

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the Resolutions to be voted on at the General Meeting of the Company to be held at the Stanley Library, Girton College, Cambridge, CB3 0JG at 2.00 p.m. on 5 January 2012. If you are in any doubt about what action you should take, you should consult your stockbroker, bank manager, solicitor or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.**

Copies of this document will be available free of charge until 5 January 2012 at the Company's registered office, Carisbrooke Court, Buckingway Business Park, Anderson Road, Swavesey, Cambridge CB24 4UQ, during normal business hours.

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document and the accompanying Form of Proxy for use in relation to the General Meeting as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

The Directors, whose names appear on page 7 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made to the London Stock Exchange plc for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence at 8.00 a.m. on 6 January 2012.

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## **CYAN HOLDINGS PLC**

*(Incorporated and registered in England and Wales with registered no. 04554942)*

### **Proposed Placings of 420,200,000 New Ordinary Shares at 0.4 pence per share**

### **Issue of Warrants to subscribe for 420,200,000 New Ordinary Shares at 0.6 pence per New Ordinary Share**

### **Share Capital Reorganisation**

**and**

### **Notice of General Meeting**

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**Your attention is drawn to the letter from the Chairman of the Company which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting.**

Notice of a General Meeting of Cyan Holdings plc to be held at the Stanley Library, Girton College Cambridge, CB3 0JG at 2.00 p.m. on 5 January 2012 is set out at the end of this document. A Form of Proxy for use in connection with the general meeting is also enclosed with this document. The Form of Proxy should be completed and returned to the Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 48 hours prior to the General Meeting. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Cenkos Securities plc and XCAP Securities plc, are both authorised and regulated in the United Kingdom by the Financial Services Authority. Cenkos Securities plc is acting exclusively as nominated adviser and joint broker to the Company with XCAP Securities plc acting as joint broker to the Company. The responsibilities of Cenkos Securities plc as the Company's nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange plc and are not owed to the Company or to any Director, shareholder or any other person, in respect of his decision to acquire shares in the Company in reliance on any part of this document, or otherwise. Neither Cenkos Securities plc nor XCAP Securities plc are making any representation or warranty, express or implied, as to the contents of this document. Cenkos Securities plc and XCAP Securities plc will not be offering advice and will not be responsible for providing customer protections to recipients of this document in respect of the Placings or any acquisition of shares in the Company.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or the accompanying Form of Proxy comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

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## EXPECTED TIMETABLE OF EVENTS

Latest time for receipt of Forms of Proxy	2.00 p.m. on 3 January 2012
General Meeting	2.00 p.m. on 5 January 2012
Admission and commencement of dealings in the Placing Shares	8.00 a.m. on 6 January 2012

## PLACING STATISTICS

Total number of Existing Ordinary Shares	1,192,700,288
Total number of New Ordinary Shares following the Capital Reorganisation	1,192,700,288
Total number of Deferred Shares following the Capital Reorganisation	1,192,700,288
Number of VCT Placing Shares being placed on behalf of the Company*	81,250,000
Number of Non-VCT Placing Shares being placed on behalf of the Company*	338,950,000
Number of Placing Shares as a percentage of the existing issued share capital*	35.2 per cent.
Number of Placing Shares as a percentage of the Enlarged Share Capital*	26.1 per cent.
Total number of New Ordinary Shares in issue following the Capital Reorganisation and Admission*	1,612,900,288
Placing Price	0.4 pence
Market capitalisation of the Company immediately following the Placings at the Placing Price*	£6.5 million

\* Assuming Admission

## DEFINITIONS

The following definitions apply throughout this document and in the accompanying Form of Proxy unless the context requires otherwise:

“Admission”	admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
“AIM”	AIM, a market regulated by the London Stock Exchange;
“AIM Rules”	the rules of the London Stock Exchange governing the admission to and operation of AIM;
“AIM Rules for Nominated Advisers”	the rules of the London Stock Exchange for Nominated Advisers;
“Board” or “Directors”	the directors of Cyan whose names are set out on page 7 of this document;
“Capital Reorganisation”	the reorganisation of the share capital of the Company, as proposed in Resolution 2;
“Cenkos”	Cenkos Securities plc, 6.7.8 Tokenhouse Yard, London EC2R 7AS, being the Company’s nominated adviser for the purposes of the AIM Rules;
“Companies Act”	the Companies Act 2006 (as amended);
“Company” or “Cyan”	Cyan Holdings plc, a company incorporated and registered in England and Wales with company number 04554942;
“CREST”	the paperless share settlement system of which Euroclear UK & Ireland Limited is the Operator (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755));
“Deferred Shares”	the new non-voting deferred shares of 0.19 pence in the capital of the Company to be created pursuant to the Capital Reorganisation;
“Enlarged Share Capital”	the Company’s issued share capital immediately after the completion of the Placings;
“Existing Articles”	the existing articles of association of the Company as at the date of this document;
“Existing Ordinary Shares”	the existing ordinary shares of 0.2 pence each in the capital of the Company in issue at the date of this document prior to the Capital Reorganisation and the Placings;
“Form of Proxy”	the form of proxy attached to this document for use by Shareholders in connection with the GM;
“FSA” or “Financial Services Authority”	the Financial Services Authority;
“GM” or “General Meeting”	the general meeting of Cyan to be held at the Stanley Library, Girton College, Cambridge, CB3 0JG at 2.00 p.m. on 5 January 2012, notice of which is set out at the end of this document;
“London Stock Exchange”	London Stock Exchange plc;
“MOU”	Memorandum of Understanding;

“New Articles”	the new articles of association of the Company to be adopted pursuant to Resolution 2;
“New Ordinary Shares”	new ordinary shares of 0.01 pence each in the capital of the Company to be created pursuant to the Capital Reorganisation;
“Non-VCT Placing Shares”	338,950,000 New Ordinary Shares which do not satisfy the VCT conditions;
“Ordinary Shares”	the Existing Ordinary Shares or the New Ordinary Shares (as appropriate);
“Placees”	the placees subscribing for New Ordinary Shares pursuant to the Placings;
“Placing Agreement”	the conditional agreement dated 15 December 2011 between XCAP, Cenkos and the Company, details of which are set out in the letter from the Chairman;
“Placings”	the proposed placings by XCAP, as agent for the Company, of the Placing Shares at the Placing Price and the issue of the Warrants on the terms of the Placing Agreement;
“Placing Price”	0.4 pence per Placing Share;
“Placing Shares”	420,200,000 New Ordinary Shares to be allotted on the terms of the Placing Agreement, comprising the Non-VCT Placing Shares and the VCT Placing Shares;
“Registrars”	Capita Registrars, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
“Repurchase Agreement”	the agreement to be entered into between the Company and the holders of Deferred Shares following the General Meeting;
“Resolutions”	the resolutions to be proposed at the GM, as set out in the notice of GM contained at the end of this document;
“Shareholders”	holders of Ordinary Shares at the date of this document;
“Share Option Scheme”	the Cyan Holdings plc Enterprise Management Incentive Scheme;
“UK” or “the United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“VCT”	Venture Capital Trust scheme under the provisions of Part 6 of the Income Tax Act 2007;
“VCT Conditions”	the conditions contained within sections 285 and 286 of the Income Tax Act 2007 relating to the Company and the Ordinary Shares under which the Ordinary Shares may be regarded as ‘eligible shares’ comprised in each VCT investor’s qualifying holding for the purposes of Chapter 4 of Part 6 of the Income Tax Act 2007;
“VCT Placing Shares”	81,250,000 New Ordinary Shares which are issued to VCT investors and which are intended will satisfy the VCT Conditions;
“XCAP”	XCAP Securities PLC, 24 Cornhill, London, EC3V 3ND, as joint broker to the Placings;

“Warrants”	the warrants to subscribe for 420,200,000 New Ordinary Shares at 0.6 pence per New Ordinary Share for the six months following Admission which are to be issued to Placees on a <i>pro rata</i> basis;
“Warrant Holders”	holders of Warrants; and
“Warrant Instrument”	the warrant instrument of the Company dated 15 December 2011 constituting the Warrants.

## PART 1

### LETTER FROM THE CHAIRMAN

#### Cyan Holdings plc

(Incorporated and registered in England and Wales with registered no. 04554942)

Directors:

Dr. John William Read, *Non-Executive Chairman*  
Kenneth John Lamb, *Chief Executive Officer*  
Simon Peter Smith, *Non-Executive Director*

Registered office:

Carisbrooke Court  
Buckingway Business Park  
Anderson Road  
Swavesey, CB24 4UQ

15 December 2011

To: all Shareholders and, for information only, holders of options under the Share Option Scheme

Dear Shareholder,

#### **Proposed Placings, Issue of Warrants, Capital Reorganisation and Notice of General Meeting**

##### **1. Introduction**

The Board announced today that Cyan has raised, subject to certain conditions, approximately £1.7 million before expenses, by way of two share placings pursuant to which 420,200,000 New Ordinary Shares will be issued at 0.4 pence each. It is intended that the net proceeds from the Placings will be used for general working capital requirements and other development work as set out in paragraph 2 of this letter. Further details of the Placings are set out in paragraph 7 of this letter. In addition Placees have been granted warrants to subscribe for up to a further 420,200,000 New Ordinary Shares at 0.6 pence per New Ordinary Share within six months of Admission.

The Placings are conditional, *inter alia*, upon the Company obtaining approval from Shareholders to grant authority to the Board to allot the Placing Shares and to disapply pre-emption rights which would otherwise apply to the allotment of the Placing Shares. The Placings are also conditional upon Admission. A notice convening a GM to be held at 2.00 p.m. on 5 January 2012, at which the Directors will seek your approval for the Resolutions, is to be found at the end of this document.

The purpose of this document is to explain the background to and reasons for the Placings, to explain why the Board considers the Placings to be in the best interests of the Company and its Shareholders and why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the GM.

##### **2. Background to and reasons for the Placings**

As recent announcements demonstrate, Cyan has now established a foothold in the burgeoning Indian smart metering market. The board is delighted with progress in displacing Zigbee as the likely preferred solution in smart metering through repeated practical demonstration of the robust range and functionality of Cyan's mesh networking technology. Interoperability is the next most critical requirement, any one utility must be able to purchase meters from a selection of suppliers. CyLec has interoperability as a core feature and can be integrated into existing meter designs without requiring disclosure of confidential or proprietary information. Current wireless meter installations utilise handheld units permitting meter reading without entering a property. An overnight transition to a remote meter reading methodology is not practical. CyLec has to support both handheld and remote meter reading and CyLec will have to support a rollout to convert installed meters to remote meter reading, ideally 'over the air' so visits are not required. The primary benefit to utilities of smart metering will be reduction of losses through transmission and theft, but demand control is an increasingly important requirement. These benefits must be tightly integrated into the billing and meter management systems currently used by the utilities.

Very few of these features were in place at the beginning of 2011. The exact requirement was not fully understood; the required partners had not been identified; Zigbee appeared poised to be the preferred solution; interoperation using CyLec had not been demonstrated; utilities had not seen or realised the possibility that Live Tamper Alarms, Over The Air Upgrade, Remote Switch Off, Load Balancing, Demand Control and Pre-Pay metering were available for the next phase of installation and did not include these in tender specifications.

All of the above has now been changed such that Cyan, together with its partners, now has the most complete and sophisticated smart metering solution for the Indian market. It is practical, robust, easy to install and was recently demonstrated to a wide audience that expressed surprise, plaudits and who are now enthusiastically embracing Cyan's solution.

Cyan's engineers were already employed developing Lighting Products and supporting Chinese customers. They worked longer hours, but to get to where the Company is now in the Indian metering market, with new Tenders reflecting the CyLec features, interoperability demonstrated, a working installation demonstrated in India with MDMS partners has required additional investment, and orders have been delayed while tender specifications have settled.

Without these Placings and the further funds that can be received from the exercise of some of the Warrants, the Directors believe that the Company would run out of funds prior to being able to take advantage of these opportunities. This has been exacerbated by the need to fund the incremental investment in developing our metering products plus the cost of 'on the ground' time for members of the Cyan team with prospective customers in India. Therefore, shareholders are requested to vote in favour of the resolutions in order to safeguard their investment and to allow the Company to demonstrate a suitable level of financial strength to its partners. In order to ensure that the Placings give the Company the maximum headroom, the Board is considering the most appropriate Board structure on an ongoing basis. Additionally, should the Company succeed in completing pending and further orders, the Board expects the Warrants will permit the Company to receive incremental resources for working capital to fund a significant increase in stock of finished modules for these.

The Directors believe that Cyan remains in an outstanding position to secure substantial revenues from a huge market, and to a large extent the Placings represent the cost to the Company of securing that position.

### **3. Serious loss of capital**

The value of the Company's net assets have reached a level that is less than half of its called-up share capital. In such circumstances, the Directors are required under section 656 of the Companies Act to convene a general meeting of the Company for the purpose of considering whether any, and if so what, steps should be taken to deal with the situation. This matter will be considered at the GM. The steps which are recommended by the Directors are set out in this document and in particular in paragraph 4 below. If the steps are implemented, the Directors do not consider that any additional action needs to be taken.

### **4. Capital Reorganisation**

In order to partly address the fact that the Company's net assets have reached a level that is less than half of its called-up share capital, in addition to considering what steps should be taken at the GM, it is proposed to sub-divide and convert each unissued and issued Existing Ordinary Share of 0.2 pence into one New Ordinary Share of 0.01 pence and one Deferred Share of 0.19 pence. The rights attaching to the New Ordinary Shares and the Deferred Shares are set out in the New Articles. Essentially, the passing of Resolution 2 would change the par value of the ordinary share capital of the Company to 0.01 pence per Ordinary Share.

The Deferred Shares created will be effectively valueless as they will not carry any rights to vote or dividend rights. In addition, holders of Deferred Shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of New Ordinary Shares have received a payment of £10,000,000 on each such share. The Deferred Shares will not be listed or traded on AIM and will not be transferable without the prior written consent of the Board. No share certificates will be issued following the Capital Reorganisation for the Deferred Shares. The Board may further appoint any person to act on behalf

of all the holders of the Deferred Shares to procure the transfer all such shares back to the Company (or its nominee) for an aggregate consideration of 1 penny.

It is not intended to issue new share certificates to the holders of the New Ordinary Shares following the Capital Reorganisation. Your existing share certificate(s) will remain valid for the same number of shares but with a different par value of 0.01 pence.

In summary, the practical effect of the Capital Reorganisation, if implemented, will be that each Shareholder will receive the same number of New Ordinary Shares as they hold in Existing Ordinary Shares, without diminution in rights (subject to the provisions of the New Articles).

The creation of the Deferred Shares requires amendment to the Existing Articles. As the Existing Articles were adopted prior to October 2009, they contain certain transitional provisions which require updating. It is therefore appropriate for the Company to adopt a complete new set of articles of association. A summary of the New Articles is set out in paragraph 6 below of this document.

## **5. Repurchase of Deferred Shares**

Conditional upon the passing of Resolution 2, the Company and the holders of the Deferred Shares will have the ability, subject to compliance with any legal requirements, to enter into a Repurchase Agreement whereby the holders of the Deferred Shares will agree to transfer (without receiving any payment therefor, in accordance with the New Articles) all of the Deferred Shares held by them to a person designated by the Board. That designated person will then agree to the Company repurchasing all the Deferred Shares to be held by him, for one penny in aggregate and following such repurchase, all of the Deferred Shares will be cancelled. It would be the intention that any such repurchase of the Deferred Shares could be financed out of the proceeds of the issue of New Ordinary Shares. The repurchase of the Deferred Shares by the Company will be an off-market transaction in accordance with Chapter 4 of Part 18 of the Companies Act. According to the class rights of the Deferred Shares pursuant to the New Articles, any member of the Board may be designated as the person to sign a Repurchase Agreement on behalf of the holders of Deferred Shares.

In accordance with section 696 of the Companies Act, the Repurchase Agreement will be on display at the registered office of the Company for a period of 15 days from the date of this document and also at the General Meeting.

## **6. New Articles of Association**

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act significantly reduced the constitutional significance of a company's memorandum. The Companies Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act, the objects clause and all other provisions which are currently contained in a company's memorandum, are deemed to be contained in a company's articles of association but the company can remove these provisions by special resolution.

Furthermore the Companies Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act, are to be treated as forming part of the Company's articles of association. Resolution 2 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the shareholders.

The Companies Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot

because allotment authority continues to be required under the Companies Act, save in respect of employee share schemes.

A summary, (which does not purport to be complete or exhaustive), containing a description of the significant rights attached to the New Ordinary Shares as provided for in the New Articles is set out in Part 2 of this document.

## **7. Details of the Placings**

### ***The New Ordinary Shares***

The Company intends to raise approximately £1.7 million, before expenses, through the issue of 420,200,000 New Ordinary Shares at the Placing Price pursuant to the Placings.

The Placing Price represents a discount of approximately 45.2 per cent. to the closing mid-market price of 0.73 pence per Ordinary Share as at 14 December 2011, the latest practicable date prior to the announcement of the Placings. The Placing Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared following Admission.

The Placing Shares will represent approximately 26.1 per cent. of the Enlarged Share Capital.

The Placings are being made on a non pre-emptive basis as the time delay and costs associated with a pre-emptive offer are considered by the Directors to be excessive.

Application will be made by the Company for the Placing Shares to be admitted to trading on AIM. Subject to completion of the Placings, it is expected that the Placing Shares will be admitted to trading on AIM and that dealings will commence at 8.00 a.m. on 6 January 2012 in respect of the Placing Shares.

The issue of the Placing Shares, is conditional, *inter alia*, upon:

- (a) the approval of the Resolutions at the GM to be held at the Stanley Library, Girton College, Cambridge, CB3 0JG at 2.00 p.m. on 5 January 2012;
- (b) the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- (c) Admission,

in each case occurring no later than 8.00 a.m. on 6 January 2012 (or such time and date as the Company, Cenkos and XCAP may agree, being not later than 6 February 2012).

Pursuant to the terms of the Placing Agreement, each of Cenkos and XCAP have conditionally agreed to use its reasonable endeavours, as agent to the Company, to place the Placing Shares at the Placing Price with certain institutional and other investors. The above obligations are subject to certain conditions including those listed above. The Placings are not being underwritten by Cenkos or XCAP.

The Placing Agreement contains customary warranties given by the Company with respect to its business and certain matters connected with the Placings. In addition, the Company has given certain indemnities to Cenkos and XCAP in connection with the Placings and Cenkos' and XCAP's performance of services in relation to the Placings. Each of Cenkos and XCAP is entitled to terminate the Placing Agreement in specified circumstances including where there has been a material breach of the warranties.

### ***The Warrants***

In addition, conditional upon Admission, Placees will be issued with one Warrant for each New Ordinary Share they have agreed to acquire through the Placings. Each Warrant will give the Placees the right, but not the obligation, to acquire one New Ordinary Share at an exercise price of 0.6 pence (the "**Exercise Price**"), conditional on such exercise request being made within the period ending six months from Admission.

The Warrants have been constituted by an instrument of the Company dated 15 December 2011 (the “**Warrant Instrument**”) and their issue is conditional upon Admission occurring. The maximum number of Warrants which may be issued under the Warrant Instrument is 420,200,000. The Warrant Instrument contains the terms and conditions upon which the Warrants will be issued and the principal terms and conditions are as follows:

### ***Form of Warrants***

Warrantholders will be recorded as the holders of Warrants in a register of Warrants maintained on behalf of the Company.

Each Warrantholder shall be entitled to a certificate. Joint holders will be entitled to only one certificate in respect of their joint holding. A form of notice of exercise and the full terms and conditions of the Warrants will be attached to each certificate.

### ***Conditions attaching to exercise***

The Directors may require, as a condition of exercise of any Warrant, that the registered holder of the Warrant certifies that such exercise is not being made with a view to a transfer of the New Ordinary Shares to which it relates to an overseas person.

### ***Allotment of Shares***

On the due exercise of any Warrant, the Company will allot the number of New Ordinary Shares for which subscription is made to the registered holder of the Warrant. Following exercise of the Warrants, the Company will apply for those New Ordinary Shares to be admitted to dealing on any recognised investment exchange on which the Company’s shares are then quoted.

### ***Insolvency***

If an Insolvency Event (as defined in the Warrant Instrument) occurs in respect of the Company (except as part of a reconstruction or amalgamation which has been approved by the warrant holders by extraordinary resolution) each warrant holder shall, in respect of its Warrant(s) be treated as if its Warrant(s) had been exercised on the day immediately preceding the happening of the Insolvency Event and shall receive out of the surplus assets of the Company available in the liquidation such sum as it would have received if it had been registered as the holder of the number of fully paid New Ordinary Shares for which it is entitled to subscribe under the Warrant(s) then registered in its name after the deduction from such sum of a sum equal to the Exercise Price in respect of those New Ordinary Shares.

### ***Adjustment***

If the Company alters its share capital by consolidating or subdividing shares the Company shall within 10 business days after such event give written notice to the Warrantholder giving full details of the event in question.

Within 10 business days after the service of a notice the Warrantholder may serve written notice on the Company requiring it to instruct auditors to prepare and deliver to the Warrantholder and the Company a certificate as to what is in their opinion the amount of the adjustment which ought reasonably to be made to the number of New Ordinary Shares subject to the Warrant and/or to the Exercise Price for each of those New Ordinary Shares but so that:

- (a) the aggregate amount payable on the exercise of the Warrants in full is not increased; and
- (b) the Exercise Price for a New Ordinary Share is not reduced below its nominal value, and the Company shall give to the auditors all information reasonably requested by the auditors to enable the auditors to produce their certificate.

### ***Meetings of Warrantheolders & Modification of Warrant rights***

The Company may (and shall on the written request in writing of Warrantheolders holding at least one-fifth of the Warrants then outstanding) convene a meeting of the Warrantheolders by at least 14 days' clear written notice, and such meeting shall have power by an extraordinary resolution (that is to say a resolution passed by a majority consisting of at least seventy-five per cent. of the Warrantheolders voting on a show of hands or (if a poll is demanded by the chairman of the meeting or by Warrantheolders holding at least three quarters of the Warrants then outstanding and in respect of which notice of conversion has not been given) by a simple majority of the votes given on such poll):

- (a) to sanction any modification or compromise or any agreement in respect of the rights of the Warrantheolders;
- (b) to assent to any modification of these conditions proposed or agreed to by the Company and to agree to the issue of a supplemental instrument embodying the modification; and
- (c) to appoint any persons (whether Warrantheolders or not) as a committee to represent the interest of the Warrantheolders and to confer upon such committee any powers or discretions which the Warrantheolders could themselves exercise by an extraordinary resolution.

A resolution signed by Warrantheolders holding at least 75 per cent. of the Warrants in issue shall be as valid and effectual as if it had been passed at a meeting of the Warrantheolders duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Warrantheolders.

### ***Law and Jurisdiction***

The Warrant Instrument is governed by and construed in accordance with English law and the Company and the Warrantheolders submit to the non-exclusive jurisdiction of the English courts.

## **8. Directors' Shareholdings**

The beneficial and non-beneficial interests of the Directors in Ordinary Shares (not including Ordinary Shares held by the Cyan Employee Benefit Trust) on the date of this document and following the Placings are set out below:

<i>Director</i>	<i>Existing Number of Ordinary Shares</i>	<i>Existing Share Capital</i>	<i>Following the Placings</i>	
			<i>Number of New Ordinary Shares</i>	<i>Issued New Ordinary Share Capital</i>
Kenneth Lamb	13,759,579	1.15%	15,634,579	0.97%
Dr. John Read	12,340,760	1.03%	15,090,760	0.94%
Simon Smith	9,896,422	0.83%	12,646,422	0.78%

The following Ordinary Shares held by the Cyan Employee Benefit Trust are beneficially owned by the following Directors to the extent the share price of the Company exceeds 2.5 pence per Ordinary Share:

<i>Director</i>	<i>Number of Ordinary Shares</i>
Kenneth Lamb	30,000,000
Dr. John Read	1,000,000

## **9. Taxation**

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not in the course of a trade, and are based on current legislation and UK HM Revenue & Customs practice. **Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position or who is subject**

**to taxation in a jurisdiction other than the UK, should consult his own professional adviser immediately.**

### ***Taxation of Chargeable Gains***

For the purpose of UK tax on chargeable gains, the issue of Placing Shares will be regarded as an acquisition of a new holding in the share capital of the Company. The Placing Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Placing Shares will usually constitute the base cost of a shareholder's holding.

If a Shareholder disposes of all or some of his Placing Shares, a liability to tax on chargeable gains may, depending on their circumstances, arise. Companies are entitled to indexation allowance which may also reduce the chargeable gain.

### ***Stamp Duty and Stamp Duty Reserve Tax***

No charge to stamp duty or stamp duty reserve tax (“SDRT”) will arise on the issue or registration of applications for Placing Shares under the Placing. Transfers of or sale of Ordinary Shares will be subject to *ad valorem* stamp duty (payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given). An unconditional agreement to transfer such shares, if not completed by a duly stamped stock transfer form within two months of the day on which such agreement is made or becomes unconditional, will be subject to SDRT (payable by the purchaser and generally at the rate of 0.5 per cent.). However, if within six years of the date of the agreement, an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on the instrument any liability to SDRT will be cancelled or repaid. Paperless transfers of Placing Shares within CREST will generally be charged to SDRT (generally at the rate of 0.5 per cent.) rather than stamp duty. CREST is obliged to collect SDRT on relevant transactions settled within the system.

### ***Dividends and other Distributions***

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend (the “net dividend” received) or ten per cent. of the aggregate of the cash dividend and associated tax credit (the “gross dividend” received). Individual shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the ordinary rate applicable to dividends (10 per cent.), the upper rate applicable to dividends (32.5 per cent.), or the additional rate applicable to dividends (42.5 per cent.), depending upon their overall taxable income in the tax year.

Taxpayers who are otherwise liable to pay income tax at only the basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have a further tax liability of 22.5 per cent. of the gross dividend (or 25 per cent. of the net dividend received). Additional rate taxpayers will have a further tax liability of 23.5 per cent. of the gross dividend (or 36.11 per cent. of the net dividend received). Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A UK resident corporate shareholder should not be liable to corporation tax or income tax in respect of dividends received from the Company unless that company is carrying on a trade of dealing in shares.

**Persons who are not resident in the UK should consult their own tax advisers on how the dividend is taxed and what relief or credit may be claimed in the jurisdiction in which they are resident.**

## **10. Enterprise Investment Scheme (“EIS”) and Venture Capital Trust (“VCT”)**

The Company has applied for assurance from HM Revenue & Customs that the Company's Ordinary Shares will be eligible shares and may form part of a VCT qualifying holding for the purposes of Chapter 4 of Part 6 of the Income Tax Act 2007, subject to certain conditions.

The availability of tax relief will depend, *inter alia*, upon the investor and the Company satisfying various qualifying conditions, normally for a period of not less than three years. The Company cannot guarantee to

conduct its activities in a manner which will comply with these requirements, although the Directors do intend to do so in so far as possible.

The VCT Placing Shares may not rank as qualifying investments for the purposes of VCTs which raised funds after 5 April 2007 if the gross amount of funds raised by the Company from VCTs and prospective investors under the Enterprise Investment Scheme in the preceding 12 month period exceeds £2 million.

Investors considering making a qualifying VCT investment are recommended to seek their own professional advice in order that they may fully understand how the relief legislation may apply in their individual circumstances.

The Company has applied for clearance from HM Revenue & Customs that the Company will be a “qualifying company” and the Placing Shares will be eligible shares for the purposes of the enterprise investment scheme.

Prospective investors who may be eligible for enterprise investment scheme relief are strongly recommended to consult their own professional advisers particularly on the conditions which must be satisfied to obtain such relief, the nature of the tax advantages which may be obtained, and the circumstances in which relief may be forfeited. Prospective investors should note that the relief may not be available if monies are borrowed to fund the acquisition of or subscription for Placing Shares.

## **11. General Meeting and action to be taken**

A notice convening the GM to be held at the Stanley Library, Girton College, Cambridge, CB3 0JG at 2.00 p.m. on 5 January 2012 is set out at the end of this document. The Resolutions to be proposed at that meeting are, *inter alia*, (i) for the purposes of the Capital Reorganisation and to approve the entry into of the Repurchase Agreement and (ii) to empower the Directors to allot equity securities for cash and to do so otherwise than in accordance with the statutory pre-emption provisions, as set out in the Companies Act, in connection with the Placings and otherwise.

The notice convening the GM is set out in Part 3 of this document at which the Resolutions will be proposed for the purposes of the transaction. A summary of the Resolutions is set out below:

### ***Ordinary Resolution***

The authority proposed to be given to the Directors to allot New Ordinary Shares in the capital of the Company requires the prior authorisation of the Shareholders at the GM under section 551 of the Companies Act. Following the passing of Resolution 1, which will be proposed as an ordinary resolution, the Directors will have authority to allot 840,400,000 New Ordinary Shares in connection with the Placings and in addition a further 537,633,400 New Ordinary Shares, being approximately one third of the Enlarged Share Capital. This authority will expire immediately following the annual general meeting of the Company in 2012 or if earlier on the date which is 15 months after the date of the passing of this resolution and will replace the authority obtained at the general meeting held in August 2011.

### ***Special Resolutions***

Resolution 2, which will be proposed as a special resolution seeks approval for (i) the subdivision and subsequent conversion of each Existing Ordinary Share of 0.2 pence into 1 New Ordinary Share of 0.01 pence and 1 Deferred Share of 0.19 pence, (ii) the adoption of the New Articles and (iii) the entry into by the Company of a contract to repurchase the Deferred Shares for the aggregate amount of 1 penny.

Subject to the passing of Resolution 3 which will be proposed as a special resolution, the Directors will have the power under section 570 of the Companies Act to allot, for cash, 840,400,000 New Ordinary Shares in connection with the Placings; and, in addition up to 161,290,028 New Ordinary Shares (being approximately 10 per cent. of the Enlarged Share Capital), without being required first to offer such securities to Shareholders in accordance with the statutory pre-emption rights. This authority will expire immediately following the annual general meeting of the Company in 2012 and will replace the authority obtained at the general meeting held in August 2011 or if earlier on the date which is 15 months after the date of the passing of this resolution.

A Form of Proxy for use by Shareholders in connection with the GM is enclosed with this document. Whether or not you propose to attend the GM in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and to return it to the Company's Registrars, Capita Registrars, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so as to arrive no later than 2.00 p.m. on 3 January 2012. Completion and return of the Form of Proxy will not preclude you from attending the GM and voting in person should you so wish.

## **12. Recommendation**

**The Directors consider the terms of the Placings to be in the best interests of the Company and accordingly recommend that you vote in favour of the Resolutions at the GM as they intend to do in respect of those Ordinary Shares in respect of which they have a beneficial interest, being 66,996,761 Ordinary Shares, representing 5.62 per cent. of the current issued ordinary share capital of the Company.**

Yours faithfully,

**Dr. John William Read**  
*Chairman*

## PART 2

### SUMMARY OF NEW ARTICLES

The following summary, which does not purport to be complete or exhaustive, contains a description of the significant rights attached to the New Ordinary Shares as set out in the New Articles.

The terms defined in the New Articles and not otherwise defined in this summary shall have the same meanings when used in this summary.

#### **1. Votes of members**

Subject to the provisions of the Companies Act and to any special rights or restrictions as to voting attached to any shares or class of shares or otherwise provided by the New Articles:

- (a) on a show of hands:
  - (i) every member who is present in person shall have one vote;
  - (ii) every proxy present who has been duly appointed by one or more members entitled to vote on the resolution shall have one vote, except that if the proxy has been duly appointed by more than one member entitled to vote on the resolution and is instructed by one or more of those members to vote for the resolution and by one or more others to vote against it, or is instructed by one or more of those members to vote in one way and is given discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way) he shall have one vote for and one vote against the resolution; and
  - (iii) every corporate representative present who has been duly authorised by a corporation shall have the same voting rights as the corporation would be entitled to; and
- (b) on a poll every member who is present in person or by duly appointed proxy or corporate representative shall have one vote for every share of which he is the holder or in respect of which his appointment of proxy or corporate representative has been made.

#### **2. Restriction on rights of members where calls outstanding**

Unless the board otherwise determines, no member shall be entitled to receive any dividend or to be present and vote at a general meeting or at any separate general meeting of the holders of any class of shares either personally or by proxy, or to be reckoned in a quorum, or to exercise any other right or privilege conferred by membership in respect of a share held by him in relation to meetings of the Company unless and until he shall have paid all calls or other sums presently due and payable by him, whether alone or jointly with any other person, to the Company.

#### **3. Transfer of shares**

- (a) All transfers of certificated shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the board and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. In relation to both certificated and uncertificated shares, the transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect of such shares. All instruments of transfer which are registered may be retained by the Company.
- (b) Interests in securities may also be transferred without a written instrument in accordance with statutory regulations from time to time made under the Statutes, and the board shall have power to implement any arrangements it may think fit for such evidencing and transfer which accord with those regulations.

#### **4. Dividends**

(a) ***Declaration of dividends***

Subject to the provisions of the Companies Act and of the New Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company available for distribution. However, no dividend shall exceed the amount recommended by the board.

(b) ***Interim dividends***

Where the board determines that the profits of the Company 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 fixed dates on the half-yearly or other dates prescribed for the payment of such dividends and may also from time to time declare and pay interim dividends on shares of any class of such sums and on such dates and in respect of such periods as it thinks fit. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

(c) ***Ranking of shares for dividend***

Unless and to the extent that the rights attached to any shares or the terms of issue of such shares otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the sums paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this paragraph no sum paid on a share in advance of calls shall be treated as paid on the share.

(d) ***Dividends not to bear interest***

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

(e) ***Waiver of dividends***

The waiver in whole or in part of any dividend on any share by any document (whether or not executed as a deed) shall be effective only if such document is signed by the holder of such share (or the person becoming entitled to the share in consequence of the death, bankruptcy or mental disorder of the holder or by operation of law or any other event) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

(f) ***Unclaimed dividends***

All dividends, interest or other sum payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. Any dividend unclaimed after a period of 12 years from the date the dividend became due for payment shall be forfeited and shall revert to the Company.

(g) ***Distribution in specie***

The Company may upon the recommendation of the board by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the board shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the board may settle the same as it thinks expedient and in particular:

- (i) may issue fractional certificates;
- (ii) may fix the value for distribution of such specific assets or any part of such specific assets;

- (iii) may determine that cash payments shall be made to any member upon the footing of the value so fixed in order to adjust the rights of all members; and
- (iv) may vest any such specific assets in trustees as may seem expedient to the board.

(h) ***Manner of payment of dividends***

Any dividend or other moneys payable in cash on or in respect of a share may be paid by one or more of the following methods to be determined by the board from time to time as it sees fit:

- (i) by cheque, warrant or other financial instrument sent through the post to the registered address of the member or person entitled to such dividend or other moneys or to such person and such address as such member or person or persons may in writing direct;
- (ii) by means of the relevant system (including, without limitation, CREST) in respect of an uncertificated share if the board decides and the person entitled to payment has in writing authorised the payment to be made by means of that system; or
- (iii) by such other method as the person entitled to the payment may agree in writing.

**5. Capitalisation**

(a) ***Capitalisation of profits and reserves***

- (i) The board may, with the sanction of an ordinary resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts (including any share premium account, capital redemption reserve, or other undistributable reserve) or any sum standing to the credit of profit and loss account.
- (ii) Such capitalisation shall be effected by appropriating such sum to the holders of Ordinary Shares on the Register at the close of business on the date of the resolution (or such other date as may be specified in such resolution or determined as provided in such resolution) in proportion to their holdings of Ordinary Shares and applying such sum on their behalf in paying up in full unissued Ordinary Shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them in proportion to their holdings.
- (iii) The board may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the board to make such provision as it thinks fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit of such fractional entitlements accrues to the Company rather than to the members concerned). The board may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental to such capitalisation and any agreement made under such authority shall be effective and binding on all concerned.

**6. Share capital**

(a) ***Variation of Rights***

Whenever the share capital of the Company is divided into different classes of shares, the special rights for the time being attached to any share or class of share in the Company may, subject to the Statutes, be varied or abrogated either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting all the provisions of these

articles relating to general meetings of the Company and to the proceedings at such general meetings shall with necessary modifications apply, except that:

- (i) the necessary quorum shall be two persons holding or representing by proxy at least one-third in nominal value paid up of the issued shares of the class (but so that if at any adjourned meeting a quorum as defined above is not present, any one holder of any shares of the class present in person or by proxy shall be a quorum); and
  - (ii) any holder of shares of the class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of the class held by him.
- (b) Paragraph 6(a) above shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights of which are to be varied.
- (c) The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue of that class of shares, be deemed to be varied:
- (i) by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects equally with such shares but in no respect in priority to such shares;
  - (ii) by the purchase by the Company of any of its own shares (and the holding of any such shares as Treasury Shares); or
  - (iii) by the board resolving that a class of shares shall become, or the Operator of the relevant system permitting such class of shares to be, a participating security.

(d) ***Fractions on consolidation***

Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the board may deal with the fractions as it thinks fit and in particular may sell the shares representing the fractions to any person (including, subject to the Statutes, the Company) and distribute the net proceeds of sale in due proportion among those members and the board may authorise some person to transfer or deliver the shares to, or in accordance with the directors of, the purchaser. The person to whom any shares are transferred or delivered shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in, or invalidity of, the proceedings relating to the sale.

(e) ***Purchase of own shares***

Where there are in issue convertible securities convertible into or carrying a right to subscribe for equity shares of a class proposed to be purchased, a separate meeting of the holders of the convertible securities must be held and their approval by special resolution obtained before the Company enters into any contract to purchase equity shares of the relevant class. Subject to this and notwithstanding anything to the contrary contained in the New Articles, the rights and privileges attached to any class of shares shall be deemed not to be altered or abrogated by anything done by the Company in pursuance of any resolution passed under the powers conferred by the Statutes.

(f) ***Board's power to allot***

Subject to any resolution of the Company, the Board may allot shares in the Company with or without conferring a right of renunciation, grant options over or otherwise dispose of shares to such persons, at such times and on such terms as it thinks fit.

## **7. Forfeiture and lien**

### **(a) *Notice on failure to pay a call***

- (i) If a member fails to pay in full any call or instalment of a call on the due date for payment of such call or instalment, the board may at any time after the failure serve a notice on him or any person entitled to the shares by transmission requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued on such call or instalment and any expenses incurred by the Company by reason of such non-payment.
- (ii) The notice shall name a further day (being not fewer than seven days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance with such notice the shares on which the call was made will be liable to be forfeited.

### **(b) *Forfeiture for non-compliance***

If the requirements of any such notice as is referred to in paragraph 7(a) are not complied with, any share in respect of which such notice has been given may at any time after the non compliance, before payment of all calls and interest and expenses due in respect of such share has been made, be forfeited by a resolution of the board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The board may accept a surrender of any share liable to be forfeited under the New Articles.

### **(c) *Notice on previous holder***

Where any share has been forfeited, notice of the forfeiture shall be served upon the person who was the holder of the share before forfeiture or, in the case of a person entitled to such share by transmission, upon such person (as the case may be). An entry recording the fact that notice of forfeiture has been given and that the share has been forfeited shall immediately be made in the Register in respect of such share. However, no forfeiture shall be invalidated in any manner by any omission or neglect to give such notice or make such entry.

### **(d) *Disposal of forfeited shares***

A share forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or disposed of in any other way either to the person who was the holder of such share or entitled to such share before such forfeiture or surrender, or to any other person upon such terms and in such manner as the board shall think fit and at any time before a sale, re-allotment or other disposition the forfeiture may be annulled by the board on such terms as it thinks fit. The board may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such other person.

### **(e) *Holder to remain liable despite forfeiture***

A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares (and shall surrender to the Company for cancellation the certificate for such shares) but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest on such moneys at such rate (not exceeding 15 per cent. per annum) as the board may determine from the date of forfeiture or surrender until payment. The board may at its absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part.

### **(f) *Lien on partly paid shares***

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share. The board may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from this lien.

(g) ***Sale of shares subject to lien***

The Company may sell in such manner as the board thinks fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled to such share by reason of his death, bankruptcy, liquidation or otherwise.

(h) ***Proceeds of sale of shares subject to lien***

The net proceeds of sale of shares subject to a lien (after payment of the costs of such sale) shall be applied in or towards payment or satisfaction of the debts or liabilities in respect of which the lien exists so far as the same are presently payable and any residue shall (subject to a like lien for liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale. For giving effect to any such sale the board may authorise some person to transfer the shares sold to, or in accordance with the directions of, the purchaser.

(i) ***Evidence of forfeiture***

A statutory declaration in writing that the declarant is a director or the secretary and that a share has been duly forfeited or surrendered or sold to satisfy obligations covered by a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated in the declaration as against all persons claiming to be entitled to the share. Such declaration shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share and shall be discharged from all calls made prior to such sale or disposition and shall not be bound to see to the application of the purchase moneys (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or other disposal of the share.

The forfeiture of a share shall extinguish at the time of forfeiture all interest in and claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the holder whose share is forfeited and the Company, except only such of those rights and liabilities as are by the New Articles expressly saved, or as are by the Companies Act given or imposed in the case of past members.

## **8. Directors**

(a) ***Number of directors***

Subject to the provisions of the New Articles the directors shall not be fewer than two nor more than ten in number. The Company may by ordinary resolution from time to time vary the minimum number and/or maximum number of directors.

(b) ***Share qualification***

A director shall not be required to hold any shares of the Company by way of qualification. A director who is not a member of the Company shall nevertheless be entitled to attend and speak at shareholders' meetings.

(c) ***Directors' fees***

The ordinary remuneration of the directors shall from time to time be determined by the board except that such remuneration shall not exceed £750,000 per annum in aggregate or such higher sum as may from time to time be determined by ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the directors as the board may agree, or, failing agreement, equally, except that any director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.

(d) ***Other remuneration of directors***

Any director who holds any executive office (including for this purpose the office of chairman or deputy chairman whether or not such office is held in an executive capacity), or who serves on any committee of the board, or who otherwise performs services which in the opinion of the board are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the board may determine.

(e) ***Directors' expenses***

The board may repay to any director all such reasonable expenses as he may properly incur in attending and returning from meetings of the board or of any committee of the board or shareholders' meetings or otherwise in connection with the performance of his duties as a director of the Company.

(f) ***Directors' pensions and other benefits***

The board shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any director or ex-director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

(g) ***Directors' permitted interests***

Provided (where the New Articles require) that he has declared to the directors, in accordance with the provisions of the New Articles, the nature and extent of any interest of his, a director may (save as to the extent not permitted by law from time to time), notwithstanding his office, have an interest of the following kind, namely:

- (i) where a director (or a person connected with him) is party to or in any way directly or indirectly interested in, or has any duty in respect of, any existing or proposed contract or arrangement or transaction with the Company or any other undertaking in which the Company is in any way interested;
- (ii) where a director (or a person connected with him) is a director, employee or other officer of, or a party to any contract or arrangement or transaction with, or in any way interested in, any body corporate promoted by the Company or in which the Company is in any way interested;
- (iii) where a director (or a person connected with him) is directly or indirectly interested in shares or share options of the Company or is directly or indirectly interested in shares or share options of, or an employee, director or other officer of a parent undertaking of, or a subsidiary undertaking of a parent undertaking of, the Company (as such terms are defined in section 1162 of the Companies Act);
- (iv) where a director (or a person connected with him) holds and is remunerated in respect of any office or place of profit (other than the office of auditor) under the Company or any body corporate in which the Company is in any way interested;
- (v) where a director is given a guarantee, or is to be given a guarantee, in respect of an obligation incurred by or on behalf of the Company or any body corporate in which the Company is in any way interested;
- (vi) where a director (or a person connected with him or of which he is a member or employee) acts (or any body corporate promoted by the Company or in which the Company is in any way interested of which he is a director, employee or other officer acts) in a professional capacity for the Company or any body corporate promoted by the Company or in which the Company is in any way interested (other than as auditor) whether or not he or it is remunerated for this;
- (vii) an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest;  
or

(viii) any other interest authorised by ordinary resolution.

No authorisation shall be necessary in respect of any such interest listed in paragraphs (i) to (viii) (inclusive above).

(h) In any situation or matter permitted by, or authorised by article 18 of the New Articles (save as otherwise agreed by him) a director shall not by reason of his office be accountable to the Company for any benefit which he derives from that situation or matter and no such contract, arrangement or transaction shall be avoided on the grounds of any such interest or benefit.

(i) ***Authorisation of directors' interests***

For the purposes of section 175 of the Companies Act, the directors shall have the power, subject to the provisions of paragraphs 8(j) and 8(k) below, to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a director under that section to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

(j) ***Authorisation of a matter under paragraph 8(i) shall be effective only if:***

- (i) the matter in question is proposed in writing for consideration at a meeting of the directors, in accordance with the board's normal procedures or in such other manner as the directors may determine;
- (ii) any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director (together, the "Interested Directors"); and
- (iii) the matter is agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted.

(k) ***Any authorisation of a matter under paragraph 8(i) above may:***

- (i) extend to any actual or potential conflict of interest which may arise out of the matter so authorised;
- (ii) be given on such terms, and subject to such conditions or limitations as may be imposed by the authorising directors as they see fit from time to time, including, without limitation:
  - (A) restricting the Interested Director from voting on any resolution put to a meeting of the directors or of a committee of the directors in relation to the matter so authorised;
  - (B) restricting the Interested Director from being counted in the quorum at a meeting of the directors or of a committee of the directors where the matter so authorised is to be discussed; or
  - (C) restricting the application of the provisions in paragraph 8(m) and 8(n) below, so far as is permitted by law, in respect of such Interested Director; and
- (iii) be withdrawn, or varied at any time by the directors entitled to authorise the Relevant Interest as they see fit from time to time;

and an Interested Director must act in accordance with any such terms, conditions or limitations as may be imposed on him by the authorising directors pursuant to such authorisation.

(l) Subject to section 239 of the Companies Act, the Company may by ordinary resolution ratify any contract, transaction or arrangement, or other proposal, not properly authorised by reason of a contravention of any provisions of article 18 of the New Articles.

(m) Subject to paragraph 8(n) below (and without prejudice to any equitable principle or rule of law which may excuse or release the director from disclosing information, in circumstances where disclosure

may otherwise be required under this paragraph), if a director, otherwise than by virtue of his position as director, receives information in respect of which he owes a duty of confidentiality to a person other than the Company, he shall not be required:

- (i) to disclose such information to the Company or to the directors, or to any director, officer or employee of the Company; or
  - (ii) otherwise to use or apply such information for the purpose of or in connection with the performance of his duties as a director.
- (n) Where such duty of confidentiality arises out of a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, paragraph 8(m) above shall apply only if the conflict arises out of a matter which is permitted by paragraph 8(g) above or has been authorised under paragraph 8(i) above (subject to any restrictions imposed by the authorising directors).
- (o) Where a director has an interest which can reasonably be regarded as likely to give rise to a conflict of interest, the director may take such additional steps as may be necessary or desirable for the purpose of managing such conflict of interest, including compliance with any procedures laid down from time to time by the directors for the purpose of managing conflicts of interest generally and/or any specific procedures approved by the directors for the purpose of or in connection with the situation or matter in question, including without limitation:
- (i) absenting himself from any discussions, whether in meetings of the directors or otherwise, at which the relevant situation or matter falls to be considered; and
  - (ii) excluding himself from documents or information made available to the directors generally in relation to such situation or matter and/or arranging for such documents or information to be reviewed by a professional adviser to ascertain the extent to which it might be appropriate for him to have access to such documents or information.
- (p) ***Provisions applicable to declarations of interest***  
Subject to section 182 of the Companies Act and paragraphs 8(q) to 8(s) below, a director shall declare to the other directors the nature and extent of his interest:
- (i) if such interest is permitted under paragraph 8(g) above and is not fully within paragraph 8(g)(vii) above;
  - (ii) if he is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the Company; or
  - (iii) if he is in any way, directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company, unless the interest has been declared under paragraph 8(q)(i) or 8(q)(ii).
- (q) The declaration of interest must (in the case of paragraph 8(q)(iii) above) and may, but need not (in the case of paragraph 8(q)(i) or 8(q)(ii) above) be made:
- (i) at a meeting of the directors; or
  - (ii) by notice to the directors in accordance with:
    - (A) section 184 of the Companies Act (notice in writing); or
    - (B) section 185 of the Companies Act (general notice).
- (r) ***A director need not declare an interest:***
- (i) if it cannot reasonably be regarded as likely to give rise to a conflict of interest;

- (ii) if, or to the extent that, the other directors are already aware of it (and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware); or
  - (iii) if, or to the extent that, it concerns terms of his service contract that have been or are to be considered:
    - (A) by a meeting of the directors; or
    - (B) by a committee of the directors appointed for the purpose under the New Articles.
- (s) ***The following further provisions apply in respect of the declaration of interests:***
- (i) if a declaration of interest proves to be, or becomes, inaccurate or incomplete, a further declaration must be made;
  - (ii) any declaration of interest required by paragraph 8(p)(i) or 8(p)(iii) above must be made as soon as is reasonably practicable;
  - (iii) any declaration of interest required by paragraph 8(p)(ii) above must be made before the Company enters into the transaction or arrangement;
  - (iv) a declaration in relation to an interest of which the director is not aware, or where the director is not aware of the transaction or arrangement in question, is not required (and, for this purpose, a director is treated as being aware of matters of which he ought reasonably to be aware); and
  - (v) a general notice to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified.
- (t) ***Appointment of executive directors***
- The board may from time to time appoint one or more of their body to be the holder of any executive office (including, where considered appropriate, the office of chairman or deputy chairman) on such terms and for such period as they may (subject to the provisions of the Statutes) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke or vary the terms of any such appointment.
- (u) ***Ceasing to be a director***
- The appointment of any director to the office of chairman or deputy chairman or chief executive or managing or joint managing or deputy or assistant managing director shall automatically determine if he ceases to be a director but without prejudice to any claim for damages for breach of any contract of service between him and the Company. The appointment of any director to any other executive office shall not automatically determine if he ceases from any cause to be a director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- (v) ***Powers of executive directors***
- The board may entrust to and confer upon any director holding any executive office any of the powers exercisable by them as directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

## **9. Appointment and retirement of directors**

### **(a) *Power of Company to appoint directors***

Subject to the provisions of the New Articles, the Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing board, but so that the total number of directors shall not at any time exceed any maximum number fixed by or in accordance with the New Articles.

### **(b) *Power of board to appoint directors***

Without prejudice to the power of the Company in general meeting pursuant to any of the provisions of the New Articles to appoint any person to be a director, the board may appoint any person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing board, but so that the total number of directors shall not at any time exceed any maximum number fixed by or in accordance with the New Articles. Any director so appointed must retire from office at, or at the end of, the next following annual general meeting and will then be eligible to stand for election but shall not be taken into account in determining the directors or the number of directors who are to retire by rotation at that meeting.

### **(c) *Retirement by rotation***

At each annual general meeting one-third of the directors for the time being shall retire from office by rotation (or, if their number is not a multiple of three, the number nearest to but not exceeding one-third) shall so retire provided always that all directors must be subject to re-election at intervals of no more than three years.

### **(d) *Selection of directors to retire by rotation***

The directors to retire by rotation shall include (so far as necessary to obtain the number required) any director who wishes to retire and not to offer himself for re-election. Any further directors so to retire shall be those of the other directors subject to retirement by rotation who have been longest in office since their last re-election and so that as between persons who became or were last re-elected directors on the same day those to retire shall, unless they otherwise agree among themselves, be determined by lot together with those who in the absence of any such retirement would continue in office for a period in excess of three years. A retiring director shall be eligible for re-election.

### **(e) *Re-election of retiring directors***

The Company may, at the meeting at which a director retires under any provision of the New Articles, by ordinary resolution fill the office being vacated by electing to that office the retiring director or some other person eligible for election. In default the retiring director shall be deemed to have been re-elected except in any of the following cases:

- (i) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such director is put to the meeting and lost;
- (ii) where such director has given notice in writing to the Company that he is unwilling to be re-elected; or
- (iii) where the default is due to the moving of a resolution in contravention of paragraph 9(f) below.

### **(f) *Timing of retirement***

The retirement of a director at any general meeting shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in place of the retiring director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring director who is reelected or deemed to have been re-elected will continue in office without a break.

(g) ***Nomination of director for election***

No person other than a director retiring at the meeting shall, unless recommended by the board for election, be eligible for election as a director at any general meeting unless not fewer than seven nor more than 42 days (inclusive of the date on which the notice is given) before the date appointed for the meeting there shall have been lodged at the Registered Office notice in writing signed by some member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

(h) ***Vacation of office***

The office of a director shall be vacated if:

- (i) he ceases to be a director by virtue of any provision of the Statutes or he becomes prohibited by law from being a director;
- (ii) he becomes bankrupt, has an interim receiving order made against him, makes any arrangement or compounds with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that act;
- (iii) he is, or may be suffering from mental disorder and either:
  - (A) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
  - (B) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;
- (iv) he resigns in writing delivered to the Registered Office or he offers in writing to resign and the board resolves to accept such offer;
- (v) he shall for more than six consecutive months have been absent without permission of the board from meetings of the board held during that period and the board resolves that his office be vacated; or
- (vi) notice stating he is removed from office as a director is served upon him signed by all his co-directors who must account to the members at the next general meeting of the Company. If a director holds an appointment to an executive office which automatically determines on his removal from office under this or the preceding sub-paragraph such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

(i) ***Removal of director***

The Company may, in accordance with and subject to the provisions of the Statutes, by ordinary resolution of which special notice has been given remove any director from office (notwithstanding any provision of the New Articles or of any agreement between the Company and such director, but without prejudice to any claim he may have for damages for breach of any such agreement) and elect another person in place of a director so removed from office. Any person so elected shall be treated for the purpose of determining the time at which he or any other director is to retire by rotation as if he had become a director on the day on which the director in whose place he is elected was last elected a director. In default of such election the vacancy arising upon the removal of a director from office may be filled as a casual vacancy.

(j) ***Resolution as to vacancy conclusive***

A resolution of the board declaring a director to have vacated office under the terms specified in paragraph 9(h) above shall be conclusive as to the fact and grounds of vacation stated in the resolution.

**10. Borrowing powers**

The board may exercise all the powers of the Company to borrow money, to give guarantees and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

**11. Shareholder meetings**

- (a) The board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Statutes at such time and place as the board may determine.
- (b) The board may whenever it thinks fit and shall on Shareholders' requests in accordance with the Companies Act proceed with proper expedition to convene a general meeting.
- (c) The notice shall be given to the members (other than any who, under the provisions of the New Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the directors and to the auditors. The notice shall also be given to any other person entitled to receive such notice under the Companies Act.
- (d) No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two members present in person or by proxy and entitled to attend and vote at that meeting shall be a quorum for all purposes.

**12. Winding up**

(a) ***Directors' power to petition***

The board shall have power in the name and on behalf of the Company to present a petition to court for the Company to be wound up.

(b) ***Distribution of assets in specie***

If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the liquidator may, with the authority of a special resolution and subject to any provision sanctioned in accordance with the provisions of the Insolvency Act 1986, divide among the members *in specie* or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability. The liquidator may make any provision referred to in, and sanctioned in accordance with the provisions of the Insolvency Act 1986.

(c) ***Transfer or sale under section 110 Insolvency Act 1986***

A special resolution sanctioning a transfer or sale to another company duly passed pursuant to section 110 of the Insolvency Act 1986 may in the like manner authorise the distribution of any shares or other consideration receivable by the liquidator among the members otherwise than in accordance with their existing rights and any such determination shall be binding on all the members subject to the right of dissent and consequential rights conferred by that section.

## PART 3

### NOTICE OF GENERAL MEETING

#### Cyan Holdings plc

*(Incorporated in England and Wales with registered no. 04554942)*

*(the "Company")*

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the Stanley Library, Girton College, Cambridge, CB3 0JG at 2.00 p.m. on 5 January 2012 for the purposes of considering the matter described below under the heading Section 656, Companies Act 2006 and considering and, if thought fit, passing the following resolutions, of which resolution 1 will be proposed as an ordinary resolution and resolutions 2 and 3 will be proposed as special resolutions:

#### SECTION 656, COMPANIES ACT 2006

To consider, in accordance with section 656 of the Companies Act 2006, the steps proposed by the directors of the Company (the "Directors") to be taken to deal with the situation that the Company's net assets are less than half of its called up share capital. The Directors consider that, conditional on obtaining approval from shareholders of the resolutions below and upon receipt of the proceeds of the Placings (as defined in the circular of the Company to its shareholders dated 15 December 2011) proposed by the Company, no additional action needs to be taken to deal with this situation.

#### ORDINARY RESOLUTION

1. THAT subject to the passing of resolution 2 below, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all powers of the Company to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to (i) a maximum aggregate number of 840,400,000 New Ordinary Shares (as defined in resolution 2) in connection with the Placings; and (ii) otherwise up to an aggregate maximum nominal amount of £53,763.34. This authority shall expire (unless renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company to be held in 2012 or if earlier on the date which is 15 months after the date of the passing of this resolution save that the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any securities into shares to be granted after the expiry of such authority and the Directors may allot any shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired. The authority granted by this resolution shall replace all existing authorities to allot any shares or grant rights to subscribe for or convert securities into shares in the Company previously granted to the Directors pursuant to section 551 of the Companies Act 2006 (but without prejudice to the validity of any allotment or grant of rights already made, offered or agreed to be made pursuant to such previous authorities).

#### SPECIAL RESOLUTIONS

2. THAT:
  - (a) each of the existing ordinary shares in the capital of the Company (both issued and unissued), be subdivided and converted into one ordinary share of 0.01 pence in nominal value (the "New Ordinary Shares") and one deferred share of 0.19 pence in nominal value (the "Deferred Shares") each having the rights and restrictions set out in the new articles of association to be adopted pursuant to this resolution;
  - (b) the articles of association produced to the meeting and initialled by the Chairman for the purposes of identification be approved and adopted as the new articles of association of the

Company in substitution for and to the entire exclusion of the existing articles of association (including those provisions which are treated as part of those existing articles by virtue of section 28 of the Companies Act 2006); and

- (c) the Company be generally and unconditionally authorised (in accordance with the new articles of association to be adopted pursuant this resolution and generally) to make off-market purchases (within section 693 of the Companies Act 2006) of all issued Deferred Shares pursuant to the terms of a draft contract produced to the meeting and initialled by the Chairman for the purposes of identification (the “Repurchase Agreement”) the terms of which Repurchase Agreement are hereby approved for the purposes of section 694 of the Companies Act 2006 and generally. The authority hereby conferred shall expire 15 months after the passing of this resolution.
3. THAT subject to the passing of resolutions 1 and 2 above, the Directors be and are hereby empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash pursuant to the authority conferred by resolution 1 above, as if section 561 of the Companies Act 2006 did not apply to such allotment, provided that this power shall be limited to allotments of equity securities:
- (a) up to an aggregate number of 840,400,000 New Ordinary Shares in connection with the Placings;
- (b) in connection with or pursuant to a rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders, where the equity securities respectively attributable to the interests of all shareholders are proportionate as nearly as may be to the respective number of ordinary shares held or deemed to be held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange;
- (c) (otherwise than pursuant to paragraphs 3(a) and (b)) up to an aggregate number of 161,290,028 New Ordinary Shares;

and such power shall expire upon expiry of the general authority conferred by resolution 1 above, save that the Company may, before such expiry, make any offers or agreements which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired. The power conferred by this resolution shall replace all existing authorities to allot equity securities for cash as if section 561 of the Companies Act 2006 did not apply (but without prejudice to the validity of any allotment or grant of rights already made, offered or agreed to be made pursuant to such previous authorities).

*Registered office:*  
Carisbrooke Court  
Buckingway Business Park  
Anderson Road  
Swavesey  
Cambridge CB24 4UQ

By Order of the Board  
Capita Company Secretarial Services Limited  
*Secretary*

Dated: 15 December 2011

**Notes:**

1. A shareholder entitled to attend and vote at the GM may appoint a proxy to attend, speak and vote instead of that shareholder. A proxy need not be a shareholder of the Company but must attend the meeting in person. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share held by the appointing shareholder.
2. To be effective, the relevant proxy form must be completed and lodged with the Company’s registrar, Capita Registrars, whose address is, Capita Registrars, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 48 hours before the meeting

together with the original of any power of attorney or other authority under which the form of proxy is signed. In the case of a corporation, the form of proxy must be executed under its common seal or under the hand of any officer or attorney duly authorised. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy. Completion and return of the relevant proxy form enclosed herewith will not prevent a shareholder from attending and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or withhold from voting at his/her discretion. Your proxy will vote (or withhold from voting) as he/she thinks fit in relation to any other matter which is put before the meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the GM and any adjournment(s) of the meeting 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 voting 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 UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Registrars Limited (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. 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 Applications Host) from which the Company'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.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. 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(s), 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 service provider(s) 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 (as amended).

5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
6. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), specifies that only those members registered in the Register of Members of the Company at 6.00 p.m. on 3 January 2012 (or if the GM is adjourned, members entered on the Register of Members of the Company not later than 48 hours before the time fixed for the adjourned GM) shall be entitled to attend, speak and vote at the GM in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the Register of Members of the Company after 6.00 p.m. on 3 January 2012 shall be disregarded in determining the rights of any person to attend, speak or vote at the Meeting.
7. Except as provided above, members who have general queries about the meeting should write to the Company Secretary at the address of our registered office. You may not use any electronic address provided either in this notice of GM or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

