

**RULES OF THE  
CAPITAL REWARD PLUS LIMITED  
VALUE SHARING SCHEME 2007**

approved and adopted by shareholders on 29 October 2007

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# **RULES**

**of the**

## **CAPITAL REWARD PLUS LIMITED**

### **VALUE SHARING SCHEME 2007**

#### **1 Definitions and Interpretations**

1.1 In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

<b>"Acquisition"</b>	the acquisition of or subscription for the shares comprised in an Allocation
<b>"Allocation"</b>	an allocation of Shares notified in writing to an Eligible Member pursuant to this Scheme
<b>"Articles"</b>	the articles of association of the Company as varied or replaced from time to time
<b>"Auditors"</b>	the auditors for the time being of the Company or in the event of there being joint auditors, such one of them as the Board may decide
<b>"Board"</b>	the board of directors of the Company from time to time
<b>"B" Shares"</b>	fully paid "B" shares of £0.000001 each in the capital of the Company with the rights and restrictions set out in the Articles as amended from time to time
<b>"Capital Reward Limited"</b>	a company registered in England and Wales with CRN 5916715
<b>"Capital Reward Scheme"</b>	the Capital Reward Limited Value Sharing Scheme 2007 as amended from time to time and constituted by the

rules thereof

<b>"Company"</b>	Capital Reward Plus Limited (a company registered under the Companies Act 1985 in England and Wales with registered number 6252806)
<b>"Connected"</b>	has the meaning set out in Section 839 of ICTA
<b>"Control"</b>	has the meaning given in Section 840 of ICTA
<b>"Deferred Shares"</b>	deferred shares of £0.000001 each in the capital of the Company
<b>"Election"</b>	an election pursuant to section 431(1) of the Income Tax (Earnings and Pensions) Act 2003 as amended from time to time
<b>"Eligible"</b>	means, in relation to any person, that he (or, in the discretion of the Board, if that person is a body corporate, any successor undertaking) subscribes to the services of Simply Biz or one of its subsidiaries
<b>"Eligible Member"</b>	an individual or body corporate that is Eligible
<b>"Final End Date"</b>	31 December 2014
<b>"First End Date"</b>	31 December 2012
<b>"ICTA"</b>	the Income and Corporation Taxes Act 1988
<b>"Income Tax"</b>	any form of liability to taxation to any Taxation Authority payable on, or in relation to, an Eligible Member's income (or deemed income) which arises either by virtue of the acquisition of the Shares comprised in an Allocation (and whether ordinarily payable by or on behalf of an Eligible Member or by or on behalf of an Eligible Member's employer) or which may arise on the

occurrence of any future event which causes any such liability to arise (including, but not limited to, the lifting of (or the cessation of application of) any restrictions, rights or obligations imposed on the "B" Shares pursuant to the Articles) and whensoever any such liability may arise

**"Listing"**

the first occasion on which an application for admission to or Listing on a Relevant Market is made for ordinary shares in the capital of the Company

**"Member"**

an Eligible Member or, if the Original Member has died and where the context so requires, his Personal Representatives

**"Ordinary Share Capital"**

the issued ordinary share capital of the Company as defined in section 832 of ICTA

**"Original Member"**

shall mean the person who acquires the Value Agreement Shares pursuant to the Scheme Agreement

**"Personal Representatives"**

the legal personal representatives of a Member (being either the executors of his will to whom a valid grant of probate has been made or, if he dies intestate, the duly appointed administrators of his estate) who have produced to the Company evidence of their appointment as such

**"Redesignation Notice"**

has the meaning set out in the Articles

**"Relevant Market"**

has the same meaning as that term is defined in article 67(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended or re-issued from time to time and shall be deemed to include, without limitation, the Alternative Investment Market of the London Stock Exchange plc

<b>"Rules"</b>	the rules of the Scheme set out herein as varied, amended or substituted from time to time
<b>"Scheme"</b>	the Capital Reward Plus Limited Value Sharing Scheme 2007 as constituted by these Rules
<b>"Scheme Agreement"</b>	an agreement entered into between the Company and an Eligible Member in substantially the form set out in Part 3 of the Schedule
<b>"Share Sale"</b>	the sale of more than 50 percent of the issued ordinary share capital (as defined in section 832 of ICTA) of the Company to a single purchaser (or to one or more purchasers as part of a single or series of linked transactions)
<b>"SimplyBiz"</b>	Simply Biz plc, a company registered in England and Wales with company number 4518535
<b>"Social Security Contributions"</b>	any form of deduction from earnings (or amounts treated as earnings) in relation to which the Member's employer and/or any other member of the Group is or may become liable
<b>"Subsequent Member"</b>	any transferee of any Value Agreement Shares for so long as the Original Member remains an Eligible Member
<b>"Subsidiary"</b>	in relation to the Company, any other company which is for the time being a subsidiary (as defined in section 736 of the Companies Act 1985) of the Company
<b>"Taxation Authority"</b>	any statutory or governmental authority or body (whether in the United Kingdom or in any other territory and which shall include, but shall not be limited to, HM Revenue & Customs) involved or with responsibility for, either alone or jointly with any other such authority or body, the

imposition, assessment, collection or administration of any Income Tax or Social Security Contributions

**"Tax Liability"**

to the extent that the same may lawfully be borne by the (or transferred by the Company or the Member's employer to the) Member, any Income Tax or Social Security Contributions which may accrue on an Acquisition (whether pursuant to the execution and delivery of an Election or otherwise) or on any subsequent event which causes any such liability to arise (including, but not limited to, the lifting of (or the cessation of application of) any restrictions imposed on the "B" Shares and whether at the date of Acquisition or at a later date) and whether any such Tax Liability accrues on the Member or the Member's employer to a Taxation Authority in any jurisdiction

**"Trade Sale"**

an agreement (and whether structured as one transaction or a series of transactions) for the sale of the whole (or substantially the whole) of the business and assets of the Company to a person or persons who is not Connected with the Company

**"Trigger Event"**

a Share Sale, a Trade Sale, a Winding Up or a Listing

**"Value Agreement Shares"**

the "B" Shares allotted to an Original Member or held by a Subsequent Member as the case may be

**"Winding Up"**

the making of an order or the passing of a resolution for the winding up of the Company for any purpose whatsoever

1.2 For the purposes of this Scheme, unless the context otherwise requires:

1.2.1 references to rules are to Rules of this Scheme;

1.2.2 any reference to any enactment includes a reference to that enactment as from time to time modified extended or re-enacted;

1.2.3 words importing the masculine gender shall include a reference to the feminine gender and the neuter gender and vice versa; and

1.2.4 reference to the singular includes a reference to the plural and vice versa.

1.3 If any question, dispute or disagreement arises as to the interpretation of these Rules, the decision of the Board shall (except as regards any matter required to be determined by the Auditors hereunder) be final and binding upon all persons.

1.4 In any matter in which they are required to act hereunder, the Auditors shall be deemed to be acting as experts and not as arbitrators and the Arbitration Act of 1996 shall not apply hereto.

## **2 Allocations of Shares**

2.1 At any time prior to 31 December 2008 the Board may, in its absolute discretion, make Allocations to Eligible Members pursuant to these Rules (unless the same is prevented by any enactment or rule carrying the force of law).

2.2 Any Allocation made to an Eligible Member is an invitation.

2.3 An Eligible Member may accept any Allocation made in his favour by signing the Scheme Agreement as a deed and returning it to the Company.

2.4 Allocations shall be made to Eligible Members on the basis set out in part 1 of the schedule hereto.

## **3 Scheme Agreement**

3.1 If on the Scheme Agreement an Eligible Member indicates that he does not wish to accept the invitation to acquire all the "B" Shares comprised in the Allocation, such part of the invitation set out in the Scheme Agreement shall immediately lapse and cease to be capable of acceptance.

- 3.2 If an Eligible Member wishes to accept the invitation to acquire the "B" Shares comprised in the Allocation, the Scheme Agreement must be returned duly completed to the Company within 15 days of the date of receipt by the Eligible Member and failure to do so shall, unless the Board determines otherwise, render any Scheme Agreement received by the Company after such date void and of no legal effect.
- 3.3 No Eligible Member shall be obliged to complete a Scheme Agreement.
- 3.4 Each Eligible Member, by returning a duly signed Scheme Agreement, represents and warrants to the Company that he has had the opportunity to take tax and legal advice in respect of the effects of making an Acquisition and hereby agrees to indemnify the Company against all losses, liabilities, damages, costs, expenses or penalties that the Company may incur as a result of a breach of such representation and warranty.

#### **4 Status of Shares**

- 4.1 Details of all rights, restrictions and obligations attaching to Value Agreement Shares are contained in the Articles and the Scheme Agreement and all Value Agreement Shares are acquired expressly subject to anything set out therein.
- 4.2 An Original Member may, on payment of any reasonable fees incurred by the Company in connection therewith, request a copy of the Articles at any time following the making of an Acquisition
- 4.3 By returning the duly executed Scheme Agreement, the Eligible Member is deemed to be aware that certain of the Value Agreement Shares may convert or be redesignated automatically to Deferred Shares pursuant to the Articles and that the Deferred Shares will have a zero value.

#### **5 Transfers of Value Agreement Shares**

- 5.1 Until the Original Member is notified of the imminent occurrence of a Trigger Event, the Value Agreement Shares shall be freely transferable.
- 5.2 Any Original Member who transfers any Value Agreement Shares to any other person or body corporate shall be under an obligation to deliver to the transferee any document obtained pursuant to Rule 4.2 and a copy of the Rules.

## **6 Acquisitions**

- 6.1 An Eligible Member (or an Original Member to be nominated by an Eligible Member if the Eligible Member in question is a body corporate) may make an Acquisition in accordance with the terms set out in these Rules and the Scheme Agreement.
- 6.2 Only one Acquisition may be made by any one Original Member.

## **7 Redesignation Notices**

- 7.1 At the End Date, the Board shall assess each Eligible Member's participation, if any, in the Capital Reward Scheme.
- 7.2 If any Eligible Member has not gained 100% (one hundred percent) of the "Overall Points Threshold" pursuant to the Capital Reward Scheme, the then holder of the Value Agreement Shares shall be deemed to be under an obligation to serve a Redesignation Notice under the Articles in respect of all Value Agreement Shares.
- 7.3 If at any time prior to the First End Date any Eligible Member ceases to be Eligible, the then holder of the Value Agreement Shares (whether the Original Member or any Subsequent Member) that were first acquired by the Original Member shall be deemed to be under an obligation to serve a Redesignation Notice in respect of all Value Agreement Shares.
- 7.4 Unless the Company otherwise resolves by special resolution, dividends will not be paid on Value Agreement Shares before the End Date.

## **8 Variation of Shares' number or denomination**

- 8.1 The Company may, at its absolute discretion and at any time without notice, alter, amend or adjust the number and nominal value of any "B" Shares held by an Original Member with the sanction of an ordinary resolution of its shareholders if the Company's share capital is varied by way of capitalisation, rights issue, sub-division, consolidation or reduction or any other event which might affect the value of any "B" Shares, provided always that no such alteration, amendment or adjustment shall need such sanction if its effect has, in the opinion of the Board, no significant effect on the value of the "B" Shares

held by the Original Member (which may include, without limitation, to fulfil conditions or criteria to take advantage of changes in taxation, regulatory or procedural legislation.

- 8.2 The Board shall as soon as reasonably practicable notify Members of any adjustment made pursuant to this Rule 8.

## **9 Amendment of Rules**

- 9.1 The Company may, at its absolute discretion, amend or adjust any Rules of the Scheme at any time without notice provided that any such amendment or adjustment shall not be materially to the advantage of Members unless the Company's shareholders shall first have approved the same by an ordinary resolution.

- 9.2 Nothing in these Rules shall:

9.2.1 be taken to impose any restriction or limitation upon the exercise by the Company's shareholders of their rights to make any alteration to the Articles of Association or the share capital of the Company; or

9.2.2 oblige the Company or any other person to seek the prior approval of any Taxation Authority to any alteration of the share capital of the Company and neither the Company nor any other person shall be liable to a Member for any loss occasioned by the failure to obtain such approval in advance of any such alteration of the Company's share capital.

## **10 Priority**

- 10.1 All Scheme Agreements are subject to the provisions of these Rules and in the event of any conflict between these Rules and any Scheme Agreement the provisions of these Rules shall prevail.

## **11 Communications**

- 11.1 All communications from the Company to the Members shall (unless the Articles provide otherwise) be with the Original Members only and not with any Subsequent Members (unless any Personal Representatives have become Subsequent Members and that fact has been notified to the Board) and by communicating with the Original Member (or the

Personal Representatives if duly notified) the Company shall have fully discharged its obligations in respect of any communications under this Scheme.

11.2 Whenever an Original Member receives a communication or other notice from the Company in connection with the Scheme, that Original Member shall be solely responsible for ensuring that such communication is transmitted on to any Subsequent Member.

11.3 The Company can deliver a notice or other document, including a share certificate, to a Member:

11.3.1 by delivering it by hand to the address recorded for the Member on the register;

11.3.2 by sending it by post or other delivery service in an envelope (with postage or delivery paid) to the address recorded for the Member on the register;

11.3.3 by fax (except for share certificates) to a fax number notified by the Member in writing;

11.3.4 by electronic mail to an address notified by the Member in writing;

11.3.5 by a website (except a share certificate) the address of which shall be notified to the Member in writing;

11.3.6 by a relevant system; or

11.3.7 by advertisement in at least two national newspapers.

11.4 Rule 11.3 does not affect any provision in any relevant legislation or the Articles requiring notices or documents to be delivered in a particular way.

11.5 If a notice or document is delivered by hand, it is treated as being delivered at the time it is handed to or left for the Member.

11.6 If a notice or document is sent by post or other delivery service not referred to below, it is treated as being delivered:

11.6.1 24 hours after it was posted, if first class post was used; or

11.6.2 72 hours after it was posted or given to delivery agents, if first class post was not used,

provided it can be proved conclusively that a notice or document was delivered by post or other delivery service by showing that the envelope containing the notice or document was:

11.6.3 properly addressed; and

11.6.4 put into the post system or given to delivery agents with postage or delivery paid.

11.7 If a notice or document (other than a share certificate) is sent by fax, it is treated as being delivered at the time it was sent.

11.8 If a notice or document is sent by electronic mail, it is treated as being delivered at the time it was sent.

11.9 If a notice or document (other than a share certificate) is sent by a website, it is treated as being delivered when the material was first made available on the website, or if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.

11.10 If a notice is given by advertisement, it is treated as being delivered at midday on the day when the last advertisement appears in the relevant newspapers.

11.11 Any communication notice or document sent to a Member shall be deemed to have been duly given notwithstanding that such Member is then deceased (and whether or not the Company has notice of his death) except where his Personal Representatives have established their title to the satisfaction of the Company and supplied to the Company an address to which documents are to be sent.

11.12 Any notice in writing or document to be submitted or given by a Member to the Company or any member of the Group in accordance or in connection with these Rules may be personally delivered, sent by post, facsimile transmission or electronically as provided for in this Rule 11 but shall not in any event be duly given unless it is actually received by such individual as may from time to time be nominated by the Board for the purposes of these Rules and whose name and address is notified to a Member.

## **12 Governing Law**

- 12.1 These Rules shall be construed in accordance with English Law and any question in relation to their application or interpretation shall be subject to English Law notwithstanding that a Member may be resident in or subject to the laws of any other territory.

## **THE SCHEDULE**

### **Part 1**

#### **Allocations**

For every one "B" Share in the capital of Capital Reward Limited, one "B" convertible share in the capital of Capital Reward Plus Limited will be allocated.

## **Part 2**

### **Form of Scheme Agreement**