dates. Participants under the Share Option Schemes are not the beneficial owners of Existing Ordinary Shares under those schemes and so will not participate in the B/C Share Scheme, other than in their capacity as Shareholders (if applicable).

As at 24 February 2015, the total number of options under the Share Option Schemes outstanding to subscribe for Existing Ordinary Shares was 6,620,540. In aggregate, these outstanding options represented approximately 8.9 per cent. of the issued Existing Ordinary Share capital of the Company. Following the B/C Share Scheme, and assuming no further shares and options are issued between 25 February 2015 and the Share Capital Consolidation becoming effective the outstanding options will represent approximately 11.4 per cent. of the issued New Ordinary Share capital of the Company.

There are no proposed changes to the Share Option Schemes as a result of the B/C Share Scheme other than as disclosed in paragraph 7 of Part I of this Circular.

## 12. Summary explanation of the Resolutions

In order to comply with applicable companies' legislation, implementation of the B/C Share Scheme requires the approval of Shareholders at a general meeting of the Company. Accordingly there is set out at the end of this Circular a notice convening the General Meeting to be held at Old Change House, 128 Queen Victoria Street, London EC4V 4BJ at 10.30 a.m. on Wednesday 18 March 2015.

Four resolutions will be proposed at the General Meeting. Resolutions 1, 3 and 4 will each be proposed as a special resolution (the passing of which requires at least 75 per cent. of the votes cast, whether in person or by proxy, to be in favour) and Resolution 2 which will be proposed as an ordinary resolution (the passing of which requires more than 50 per cent. of the votes cast, whether in person or by proxy, to be in favour). Resolution 1 is required for the implementation of the B/C Share Scheme. Resolutions 2, 3 and 4 replace the existing shareholder authorities and reflect the new share capital structure of the Company that will be in place following the Share Capital Consolidation becoming effective. Resolution 1 is not conditional on the passing of Resolutions 2, 3 and 4. Resolutions 2, 3 and 4 are each conditional on the passing of Resolution 1. In addition, Resolutions 2 and 3 are inter conditional.

### ***Resolution 1: To adopt new Articles of Association and to approve the B/C Share Scheme***

This special resolution is conditional on Admission occurring by 8.00 a.m. on the Admission Date (or such later date or time as the Directors may determine). A summary of the paragraphs comprising the Resolution follows below:

- (A) this paragraph proposes the adoption of new Articles of Association incorporating:
  - (i) the rights and restrictions to be attached to the B Shares, C Shares and the Deferred Shares (as set out in Parts VII, VIII and IX respectively of this Circular); and
  - (ii) the amendment of Articles 108, 112 and 121 of the existing Articles of Association to allow the Company to validly allot and issue B Shares and C Shares in the manner described in this Circular. The text of the amended Articles 108 and 112 is set out in Part IV and the changes to Article 121 is set out in Part VI of this Circular.
- (B) this paragraph proposes to authorise the Directors to:
  - (i) capitalise a sum not exceeding £8,035,493 standing to the credit of the Company's share premium account and £12,109,396 standing to the credit of the Company's merger reserve to pay up in full the B Shares;
  - (ii) capitalise a sum not exceeding £1 standing to the credit of the Company's share premium account, to pay up in full the C Shares;
  - (iii) capitalise a sum not exceeding £78,500 standing to the credit of the Company's share premium account for the purposes of the Share Scheme Nominal Adjustment; and
  - (iv) allot and issue B Shares up to an aggregate nominal amount of £20,144,889 and C Shares up to an aggregate nominal amount of £1, on the basis of one B Share or one C Share for each Existing Ordinary Share held at the Record Time. The authority granted to the Directors will expire at the conclusion of the next annual general meeting of the Company in 2015;
- (C) this paragraph sets out the procedure for the consolidation of the Existing Ordinary Shares into New Ordinary Shares. All fractional entitlements which arise will be aggregated and sold with the net proceeds of the sale, where equal to or in excess of £5.00, paid in due proportion to the relevant Shareholders. The net proceeds of sale from fractional entitlements of less than £5.00 will be retained by the Company; and
- (D) this paragraph proposes to authorise the Directors to transfer, in accordance with the revised Articles of Association, any Deferred Shares arising on the reclassification of the C Shares following payment of the C Share Dividend.

### ***Resolution 2: To give Directors authority to issue new shares***

This ordinary resolution gives authority for the Directors to issue new shares for the purposes of the B/C Share Scheme and to have an acceptable level of authority in reserve for future allotments. The Association of British Insurers (“ABI”) guidelines state that ABI members will permit, and treat as routine, a request for authorisation to allot up to one-third of the existing issued share capital of the Company, together with the number of shares required to be allotted in respect of share incentive schemes.

Accordingly, under this Resolution 2, the Directors are seeking authority to allot ordinary shares and other equity securities up to an aggregate nominal amount of £1,243,511 without the prior consent of Shareholders in order to replace the authority given at the 2014 annual general meeting of the Company. This will cover allotments pursuant to the B/C Share Scheme and also provide further authority to allot equivalent to one-third of the issued ordinary share capital of the Company immediately following the completion of the B/C Share Scheme.

The Company has no present intention of allotting new shares (other than in connection with the B/C Share Scheme and the Company’s share incentive schemes). The Directors consider it desirable to have sufficient authority in place, as permitted by corporate governance guidelines, to respond to market developments and to enable allotments to take place in a timely manner, should such a situation arise.

The authority sought in Resolution 2 will expire at the conclusion of the next annual general meeting of the Company in 2015.

### ***Resolution 3: Disapplication of pre-emption rights***

This special resolution replaces the authority given at the annual general meeting of the Company in 2014 and is required because of the changes to share capital under the B/C Share Scheme. This resolution will grant the Directors a new authority to allot equity securities for cash without first being required to offer such securities to existing Shareholders in proportion to their existing shareholdings, other than by way of a rights issue or in connection with a pre-emptive offer, up to an aggregate nominal amount of £186,527, being equal to 5 per cent. of the issued ordinary share capital of the Company immediately following completion of the B/C Share Scheme and amounting to 2,901,526 ordinary shares. This resolution complies with the ABI and Pre-emption Group guidelines.

In line with the Pre-emption Group’s Statement of Principles, the Directors do not intend to allot shares for cash on a non pre-emptive basis (other than pursuant to the B/C Share Scheme, a rights issue or pre-emptive offer) in excess of an amount equal to 7.5 per cent. of the total issued ordinary share capital of the Company within a rolling three-year period without prior consultation with Shareholders.

The authority sought in this Resolution 3 will expire at the conclusion of the next annual general meeting of the Company in 2015.

### ***Resolution 4: Power to purchase own shares***

This Resolution 4 replaces the existing authority to enable the Company to make purchases of its own shares and is required to be renewed because of the changes to the share capital of the Company under the B/C Share Scheme. The special resolution proposed would enable the Company to make purchases on the London Stock Exchange limited to 5,803,052 shares (equivalent to 10 per cent. of its issued share capital immediately following completion of the B/C Share Scheme), at, or between, the minimum and maximum prices specified in the Resolution. Any shares purchased by the Company pursuant to this Resolution may be immediately cancelled or held in treasury. Under the Companies Act 2006, the Company is allowed to hold its own shares in treasury following a buy-back, instead of cancelling them. Such shares may be resold for cash or used to satisfy share options but all rights attaching to them, including voting rights and any right to receive dividends are suspended whilst they are held in treasury.

However, it should not be assumed that the Board will exercise any or all of this proposed authorisation. This power would be used only after careful consideration by the Directors, having taken into account market conditions prevailing at that time, the investment needs of the Company and its overall financial

position. The Directors would exercise the proposed authority to purchase ordinary shares only if they considered it to be in the best interests of Shareholders and if the purchases could be reasonably expected to result in an increase in earnings per share.

As at 24 February 2015, options were outstanding to subscribe for 6,620,540 ordinary shares, representing 8.9 per cent. of the issued share capital of the Company. The proportion of issued share capital represented by such share options would increase to 12.7 per cent. if the full authority to purchase shares (existing and sought) is utilised by the Directors. There are no warrants outstanding and no treasury shares in issue.

The authority sought will expire at the conclusion of the annual general meeting of the Company in 2015.



## PART VI

### POWER TO CAPITALISE RESERVES AND FUNDS

*The following sets out the power of the Company to capitalise reserves and funds, as the same is proposed to be amended in the revised Articles of Association proposed to be adopted at the General Meeting. The following paragraphs will be inserted as a new Article 121 in the revised Articles of Association in substitution for and to the exclusion of Article 121 in the existing Articles of Association:*

#### **“Capitalisation of profits and reserves**

121 (1) The Company may, upon the recommendation of the board, at any time and from time to time pass an Ordinary Resolution to the effect that it is desirable to capitalise all or any part of any amount standing to the credit of any reserve or fund (including retained earnings) at the relevant time, whether or not the same is available for distribution, and accordingly that the amount to be capitalised be set free in order to be applied for distribution among the members or any class of members who would be entitled to it if it were distributed by way of dividend and in the same proportions (or, in connection with the arrangements and proposed transactions described in the circular to holders of shares in the capital of the Company dated 25 February 2015 (the “**Circular**”), in such proportions as the board determines to give effect to the arrangements and proposed transactions set out in the Circular and to any valid elections made or deemed to be made by holders of shares in the Company in respect of any of the arrangements or proposed transactions set out in the Circular) on the footing that it is applied either:

- (a) in or towards paying up the amounts unpaid at the relevant time on any shares in the Company held by those members respectively; or
- (b) in paying up in full shares, debentures or other obligations of the Company to be allotted and distributed credited as fully paid up among those members (including, in connection with the arrangements and proposed transactions set out in the Circular, shares of different or multiple classes which would be paid up and allotted and distributed credited as fully paid up among those members in accordance with the arrangements and proposed transactions set out in the Circular and any valid elections made, or deemed to be made, by holders of shares in the Company pursuant to those arrangements and proposed transactions),

or partly in one way and partly in the other, but so that, for the purposes of this Article 121 a share premium account, merger reserve and a capital redemption reserve, and any reserve or fund representing unrealised profits, may be applied only in paying up in full shares of the Company that are to be allotted and distributed as fully paid up.

- (2) The Board shall have power after the passing of any such resolution as is referred to in Article 121(1):
  - (a) to make such provision (by the issue of fractional certificates or by payment in cash or otherwise) as it thinks fit in the case of shares, debentures or obligations becoming distributable in fractions, such power to include the right for the Company to retain small amounts, the cost of distribution of which would be disproportionate to the amounts involved;
  - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing (as the case may require) either:
    - (i) for the payment up by the Company on behalf of such members (by the application thereto of their respective proportions of the profits resolved to be capitalised) of the amounts, or any part of the amounts, remaining unpaid on their existing shares, or in relation to rights to subscribe and options over shares; or

- (ii) for the allotment to such members respectively, credited as fully paid, of any further shares, debentures or obligations to which they may be entitled upon such capitalisation; and
  - (iii) any agreement made under such authority shall be effective and binding on all such members.
- (3) Any resolution proposed pursuant to the provisions of Article 121(1) may include authority for any amount to be capitalised from all or any part of any amount standing to the credit of any reserve or fund (including retained earnings) at the relevant time and whether or not the same is available for distribution, to be applied as the Directors see fit in relation to the subscription for shares under the terms of any employees share scheme adopted by the Company from time to time.
- (4) The requirement for an ordinary resolution under Article 121(1) may also be satisfied by way of a special resolution.”

## PART VII

### RIGHTS AND RESTRICTIONS ATTACHED TO THE B SHARES

*The following sets out the rights of the B Shares and the restrictions to which they are subject. These are included in the revised Articles of Association proposed to be adopted at the General Meeting. The following paragraphs will be inserted as a new Article 141 in the revised Articles of Association:*

#### **“Rights and restrictions attached to B Shares**

- 141 (1) The redeemable shares of 27 pence each in the capital of the Company (the “**B Shares**”) shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles save that in the event of a conflict between any provision in this Article 141 and any other provision in these Articles, the provisions in this Article 141 shall prevail.

#### ***Election Form***

- (2) Together with the Circular (as defined in Article 121) holders of ordinary shares in the capital of the Company who held such shares in certificated form were sent a form of election (“**Election Form**”) relating to the B Shares and the C Shares (as defined in Article 142) proposed to be issued by the Company, as more fully described in the Circular. By way of the Election Form or, where ordinary shareholders held such shares in uncertificated form, by following the instructions and taking the actions set out in the Circular, ordinary shareholders could (subject always to any Directors’ determination as to the number of B Shares and C Shares to be allotted and issued) make an election, on and subject to the terms set out in the Circular, (an “**Election**”), *inter alia*, which would result in the issue to them of B Shares to be redeemed by the Company at the Redemption Time (as defined in Article 141(7) below) (the “**Capital Option**”).

#### ***Income***

- (3) The B Shares shall confer no right to participate in the profits of the Company save for the right to redemption under Article 141(7) below.

#### ***Capital***

- (4)(a) Except as provided in Article 141(6) below, on a return of capital on winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of the B Shares shall be entitled, in priority to any payment to the holders of every other class of share in the capital of the Company (except the C Shares) but *pari passu* with any payment to the holders of C Shares, to 27 pence per B Share held by them.
- (b) On a winding up, the holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in Article 141(4)(a) above. In the event that there is a winding-up to which Article 141(4)(a) applies and the amounts available for payment are insufficient to pay the amounts due on all the B Shares in full, the holders of the B Shares shall be entitled to their *pro rata* proportion of the amounts to which they would otherwise be entitled.
- (c) The aggregate entitlement of each holder of B Shares on a winding-up in respect of all the B Shares held by him shall be rounded up to the nearest whole penny.
- (d) The holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the Company in their capacity as holders of B Shares.

#### ***Attendance and voting at general meetings***

- (5)(a) The holders of the B Shares shall not be entitled, in their capacity as holders of such B Shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting unless the business of the meeting includes the consideration of a

resolution for the winding-up of the Company (excluding any intra group reorganisation on a solvent basis), in which case the holders of the B Shares shall have the right to attend the general meeting and shall be entitled to speak and vote only on any such resolution only.

- (b) If the holders of the B Shares are entitled to vote at a general meeting of the Company in their capacity as holders of such B Shares, then, subject to any other provisions of these Articles, each holder thereof shall be entitled to vote at such general meeting whether on a show of hands or on a poll as provided in the Companies Acts. For this purpose, where a proxy is given discretion as to how to vote on a show of hands or on a poll, this shall be treated as an instruction by the relevant holder of B Shares to vote in the way in which the proxy elects to exercise that discretion.

### ***Class rights***

- (6)(a) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent to the B Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares) shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.
- (b) A reduction by the Company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.
- (c) Without prejudice to the generality of the foregoing, the Company is authorised to reduce (or purchase shares in) its capital of any class or classes and such reduction (or purchase) shall not involve a variation of any rights attaching to the B Shares for any purpose or require the consent of the holders of the B Shares.
- (d) If at any time a currency other than Sterling is accepted as legal tender in the United Kingdom in place of or in addition to Sterling, the Directors shall be entitled, without the consent of holders of ordinary shares, B Shares, C Shares or Deferred Shares (as defined in Article 143), to make such arrangements and adjustments in respect of the method of calculation and payment of any of the entitlements of holders of B Shares under these Articles as the Directors consider necessary, fair and reasonable in the circumstances to give effect to the rights attaching to the B Shares. Any such arrangements and adjustments shall not be considered to involve a variation of any rights attaching to the B Shares for any purpose.

### ***Redemption of B Shares***

- (7) Subject to the provisions of the Companies Acts and these Articles, the Company shall redeem, out of the profits available for distribution, the B Shares as follows:
  - (a) The B Shares in respect of which a valid Election has been made, or is deemed to have been made, for the Capital Option in accordance with the terms described in the Circular and (where applicable) the Election Form shall be redeemed at such time as the Directors may in their absolute discretion determine which is expected to be on or around 27 March 2015 (the “**Redemption Time**”).
  - (b) On redemption of a B Share at the Redemption Time, the Company shall be liable to pay to a holder of B Shares 27 pence (the “**Redemption Amount**”) for each B Share in respect of which a valid Election has been made, or is deemed to be made, by such holder for the Capital Option in accordance with the terms described in the Circular and (where applicable) the Election Form. The Company’s liability to pay to such holder the Redemption Amount for each such B Share shall be discharged by the Company by a payment to such holder within 25 days of the Redemption Time of the Redemption Amount for each such B Share.

- (c) In the absence of bad faith or wilful default, neither the Company nor any of its Directors, officers or employees shall have any liability to any person for any loss or damage arising as a result of the determination of the Redemption Time in accordance with Article 139(7)(a) above.
- (d) All B Shares redeemed shall be cancelled and the Company shall not be entitled to re-issue them.

***Transfer***

- (8) The B Shares shall not be listed or traded on any stock exchange nor shall any share certificates be issued in respect of such shares. Subject to such of the provisions of these Articles as may be applicable, no transfer of B Shares will be registered after 5.00 p.m. on the second Business Day prior to the Redemption Time unless determined to the contrary by the board.

***Deletion of Article when no B Shares in existence***

- (9) Article 141 shall remain in force until there are no longer any B Shares in existence, notwithstanding any provision in these Articles to the contrary. Thereafter Article 141 shall be, and shall be deemed to be, of no effect (save to the extent that the provisions of Article 141 are referred to in other Articles) and shall be deleted and replaced with the wording “Article 141 has been deleted”, and the separate register for the holders of B Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Article 141 before that date shall not otherwise be affected and any actions taken under Article 141 before that date shall be conclusive and not be open to challenge on any grounds whatsoever.

## PART VIII

### RIGHTS AND RESTRICTIONS ATTACHED TO THE C SHARES

*The following sets out the rights of the C Shares and the restrictions to which they are subject. These are included in the revised Articles of Association proposed to be adopted at the General Meeting. The following paragraphs will be inserted as a new Article 142 in the revised Articles of Association:*

#### **“Rights and restrictions attached to C Shares**

- 142 (1) The non-cumulative irredeemable preference shares of 0.000001 pence each in the capital of the Company (“**C Shares**”) shall have the rights, and be subject to the restrictions, attaching to such shares as set out in these Articles save that in the event of a conflict between any provision in this Article 142 and any other provision in these Articles, the provisions in this Article 142 shall prevail.

#### ***Election Form***

- (2) Together with the Circular, holders of ordinary shares in the capital of the Company who held such shares in certificated form were sent an Election Form relating to the B Shares and C Shares proposed to be issued by the Company, as more fully described in the Circular. By way of the Election Form or, where ordinary shareholders held such shares in uncertificated form, by following the instructions and taking the actions set out in the Circular, ordinary shareholders could make an Election, on and subject to the terms set out in the Circular, which *inter alia*, would result in the issue to them of C Shares in respect of which the C Share Dividend (as defined in Article 142(3)(a)) would be paid.

#### ***Income***

- (3)(a) Subject to the provisions of the Companies Acts and these Articles, out of the profits of the Company available for distribution, a single dividend of 27 pence per C Share (the “**C Share Dividend**”) shall automatically become payable to holders of C Shares and without the need for such dividend to be declared by the Company, the board or any other person and notwithstanding any provision to the contrary which may be set out in these Articles, at such time as the Directors may in their absolute discretion determine which is expected to be on or around 27 March 2015 (the “**Dividend Time**”):
- (i) in respect of which a valid Election to receive the C Shares has been made, or is deemed to have been made, in accordance with the terms described in the Circular and (where applicable) the Election Form; and
  - (ii) who are registered on the Company’s relevant register as holding such C Shares (that is, C Shares within (i) above) at the Dividend Time.
- (b) The Company’s liability to pay the C Share Dividend to such holder of C Shares shall be discharged by the Company by a payment to such holder within 25 days of the Dividend Time of an amount equal to the C Share Dividend.
- (c) Each C Share in respect of which the C Share Dividend becomes payable shall immediately thereupon (but without prejudice to the accrued right to receive such dividend) be reclassified as a Deferred Share as such term is defined, and having the rights and being subject to the restrictions described, in Article 143.
- (d) For the avoidance of doubt, the provisions of Article 117 (Unclaimed distributions) shall apply in respect of any and all C Share Dividends payable on or in respect of any C Shares which remain unclaimed.
- (e) In the absence of fraud or wilful default, neither the Company nor any of its Directors, officers or employees shall have any liability to any person for any loss or damage arising as a result of the determination of the Dividend Time in accordance with Article 142(3)(a) above.



## **Capital**

- (4)(a) Except as provided in Article 142(6) below, on a return of capital on winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of each C Share shall be entitled, in priority to any payment to the holders of every other class of share in the capital of the Company (except the B Shares) but *pari passu* with any payment to the holders of B Shares, to the aggregate of the amount of the nominal capital paid up or credited as paid up on such C Share held by them and an amount of 27 pence per C Share held by them.
- (b) On a winding-up, the holders of the C Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in Article 142(4)(a) above. In the event that there is a winding-up to which Article 142(4)(a) applies and the amounts available for payment are insufficient to pay the amounts due on all the C Shares in full, the holders of the C Shares shall be entitled to their *pro rata* proportion of the amounts to which they would otherwise be entitled.
- (c) The aggregate entitlement of each holder of C Shares on a winding-up in respect of all the C Shares held by him shall be rounded up to the nearest whole penny. The holders of the C Shares shall not be entitled to any further right of participation in the profits or assets of the Company in their capacity as holders of C Shares.

## **Attendance and voting at general meetings**

- (5)(a) The holders of the C Shares shall not be entitled, in their capacity as holders of such C Shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting unless the business of the meeting includes the consideration of a resolution for the winding-up of the Company (excluding any intra-group reorganisation on a solvent basis), in which case the holders of the C Shares shall have the right to attend the general meeting and shall be entitled to speak and vote only on any such resolution.
- (b) If the holders of the C Shares are entitled to vote at a general meeting of the Company in their capacity as holders of such C Shares, then, subject to any other provisions of these Articles, each holder thereof shall be entitled to vote at such general meeting whether on a show of hands or on a poll as provided in the Companies Acts. For this purpose, where a proxy is given discretion as to how to vote on a show of hands or on a poll, this shall be treated as an instruction by the relevant holder of C Shares to vote in the way in which the proxy elects to exercise that discretion.

## **Class rights**

- (6)(a) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent to the C Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the C Shares) shall be treated as being in accordance with the rights attaching to the C Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the C Shares.
- (b) A reduction by the Company of the capital paid up or credited as paid up on the C Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the C Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the C Shares.
- (c) Without prejudice to the generality of the foregoing, the Company is authorised to reduce (or purchase shares in) its capital of any class or classes and such redemption (or purchase) shall not involve a variation of any rights attaching to the C Shares for any purpose or require the consent of the holders of the C Shares.
- (d) If at any time a currency other than Sterling is accepted as legal tender in the United Kingdom in place of or in addition to Sterling, the Directors shall be entitled, without the consent of holders of ordinary shares, B Shares, C Shares or Deferred Shares, to make such arrangements and adjustments in respect of the method of calculation and payment of

any of the entitlements of holders of C Shares under these Articles as the Directors consider necessary, fair and reasonable in the circumstances to give effect to the rights attaching to the C Shares. Any such arrangements and adjustments shall not be considered to involve a variation of any rights attaching to the C Shares for any purpose.

***Transfer***

- (7) The C Shares shall not be listed or traded on any stock exchange nor shall any share certificates be issued in respect of such shares. Subject to such of the provisions of these Articles as may be applicable, no transfer of C Shares will be registered after 5.00 p.m. on the second business day prior to the Dividend Time unless determined to the contrary by the board.

***Deletion of Article when no C Shares in existence***

- (8) Article 142 shall remain in force until there are no longer any C Shares in existence, notwithstanding any provision in these Articles to the contrary. Thereafter Article 142 shall be, and shall be deemed to be, of no effect (save to the extent that the provisions of Article 142 are referred to in other Articles) and shall be deleted and replaced with the wording “Article 142 has been deleted”, and the separate register for the holders of C Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Article 142 before that date, and accrued rights in respect of the payment of dividends arising before that date, shall not otherwise be affected and any actions taken under Article 142 before that date shall be conclusive and not be open to challenge on any grounds whatsoever.”

## PART IX

### RIGHTS AND RESTRICTIONS ATTACHED TO THE DEFERRED SHARES

*The following sets out the rights of the Deferred Shares and the restrictions to which they are subject. These are included in the revised Articles of Association proposed to be adopted at the General Meeting. The following paragraphs will be inserted as a new Article 143 in the revised Articles of Association:*

#### **“Rights and restrictions attached to Deferred Shares**

- 143 (1) The deferred shares of 0.000001 pence each in the capital of the Company (“**Deferred Shares**”) shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles save that in the event of a conflict between any provision in this Article 143 and any other provision in these Articles, the provisions in this Article 143 shall prevail.

#### ***Income and Capital***

- (2) The Deferred Shares shall confer no right to participate in the profits of the Company.
- (3) On a return of capital on a winding-up (excluding any intra-group reorganisation on a solvent basis), there shall be paid to the holders of the Deferred Shares the nominal capital paid up, or credited as paid up, on such Deferred Shares only after:
- (a) firstly, paying to the holders of the B Shares and (to the extent outstanding) the holders of the C Shares *pari passu* as if the same were consolidated as one class, the amounts they are entitled to receive on a winding up in accordance with their terms; and
  - (b) secondly, paying to the holders of the ordinary shares the nominal capital paid up or credited as paid up on the ordinary shares held by them respectively, together with the sum of £100,000,000 on each ordinary share,
- and the holders of the Deferred Shares shall not be entitled to any further right of participation in the assets of the Company.

#### ***Attendance and voting at general meetings***

- (4) The holders of the Deferred Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting.

#### ***Class rights***

- (5)(a) The Company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority to the Deferred Shares, and on such creation, allotment or issue any such further shares (whether or not ranking in any respect in priority to the Deferred Shares) shall be treated as being in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the Deferred Shares.
- (b) The reduction by the Company of the capital paid up on the Deferred Shares shall be in accordance with the rights attaching to the Deferred Shares and shall not involve a variation of such rights for any purpose and the Company shall be authorised at any time to reduce its capital (in accordance with the Companies Acts) without obtaining the consent of the holders of the Deferred Shares.
- (c) Without prejudice to the foregoing, the Company is authorised to reduce (or purchase shares in) its capital of any class or classes and such reduction (or purchase) shall not be considered to involve a variation of any rights attaching to the Deferred Shares for any purpose or require the consent of the holders of the Deferred Shares.

***Form***

- (6) The Deferred Shares shall not be listed or traded on any stock exchange nor shall any share certificates be issued in respect of such shares. The Deferred Shares shall not be transferable except in accordance with Article 143(7) below or with the written consent of the Directors.

***Transfer and purchase***

- (7) The Company shall at any time (and from time to time) (subject to the provisions of the Companies Acts) without obtaining the sanction of the holder or holders of the Deferred Shares:
  - (a) appoint any person to execute on behalf of any holder of Deferred Shares a transfer of all of the Deferred Shares or any part thereof (and/or an agreement to transfer the same) to the Company or to such person as the Directors may determine (whether or not an officer of the Company), in any case for not more than the aggregate amount of one penny for all the Deferred Shares then being transferred; and
  - (b) cancel all or any of the Deferred Shares purchased or acquired by the Company in accordance with the Companies Acts.

***Deletion of Article when no Deferred Shares in existence***

- (8) Article 143 shall remain in force until there are no longer any Deferred Shares in existence, notwithstanding any provision in these Articles to the contrary. Thereafter Article 143 shall be, and shall be deemed to be, of no effect (save to the extent that the provisions of Article 143 are referred to in other Articles) and shall be deleted and replaced with the wording “Article 143 has been deleted”, and the separate register for the holders of Deferred Shares shall no longer be required to be maintained by the Company; but the validity of anything done under Article 143 before that date shall not otherwise be affected and any actions taken under Article 143 before that date shall be conclusive and not be open to challenge on any grounds whatsoever.”

## PART X

### TAXATION

*The following comments do not constitute tax advice and are intended only as a guide to current United Kingdom law and HMRC's published practice (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the Taxation treatment of Shareholders and are intended to apply only to Shareholders who are resident in the United Kingdom for tax purposes and who are and will be the absolute beneficial owners of their Existing Ordinary Shares, New Ordinary Shares, B Shares, C Shares and Deferred Shares and who hold, and will hold, them as investments (and not as securities to be realised in the course of a trade). They may not apply to certain Shareholders, such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation, Shareholders who acquire or acquired their Existing Ordinary Shares under the Share Option Schemes and Shareholders who have (or are deemed to have) acquired their Existing Ordinary Shares by virtue of an office or employment. Such persons may be subject to special rules. The position may be different for future transactions and may alter between the date of this Circular and the implementation of the B/C Share Scheme.*

**Shareholders who are in any doubt as to their tax position or who are subject to taxation in a jurisdiction other than the United Kingdom should consult an appropriate professional adviser.**

#### **1. Capital Reorganisation**

For the purposes of the United Kingdom taxation of capital gains and corporation tax on chargeable gains ("CGT")

- (A) the issue of the B Shares and the C Shares and the Share Capital Consolidation should be treated as a reorganisation of the Company's share capital which should not be treated as a taxable event for CGT purposes;
- (B) the receipt of B Shares, C Shares and New Ordinary Shares arising from the Capital Reorganisation should be a reorganisation of the share capital of the Company. Accordingly, the Shareholder's resultant holding of the B Shares, C Shares and New Ordinary Shares will together be treated as the same asset as the Shareholder's holding of the Existing Ordinary Shares and as having been acquired at the same time, and for the same consideration, as that of the holding of Existing Ordinary Shares;
- (C) upon a subsequent disposal of all or part of the Shareholder's B Shares, C Shares or New Ordinary Shares, a Shareholder's aggregate CGT base cost in such Shareholder's holding of Existing Ordinary Shares will be apportioned between the B Shares, C Shares and the New Ordinary Shares by reference to their respective values on the first day on which the New Ordinary Shares are listed; and
- (D) the sale, on behalf of relevant Shareholders, of fractional entitlements to New Ordinary Shares resulting from the Share Capital Consolidation (where applicable) should not generally constitute a part disposal for CGT purposes. Instead the amount of any payment received by the Shareholder will be deducted from the base cost of the New Ordinary Shares received. If the amount of any payment received exceeds the Shareholder's base cost in the shares, that will give rise to a part disposal of those shares for CGT purposes but that shareholder may elect (in effect) for the excess to be treated as a capital gain and to give up any relevant base that he has in his shares.

The issue of the B Shares and the C Shares, the Share Capital Consolidation and the reclassification of the C Shares into Deferred Shares (where applicable) should not give rise to any liability to United Kingdom income tax (or corporation tax on income) in a Shareholder's hands.

#### **2. Alternative 1 (Income Option)**

The tax treatment of the C Share Dividend will be the same as that of any other dividend paid by the Company. Accordingly, that tax treatment will follow the current tax treatment of dividends, which is as summarised below.

## ***General***

There is no United Kingdom withholding tax on dividends paid by the Company.

### ***Individual Shareholders within the charge to United Kingdom income tax***

When the Company pays a dividend to a Shareholder who is an individual resident (for tax purposes) in the United Kingdom, the Shareholder will be entitled to a tax credit equal to one-ninth of the dividend received. The dividend received plus the related tax credit (the “**gross dividend**”) will be part of the Shareholder’s total income for United Kingdom income tax purposes and will, generally, be regarded as the top slice of that income. However, in calculating the Shareholder’s liability to income tax in respect of the gross dividend, the tax credit (which equates to 10 per cent. of the gross dividend) is set off against the tax chargeable on the gross dividend.

#### ***Basic Rate Taxpayers***

In the case of a Shareholder who is liable to income tax at the basic rate only, the Shareholder will be subject to tax on the gross dividend at the rate of 10 per cent. The tax credit will, in consequence, satisfy in full the Shareholder’s liability to income tax on the gross dividend.

#### ***Higher Rate Taxpayers***

To the extent that, after taking into account the Shareholder’s other taxable income, the gross dividend falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax, the Shareholder will be subject to tax on the gross dividend at the rate of 32.5 per cent. This means that the tax credit will satisfy only part of the Shareholder’s liability to income tax on the gross dividend, so that to that extent the Shareholder will have to account for income tax equal to 22.5 per cent. of the gross dividend (which equates to 25 per cent. of the dividend received). For example, assuming the entire gross dividend falls above the higher rate threshold and below the additional rate threshold, a dividend of £90 from the Company would represent a gross dividend of £100 (after the addition of the tax credit of £10) and the Shareholder would be required to account for income tax of £22.50 on the dividend, being £32.50 (i.e. 32.5 per cent. of £100) less £10 (the amount of the tax credit).

#### ***Additional Rate Taxpayers***

To the extent that, after taking into account the Shareholder’s other taxable income, the gross dividend falls above the threshold for the additional rate of income tax, the Shareholder will be subject to tax on the gross dividend at the rate of 37.5 per cent. This means that the tax credit will satisfy only part of the Shareholder’s liability to income tax on the gross dividend, accordingly the Shareholder will have to account for income tax equal to 27.5 per cent. of the gross dividend (which equates to approximately 30.56 per cent. of the dividend received). For example, assuming the entire gross dividend falls above the additional rate threshold, a dividend of £90 from the Company would represent a gross dividend of £100 (after the addition of the tax credit of £10) and the Shareholder would be required to account for income tax of £27.50 on the dividend, being £37.50 (i.e. 37.5 per cent. of £100) less £10 (the amount of the tax credit).

### ***Corporate Shareholders within the charge to United Kingdom corporation tax***

Shareholders within the charge to United Kingdom corporation tax which are “small companies” (for the purposes of United Kingdom taxation of dividends) should not generally expect to be subject to tax on dividends from the Company.

Other Shareholders within the charge to United Kingdom corporation tax should not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. There are a number of exempt classes. One example is a dividend paid to a United Kingdom corporate Shareholder holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital in respect of which the dividend is paid). Shareholders will need to ensure that they satisfy the requirements of any exempt class before treating any dividend as exempt, and seek appropriate professional advice where necessary.

#### ***No payment of tax credit***

A Shareholder (whether an individual or a company) who is not liable to tax on dividends from the Company will not be entitled to claim payment of the tax credit in respect of those dividends.



### ***Non-residents***

The right of a Shareholder who is not resident (for tax purposes) in the United Kingdom to a tax credit in respect of the C Share Dividend and to claim payment from HM Revenue & Customs of any part of that tax credit will depend on the existence and terms of any double tax treaty between the United Kingdom and the country in which the Shareholder is resident for tax purposes. A Shareholder resident outside the United Kingdom (for tax purposes) may also be subject to foreign taxation on dividend income under their local law. Shareholders who are not resident in the United Kingdom (for tax purposes) should consult their own tax adviser concerning their tax liabilities on dividends received from the Company.

### ***Taxation of chargeable gains***

For CGT purposes, the C Share Dividend (and the consequent reclassification of the C Shares into Deferred Shares) should not be treated as giving rise to a disposal, or part disposal, of the C Shares. Shareholders who receive the C Share Dividend should note that, consequent to the Capital Reorganisation, a proportion of the base cost, for CGT purposes, of their Existing Ordinary Shares will be attributed to the C Shares; and this amount will continue to be attributed to those C Shares following their reclassification into Deferred Shares (notwithstanding that the Deferred Shares have limited rights or value). Correspondingly, only a proportion of the base cost for CGT purposes of the original holding of Existing Ordinary Shares will be available on a disposal of New Ordinary Shares.

A disposal of the Deferred Shares will be treated in the same way as outlined in paragraph 1 of Section 1 of this Part X and may result in a Shareholder realising a capital loss. However, whilst the Company does not expect it to apply, Shareholders liable to corporation tax should be aware of section 31 of the Taxation of Chargeable Gains Act 1992 (“**TCGA 92**”). This particular section of TCGA 92 can, in certain circumstances, apply to capital transactions which may result in the consideration (if any) actually received on a disposal of shares being increased by such amount as is just and reasonable having regard to any previous transaction which has reduced the value of those shares. Shareholders that are liable to corporation tax and own 10 per cent. or more of the C Shares should also note that it is possible that sections 176 and 177 of TCGA 92 could be regarded as being applicable to such a Shareholder on a disposal of the Deferred Shares. Such Shareholders are urged to consult an appropriate professional adviser.

### **3. Alternative 2 (Capital Option)**

The redemption of the B Shares at nominal value should be treated as a repayment of capital on those shares for United Kingdom tax purposes and accordingly be treated as a disposal of those shares. This may, subject to the Shareholder’s individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of CGT.

Any gain or loss will be calculated by reference to the difference between the redemption price and the element of the Shareholder’s original base cost in their Existing Ordinary Shares that is attributed to the relevant B Shares and C Shares. The amount of the base cost which will be attributed to the B Shares and the C Shares will be determined as outlined in paragraph 1 of Section 1 of this Part X.

The amount of CGT, if any, payable by a Shareholder who is an individual as a consequence of the redemption of the B Shares who is an individual will depend on his or her own personal tax position. No tax should be payable on any gain realised on a redemption of the B Shares if the amount of the net chargeable gains realised by a Shareholder, when aggregated with other net gains realised by that Shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual personal allowance being £11,000 for the tax year 2014/2015. Broadly, any gains in excess of this amount will be taxed at a rate of 18 per cent. for a taxpayer paying tax at the basic rate and 28 per cent. for a taxpayer paying tax at a rate above the basic rate of income tax. Where the gains of a basic rate taxpayer subject to CGT exceed the unused part of his basic rate band, that excess is subject to tax at the 28 per cent. rate.

Shareholders should note that new legislation has been proposed as part of the Finance Bill 2015. If brought into force as proposed, this legislation would have the effect of treating any proceeds received by Shareholders under the Capital Option after 5 April 2015 as equivalent to a dividend and so taxable as described in Section 2 of this Part X.

**Shareholders who will receive their redemption proceeds by way of cheque are advised to present payment as soon as possible and in any event by no later than 5 April 2015.**

A corporate Shareholder is normally taxable on all of its chargeable gains, subject to any reliefs and exemptions. Corporate shareholders should be entitled to indexation allowance up to the date the chargeable gain is realised.

#### **4. Dividends payable on the New Ordinary Shares**

Dividends payable on the New Ordinary Shares should be subject to United Kingdom income tax or United Kingdom corporation tax on income under the rules applicable to dividends. The current tax treatment of dividends is as outlined in Section 2 of this Part X.

#### **5. Stamp duty and stamp duty reserve tax (“SDRT”)**

No stamp duty or SDRT should be payable on the issue of the B Shares, C Shares or the New Ordinary Shares (unless the Shareholder receiving B Shares, C Shares or the New Ordinary Shares is a depository or clearance service, where special rules apply). No stamp duty or SDRT will be payable on, or as a result of, the redemption of the B Shares. No stamp duty or SDRT will be payable by Shareholders on the Share Capital Consolidation.

No stamp duty or SDRT will be payable by Shareholders on, or as a result of, the reclassification of the C Shares into Deferred Shares.

An agreement to sell B Shares, C Shares or New Ordinary Shares will normally give rise to a liability on the purchaser to SDRT, at the rate of 0.5 per cent. of the actual consideration paid. If an instrument of transfer of the B Shares, C Shares or the New Ordinary Shares is subsequently produced it will generally be subject to stamp duty at the rate of 0.5 per cent. of the actual consideration paid (rounded up to the nearest £5). When such stamp duty is paid, the SDRT charge will be cancelled and any SDRT already paid will be refunded. Stamp duty and SDRT are generally the liability of the purchaser.

For the avoidance of doubt, any acquisition of the Deferred Shares by the Company will not give rise to any liability to stamp duty or SDRT for the relevant Shareholder. Any such liability in connection with the C Shares will fall on the Company, not the “selling” Shareholder.

#### **6. Transactions in Securities**

Under section 684 Income Tax Act 2007 (for individuals), HMRC can, in certain circumstances, counteract tax advantages arising in relation to a transaction or transactions in securities. If section 684 were to be successfully invoked against any Shareholder, that Shareholder would be likely to be taxed as though the consideration for the sale of their B Shares was dividend income rather than a capital receipt.

A similar adjusting provision applies for companies under the provisions of Part 15 of the Corporation Tax Act 2010. If section 737 Corporation Tax Act 2010 were to apply, those Shareholders who elected to receive a capital return might be liable to taxation as if they had received an income amount.

The Company has been advised that it is unlikely that either of the above two provisions should apply to the circumstances of the proposed B/C Share Scheme.

## **PART XI**

### **ADDITIONAL INFORMATION**

#### **1. Summary of the rights and restrictions attaching to the New Ordinary Shares**

The rights and restrictions attaching to the New Ordinary Shares will be the same as the rights and restrictions set out in the Articles of Association in respect of the Existing Ordinary Shares, amended as proposed at the General Meeting. These may be summarised as regards income, return of capital and voting, as follows:

##### ***Income***

- (a) Subject to the payment of the C Share Dividend, the holders of the New Ordinary Shares shall be entitled to be paid any further profits of the Company available for distribution and determined to be distributed. Any dividend payable on the New Ordinary Shares which has remained unclaimed for 12 years from the date when it was declared or became due for payment shall be forfeited and shall revert to the Company unless the Board decides otherwise;

##### ***Capital***

- (b) On a return of capital on a winding-up (excluding any intra-group reorganisation on a solvent basis), after paying such sums as may be due in priority to the holders of any other class of shares in the capital of the Company (including the B Shares and the C Shares), any further such amount shall be paid to the holders of the New Ordinary Shares rateably according to the amounts paid up or credited as paid up in respect of each New Ordinary Share and £100,000,000 per New Ordinary Share. Any further such amount remaining after payments to the holders of New Ordinary Shares shall be paid to the holders of the Deferred Shares up to the nominal value paid up or credited as paid up on such shares in accordance with the Articles of Association as adopted pursuant to the Resolutions; and

##### ***Voting***

- (c) The holders of the New Ordinary Shares shall be entitled, in respect of their holding of such shares and subject to relevant provisions of the revised Articles of Association, to receive notice of any general meeting of the Company and to attend and vote at any such general meeting. At any such meeting, on a show of hands, every holder of New Ordinary Shares present in person shall have one vote and every such holder present in person or by proxy shall upon a poll have one vote for every New Ordinary Share of which he is the holder.

#### **2. Form**

The New Ordinary Shares and the B Shares, C Shares and Deferred Shares are not renounceable and (with the exception of the Deferred Shares, which are not generally transferable and, in respect of the C Shares, subject to the applicable restrictions set out in the revised Articles of Association) will be transferable by an instrument of transfer in usual or common form. The New Ordinary Shares and the B Shares, C Shares and Deferred Shares will be in registered form. The Company will apply for the New Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the New Ordinary Shares may take place within the CREST system in respect of general market transactions.

#### **3. CREST and electing in CREST**

Shareholders who hold their Existing Ordinary Shares in CREST will, following the Share Capital Consolidation, have their CREST accounts credited with New Ordinary Shares under ISIN GB00BVVHWX30 on the Admission Date.

Shareholders holding their Existing Ordinary Shares in CREST will not be sent an Election Form with this Circular. Their election will be by means of a TTE Instruction.

Such Shareholders should take (or procure to be taken) the action set out below to transfer by means of a TTE Instruction the number of Existing Ordinary Shares held at the Record Time (expected to be 6.00 p.m. on 18 March 2015) in respect of which they are making an election to an escrow balance, specifying Capita Asset Services in its capacity as a CREST Receiving Agent (under participant ID RA10) as the escrow agent, as soon as possible and in any event so that the transfer to escrow settles not later than 1.00 p.m. on 18 March 2015. If Shareholders sell or transfer any Existing Ordinary Shares registered in their name(s) before the Record Time or purchase additional Existing Ordinary Shares, they should take care to ensure that their election is in respect of the number of Existing Ordinary Shares that will be registered in their name(s) at the Record Time.

If Shareholders are CREST personal members, they should refer to their CREST sponsor before taking any action. CREST sponsors will be able to confirm details of Shareholders' participant ID and the member account ID under which their Existing Ordinary Shares are held. In addition, only CREST sponsors will be able to give the TTE Instruction to Euroclear by which Shareholders are making their election.

### ***Electing for the Capital Option***

Shareholders are required to make an election in order to receive the Capital Option. Shareholders should give (or, if they are a CREST personal member, procure that their CREST sponsor gives) a TTE Instruction, which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for the TTE Instruction to settle in CREST, the following details:

- the number(s) of Existing Ordinary Shares to be transferred to the escrow account;
- your member account ID;
- your participant ID;
- the ISIN, which is GB0005869531;
- the corporate action number of the B Share Scheme. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- the intended settlement date for the transfer to escrow, which should be as soon as possible and in any event not later than 1.00 p.m. on 18 March 2015;
- the standard delivery instruction priority of 80; and
- the name and contact number inserted in the shared note field.

In order for an uncertificated election to be valid, the TTE Instruction must comply with the requirements as to authentication and contents set out above and must settle by 1.00 p.m. on 18 March 2015.

### ***Income Option***

Shareholders who hold their Existing Ordinary Shares in CREST and who wish to elect for the Income Option in respect of all their C Share Entitlement need take no action. Shareholders who do not give a TTE Instruction will automatically receive the C Share Dividend in respect of all their C Share Entitlement.

Shareholders who hold their Existing Ordinary Shares in CREST and who wish to elect for the Capital Option in respect of some or all of their B Share Entitlement, should give (or, if they are a CREST personal member, procure that their CREST sponsor gives) a TTE Instruction with the following information, in addition to the information listed above:

- the participant ID of Capita Asset Services which is RA10; and
- the member account ID of Capita Asset Services which for these purposes is 28484MIC.

***Overseas Shareholders and Shareholders resident or with a registered address in a Restricted Territory***

Overseas Shareholders should note that, by making a valid election for the Capital Option, such Shareholders will be deemed to represent, warrant, undertake and/or agree (as applicable) to the terms set out in paragraph 6 of Part V of this Circular. Furthermore, Shareholders resident, or with a registered address, in a Restricted Territory will only be eligible to receive the C Share Dividend under the Income Option, and as a result do not need to take any action.

***Validity of Elections***

Shareholders who do not make a valid election will be deemed to have elected for the Income Option in respect of ALL of their C Share Entitlement.

***The default position where a Shareholder makes an election which in total is less than their holding of Existing Ordinary Shares at the Record Time***

If Shareholders send a TTE Instruction which details, or TTE Instructions which together detail, a number of Existing Ordinary Shares to be transferred to the escrow account which in total is less than their holding of Existing Ordinary Shares at the Record Time, they will be deemed to have elected for the Income Option in respect of the balance of their holding.

***Dematerialisation of Existing Ordinary Shares following election***

If the Existing Ordinary Shares to which any election made on the enclosed Election Form relates are currently held in certificated form and are dematerialised into uncertificated form after the relevant Election Form has been submitted but before the Election Deadline, such election will become invalid. Shareholders who subsequently hold such Existing Ordinary Shares in uncertificated form in CREST will need to give a valid TTE Instruction in place of the submitted Election Form by the Election Deadline.

**4. Methods of Election – General**

The Directors shall determine all questions as to the form and validity (including time and place of receipt) of any TTE Instruction or Election Form in their absolute discretion, which determination shall be final and binding. The Directors also reserve the absolute right to waive any defect or irregularity in relation to, or in relation to the receipt of, any TTE Instruction or Election Form completed by or on behalf of any Shareholder, and such determination will be binding on such Shareholder. The Directors shall not be liable to Shareholders for any loss arising from the determination of questions as to the form and validity (including time and place of receipt) of any TTE Instruction or Election Form. The Directors shall not be under any duty to give notification of any defect or irregularity in any TTE Instruction or Election Form or incur any liability for failure to give any such notice.

After the end of the Election Period, any election made is irrevocable. If the Election Period is extended, withdrawal rights will also be extended (withdrawal rights are described more fully in paragraph 5 of Part V of this Circular). No authority conferred by or agreed to by giving of a TTE Instruction will be affected by, and all such authority will survive, the death or incapacity of the relevant Shareholder giving such instruction. All obligations of such Shareholder will be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

B Shares and/or C Shares which are transferred or otherwise disposed of shall remain subject to the relevant Shareholder's election (or deemed election) for any Share Alternatives made in respect of such B Shares and/or C Shares.

## **5. Warrants and options**

As at 24 February 2015, the total number of outstanding options to subscribe for Existing Ordinary Shares, and the proportions of issued share capital that they currently represent and that they will represent following the Return of Value are set out in the table below:

<i>Number of Options</i>	<i>Percentage of Existing Ordinary Share capital</i>	<i>Percentage of New Ordinary Share capital following the Return of Value</i>
6,620,540	8.9%	11.4%

As at 24 February 2015, there are no outstanding warrants to subscribe for Existing Ordinary Shares.

## **6. Consent**

Investec Bank plc has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references to it in the form and context in which they appear.

## **7. Documents available for inspection**

Copies of the following documents may be inspected at the offices of Brown Rudnick LLP, 8 Clifford Street, London W1S 2LQ and at the Company's registered office, during usual business hours on any weekday (public holidays excepted), up to and including the date of the General Meeting and will also be available for inspection at the General Meeting for at least 15 minutes before the General Meeting and until the General Meeting ends:

- (a) the existing Articles of Association of the Company together with a mark up showing the amendments proposed to the Company's existing Articles of Association;
- (b) the new Articles of Association of the Company proposed to be adopted at the General Meeting;
- (c) the written consent referred to in paragraph 6 of this Part XI; and
- (d) a copy of this Circular.

**25 February 2015**



## PART XII

### DEFINITIONS

The following definitions apply throughout this Circular unless the context requires otherwise:

Admission	admission of the New Ordinary Shares to (i) the Official List and (ii) trading on the London Stock Exchange's main market for listed securities becoming effective, in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards;
Admission Date	19 March 2015 (or such other date as the Directors may determine);
Articles or Articles of Association	the articles of association of the Company;
B/C Share Entitlement	the entitlement of Shareholders to receive one B Share or one C Share for each Existing Ordinary Share held at the Record Time and, where the context requires, the aggregate entitlement of a Shareholder to receive B and/or C Shares;
B/C Share Scheme or Return of Value	the proposed transactions comprising the Capital Reorganisation and the return of 27 pence per Existing Ordinary Share by way of the Share Alternatives (including the proposed transactions comprising the issuance of the B Shares and/or the C Shares);
B Shares	the redeemable shares of 27 pence each in the capital of the Company carrying the rights and restrictions set out in Part VII of this Circular;
BACS	the Bankers Automated Clearing System;
Board or Directors	the board of directors of Microgen plc;
Business Day	a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business;
C Share Dividend or C Share Entitlement	the proposed dividend of 27 pence per C Share;
C Shares	the non-cumulative irredeemable shares of 0.000001 pence each in the capital of the Company carrying the rights and restrictions set out in Part VIII of this Circular;
Capita Asset Services	a trading name of Capita Registrars Limited;
Capital Option	the allotment of B Shares to be redeemed by the Company on the Effective Date, or such later date as the Directors may determine, in their absolute discretion;
Capital Reorganisation	the proposed reorganisation of the Company's share capital comprising the issue of the B Shares and/or the C Shares and the Share Capital Consolidation;
Circular	this document;
Companies Act	the Companies Act 2006, as amended;
Company or Microgen	Microgen plc, a company incorporated under the laws of England and Wales with registered number 01602662;

CREST	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
CREST Manual	the CREST manual issued by Euroclear;
CREST Member	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);
CREST Participant	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
CREST Proxy Instruction	the instruction whereby CREST members send a CREST message appointing a proxy for the General Meeting and instructing the proxy how to vote and containing the information set out in the CREST Manual;
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
CREST Sponsor	a CREST participant admitted to CREST as a CREST sponsor being a sponsoring system participant (as defined in the CREST Regulations);
CREST Sponsored Member	a CREST member admitted to CREST as a sponsored member;
Deferred Shares	the deferred shares of 0.000001 pence each in the capital of the Company carrying the rights and restrictions summarised in Part IX of this Circular;
Disclosure and Transparency Rules or DTRs	the Disclosure and Transparency Rules of the FCA;
Dividend Time	such date as the Directors in their absolute discretion may determine, which is expected to be 27 March 2015, being the date on which the C Share Dividend will become payable;
Effective Date	such date as the Directors in their absolute discretion may determine, which is expected to be 27 March 2015, being the date on which the C Share Dividend will become payable and the B Shares issued under the Capital Option will be redeemed;
Election Deadline	1.00 p.m. on 18 March 2015 (or such other time and/or date as the Directors may in their absolute discretion determine);
Election Form or Election	the form enclosed with this Circular by which Shareholders (other than Overseas Shareholders resident, or with a registered address, in a Restricted Territory) holding Ordinary Shares in certificated form may elect for the Share Alternatives being an “Election” thereunder;
Election Period	the period from the date of this Circular until the Election Deadline, during which time Shareholders (other than Overseas Shareholders resident, or with a registered address, in a Restricted Territory) may make elections for one or more of the Share Alternatives;
ESA Message	a message through CREST to Capita Asset Services in its capacity as escrow agent requesting a withdrawal of Existing Ordinary Shares from the escrow balance
Euroclear	Euroclear United Kingdom & Ireland Limited;

Existing Ordinary Shares	the ordinary shares of 5 pence each in the capital of the Company;
FCA	the Financial Conduct Authority;
Form of Proxy	the form of proxy enclosed with this Circular for use by Shareholders in connection with the General Meeting;
FSMA	the Financial Services and Markets Act 2000, (as amended);
General Meeting	the general meeting of the Company, to be held at Old Change House, 128 Queen Victoria Street, London EC4V 4BJ at 10.30 a.m. on Wednesday 18 March 2015;
Group	Microgen and its subsidiaries and subsidiary undertakings from time to time;
HMRC	HM Revenue & Customs;
Income Option	the allotment of C Shares in respect of which the C Share Dividend will become payable on the Effective Date;
Investec	Investec Bank plc;
Listing Rules	the Listing Rules of the United Kingdom Listing Authority;
London Stock Exchange	London Stock Exchange plc;
Share Option Schemes	the existing Microgen employee share option schemes;
Member Account ID	the identification code or number attached to any member account in CREST;
New Ordinary Shares	the ordinary shares of 6 $\frac{3}{4}$ pence each in the Company, arising as a result of the Share Capital Consolidation;
Notice of General Meeting	the notice of the General Meeting which appears at the end of this Circular;
Official List	the Official List of the FCA;
Ordinary Shares	as the context permits, Existing Ordinary Shares or New Ordinary Shares;
Overseas Shareholders	Shareholders who are not resident in the United Kingdom or who are citizens, residents or nationals of a country other than the United Kingdom or who have a registered address which is not in the United Kingdom. For the avoidance of doubt, Shareholders who are not resident in the United Kingdom include Shareholders who are resident in the Channel Islands or the Isle of Man;
Participant ID	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
Payment Date	such date as the Directors in their absolute discretion may determine which is expected to be by no later than 1 April 2015, the date on which cash is expected to be sent to Shareholders under the Income Option and the Capital Option;
Receiving Agent and Registrars	Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
Record Time	6.00 p.m. on 18 March 2015 (or such other time and date as the Directors may determine);

Redemption Time	such date as the Directors in their absolute discretion may determine, which is expected to be 27 March 2015, being the date on which the B Shares issued under the Capital Option will be redeemed;
Regulatory Information Service	any of the services set out in Appendix 3 to the Listing Rules;
Resolutions	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting;
Restricted Shareholders	Means any Shareholder resident, or with a registered address, in a Restricted Territory;
Restricted Territories	the United States, Canada, Australia, Japan, the Republic of South Africa and Republic of Ireland. Restricted Territory means any of them;
Return of Value	the return to Shareholders of approximately £20 million by way of the B/C Share Scheme as described in this Circular;
Share Alternatives or Share Entitlement	either the Income Option and the Capital Option, or any of them as the context may require;
Share Capital Consolidation	the proposed subdivision and consolidation of share capital, as more fully described in paragraph 3 of Part V of this Circular;
Shareholders	holders of Ordinary Shares and, where the context so requires, holders of B Shares and/or C Shares and/or Deferred Shares;
Share Option Schemes	means the share option schemes of the Company;
Share Options	means options over Ordinary Shares pursuant to the Share Option Schemes;
Share Scheme Nominal Adjustment	means the additional £78,500 to be capitalised from the Company's reserves for the purposes described in paragraph 7(c) of Part I of the Circular;
Sterling or £	the lawful currency of the United Kingdom;
Taxation	means any form of taxation or duty imposed by HMRC at any time including retrospective action;
TTE Instruction(s)	a transfer to escrow instruction (as defined by the CREST Manual);
United Kingdom or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
United Kingdom Listing Authority	the FCA in its capacity as competent authority under the Financial Services and Markets Act 2000;
Uncertificated or uncertificated form	Ordinary Shares which are recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
United States or US	the United States of America, its territories, possessions, any state of the United States of America or the District of Columbia;
US Dollar or US\$ or \$	the lawful currency of the United States; and
US Securities Act	the United States Securities Act of 1933 (as amended) and the rules and regulations promulgated thereunder.

## MICROGEN plc

*(Incorporated in England and Wales with registered number 01602662)*

### NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a general meeting of Microgen plc (the “**Company**”) will be held at Old Change House, 128 Queen Victoria Street, London EC4V 4BJ on Wednesday, 18 March 2015 at 10.30 a.m. (or at any adjournment thereof) for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1, 3 and 4 shall be each proposed as a special resolution and resolution 2 as an ordinary resolution:

#### SPECIAL RESOLUTION

1. **THAT**, conditional upon the New Ordinary Shares (as defined below) being admitted to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange plc’s main market for listed securities by 8.00 a.m. on 19 March 2015 (or such later time and/or date as the Directors may in their absolute discretion determine) (“**Admission**”):

(A) the draft articles of association produced to the meeting, marked “A” and signed by the Chairman of the meeting for identification purposes, (the “**New Articles of Association**”) be and are hereby approved and adopted as the articles of association of the Company with effect from Admission in substitution for, and to the exclusion of, all existing articles of association of the Company;

(B) the Directors of the Company be and are hereby generally and unconditionally authorised:

(i) to capitalise a sum not exceeding £8,035,493 standing to the credit of the Company’s share premium account and £12,109,396 standing to the credit of the Company’s merger reserve, and to apply such aggregate sums in paying up in full up to the maximum number of redeemable shares of 27 pence each in the capital of the Company carrying the rights and restrictions set out in Article 141 of the New Articles of Association (the “**B Shares**”) that may be allotted pursuant to the authority given by sub-paragraph (B)(iv)(a) below;

(ii) to capitalise a sum not exceeding £1 standing to the credit of the Company’s share premium account, and to apply such aggregate sum in paying up in full up to the maximum number of non-cumulative irredeemable shares of 0.000001 pence each in the capital of the Company carrying the rights and restrictions set out in article 142 of the New Articles of Association (the “**C Shares**”) that may be allotted pursuant to the authority given by sub-paragraph (B)(iv)(b) below;

(iii) to capitalise a sum not exceeding £78,500 standing to the credit of the Company’s share premium account and for the Directors to apply such sum in paying up in whole or in part (as they shall see fit) subscriptions for shares pursuant to the terms of any employees share schemes of the Company; and

(iv) pursuant to section 551 of the Companies Act 2006 (the “**Act**”) to exercise all powers of the Company to allot and issue credited as fully paid up (provided that the authority hereby confirmed shall expire at the conclusion of the next annual general meeting of the Company in 2015):

(a) B Shares up to an aggregate nominal amount of £20,144,889; and

(b) C Shares up to an aggregate nominal amount of £1,

in each case to the holders of the ordinary shares of 5 pence in the capital of the Company (the “**Existing Ordinary Shares**”) on the basis of one B Share or one C Share for each Existing Ordinary Share held and recorded on the register of members of the Company at 6.00 p.m. on 18 March 2015 (or such other time and/or date as the Directors may determine), in accordance with (i) the terms of the circular sent by the Company to its shareholders on 25 February 2015 (the “**Circular**”), (ii) the Directors’ determination (as described in the

Circular) as to the number of B Shares and C Shares to be allotted and issued, and (iii) subject to the terms set out in the Circular and the aforementioned Directors' determination, valid elections made (or deemed to be made) by the holders of the Existing Ordinary Shares pursuant to the terms of the Circular as to whether to receive B Shares and/or C Shares;

- (C) each Existing Ordinary Share, as shown in the register of members of the Company at 6.00 p.m. on 18 March 2015 (or such other time and/or date as the Directors may in their absolute discretion determine), be and is hereby sub-divided into 7 undesignated shares of  $\frac{357}{500}$  of a penny each in the capital of the Company (each an “**undesignated share**”) and forthwith upon such sub-division every 9 undesignated shares of  $\frac{357}{500}$  of a penny pence each be and are hereby consolidated into one new ordinary shares of 6 $\frac{3}{4}$  pence each in the capital of the Company (each a “**New Ordinary Share**”), provided that, where such consolidation would result in any member being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a New Ordinary Share (if any) to which other members of the Company would be similarly so entitled and the Directors of the Company be and are hereby authorised to sell (or appoint any other person to sell) to any person all the New Ordinary Shares representing such fractions at the best price reasonably obtainable to any person(s), and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant members who would otherwise be entitled to the fractions so sold, save that (i) any fraction of a penny which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the Registrars of the Company, and (ii) any due proportion of such proceeds of less than £5.00 (net of expenses) shall be retained by the Directors for the benefit of the Company and the relevant member shall not be entitled thereto (and, for the purposes of implementing the provisions of this paragraph, any Director of the Company (or any person appointed by the Directors of the Company) shall be and is hereby authorised to execute one or more instrument(s) of transfer in respect of such New Ordinary Shares on behalf of the relevant member(s) and to do all acts and things as the Directors consider necessary or desirable to effect the transfer of such New Ordinary Shares to, or in accordance with the directions of, any buyer of such New Ordinary Shares); and
- (D) the Directors of the Company be and are hereby authorised to do all such things as they consider necessary or expedient to transfer the Deferred Shares (if any) arising on reclassification of the C Shares in accordance with the New Articles of Association.

## ORDINARY RESOLUTION

2. **THAT** subject to the passing of resolutions 1 and 3 and also conditional upon Admission occurring by 8.00 a.m. on 19 March 2015 (or such later time and/or date as the Directors may in their absolute discretion determine), the Directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Act to allot shares in the Company or to grant rights to subscribe for, or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £1,243,511 and:
- (A) this authority shall expire at the conclusion of the next annual general meeting of the Company to be held in 2015, but so that the Company may, in each case, before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after it expires and the Directors may allot shares or grant rights to subscribe for or convert any security into shares in pursuance of any such offer or agreement as if this authority had not expired; and
- (B) other than as to resolution 1, this authority shall be in substitution for any previous authorities granted in this regard by the Company, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.



## SPECIAL RESOLUTIONS

3. **THAT**, subject to the passing of resolution 1 and 2 and also conditional upon Admission occurring by 8.00 a.m. on 19 March 2015 (or such later date as the Directors may in their absolute discretion determine), and in substitution for all existing authorities, the Directors be and are hereby empowered to allot equity securities (within the meaning of section 560 (1) of the Act) of the Company for cash pursuant to the general authority conferred by resolution 2 above as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

- (A) in connection with an offer or issue of equity securities to holders of New Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings of such shares and to holders of other equity securities, as required by the rights of those securities or, if the Directors consider it necessary as permitted by the rights of those securities and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, or any legal or practical problems in or under the laws of any territory, or the requirements of any regulatory body or stock exchange or any other matter; and
- (B) to the allotment of equity securities (other than pursuant to sub-paragraph 3(A) above) up to an aggregate nominal amount of £186,527;

and such power shall expire on the conclusion of the next annual general meeting of the Company to be held in 2015, but so that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

4. **THAT**, subject to the passing of resolution 1 and also conditional upon Admission occurring by 8.00 a.m. on 19 March 2015 (or such later time as the Directors may in their absolute discretion determine), and in substitution for all existing authorities, the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Act to make market purchases (as defined by section 693(4) of the Act) of New Ordinary Shares on such terms as the Directors think fit provided that:

- (A) the maximum aggregate number of New Ordinary Shares hereby authorised to be purchased is limited to 5,803,052 New Ordinary Shares;
- (B) the minimum price which shall be paid for each New Ordinary Share is 6½ pence;
- (C) the maximum price (exclusive of expenses) which may be paid for each New Ordinary Share is an amount equal to the higher of (i) 105 per cent. of the average of the middle market quotations for a New Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Company agrees to buy the shares concerned; and (ii) the higher of the price of the last independent trade of any New Ordinary Share and the highest current bid for a New Ordinary Share as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (2273/2003);
- (D) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company to be held in 2015; and

- (E) the Company may, before such expiry, make a contract to purchase New Ordinary Shares under the authority hereby conferred which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of New Ordinary Shares in pursuance of such a contract.

**Registered Office:**  
**Old Change House**  
**128 Queen Victoria Street**  
**London EC4V 4BJ**

**By Order of the Board.**  
**25 February 2015**

**Notes:**

1. A Shareholder is entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a Shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice of General Meeting. In order to be valid an appointment of proxy must be returned by post, by courier or by hand to the Company's Registrars, Capita Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, and must be received by 10.30 a.m. on 16 March 2015, or if the General Meeting is adjourned, 48 hours prior to the adjourned meeting. A proxy may also be appointed electronically and further details are set out at Note 2 and Note 7 below. Appointment of a proxy does not preclude a Shareholder from attending the General Meeting and voting in person. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact the Company's Registrars, Capita Asset Services. Shareholders should telephone Capita Asset Services between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on **0871 664 0321** from within the UK or **+44 20 8639 3399** if calling from outside the UK. Calls to the **0871 664 0321** number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones which may be considerably more. Calls may be recorded and randomly monitored for security and training purposes.
2. If you are a member of CREST, you may use the CREST electronic appointment service, details of which are set out at Note 7. Any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.
3. The statement of the rights of Shareholders in relation to the appointment of proxies in Note 1 above does not apply to Nominated Persons. Such rights can only be exercised by Shareholders of the Company.
4. A Shareholder has a right to put to the Directors any questions relating to the business to be dealt with at the General Meeting and subject to the exemptions under section 319A of the Act the Company must answer any such questions.
5. The Company, pursuant to the Uncertificated Securities Regulations 2001, specifies that only those Shareholders on the register of members as at 6.00 p.m. on 16 March 2015 shall be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their names at that time (or, in the event of any adjournment, at 6.00 p.m. (United Kingdom time) on the day which is two days before the day of the adjourned meeting). Changes to entries on the ordinary register after 6.00 p.m. on 16 March 2015 shall be disregarded in determining the right of any person to attend or vote at the General Meeting (unless the General Meeting is adjourned in which case the previous provisions of this Note 5 apply).
6. As at 24 February 2015 the Company's issued share capital consists of 74,610,669 Existing Ordinary Shares, carrying voting rights of one vote each.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear United Kingdom & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by no later than 10.30 a.m. on 16 March 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
8. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear United Kingdom & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

9. If all shares have been sold or transferred by the addressee, this Notice and any other relevant documents should be passed to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.
10. A copy of this Circular including the Notice of General Meeting can be found on the Company's website, [www.microgen.com](http://www.microgen.com), free of charge.
11. Copies of the following documents will be available for inspection at the registered office of the Company (being the location of the General Meeting) during usual business hours (Saturdays, Sundays and English public holidays excepted) from the date of this Notice until the conclusion of the General Meeting and at the General Meeting itself for at least 15 minutes prior to the General Meeting:
  - (a) a copy of the Circular; a copy of the written consent referred to in paragraph 6 of Part XI of the Circular; and
  - (b) a copy of the proposed new articles of association of the Company marked to show the changes being proposed, together with a copy of the existing articles of association of the Company.
12. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrars, Capita Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Asset Services by no later than 10.30 a.m. on 16 March 2015, or if the General Meeting is adjourned, 48 hours prior to the adjourned meeting.
14. You may not use any electronic address provided in either this Notice of General Meeting or any related document including the Form of Proxy to communicate with the Company for any purpose other than those expressly stated.
15. In accordance with section 311A of the Act, the contents of this Notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice will be available on the Company's website.

