

VERONA PHARMA PLC

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Verona Pharma plc (the "Company") will be held at the offices of Shakespeare Martineau LLP, 6th Floor, 60 Gracechurch Street, London EC3V 0HR on 12th April 2017 at 12.00 noon for the following purposes:

Ordinary business

To consider and, if thought fit, to pass the following resolutions 1 to 7 (inclusive) as ordinary resolutions:

Directors' report and financial statements

1. To receive and adopt the report of the Directors and the financial statements for the year ended 31 December 2016 and the report of the auditors thereon.

Re-election of Directors

2. To re-elect, as a Director of the Company, Sven Jan-Anders Karlsson, who retires in accordance with Article 26.2 of the Company's Articles of Association and offers himself for re-election.
3. To re-elect, as a Director of the Company, Rishi Gupta, who retires in accordance with Article 21.2 of the Company's Articles of Association and offers himself for re-election.
4. To re-elect, as a Director of the Company, Mahendra Shah, who retires in accordance with Article 21.2 of the Company's Articles of Association and offers himself for re-election.
5. To re-elect, as a Director of the Company, Andrew Sinclair, who retires in accordance with Article 21.2 of the Company's Articles of Association and offers himself for re-election.
6. To re-elect, as a Director of the Company, Vikas Sinha, who retires in accordance with Article 21.2 of the Company's Articles of Association and offers himself for re-election.

Appointment and remuneration of auditors

7. To appoint PricewaterhouseCoopers LLP as the Company's auditors in place of the retiring auditors to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to determine their remuneration.

Special business

To consider and, if thought fit, to pass the following resolutions, of which resolutions 8 to 10 (inclusive) will be proposed as ordinary resolutions and resolution 11 will be proposed as a special resolution:

Share-based incentive plans

8. THAT:
 - (a) the new share incentive plan (the "New Incentive Plan"), the principal terms of which are summarised in Appendix 1 to this Notice and the draft rules of which are produced to the meeting and, for the purpose of identification only, are initialled by the Chairman of the meeting, be and is hereby approved, effective the day prior to the first date that American depositary shares representing ordinary shares in the capital of the Company are listed (or approved for listing) upon notice of issuance on the NASDAQ Global Market;
 - (b) the Directors be and are hereby authorised to make such modifications to the New Incentive Plan as they may consider appropriate to take account of any applicable statutory or regulatory requirements or prevailing best practice and to adopt the New Incentive Plan as so modified and to do all such other acts and things as they may consider necessary or desirable to implement the New Incentive Plan; and
 - (c) the Directors be and are hereby authorised to establish such further plans based on, or sub-plans under, the New Incentive Plan as they consider necessary or desirable but which have been modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against any limits on individual or overall participation in the New Incentive Plan.

9. THAT the Unapproved Share Option Scheme and EMI Option Scheme (together referred to as the "Old Incentive Plans"), the principal terms of which are summarised in Appendix 2 to this Notice and the rules of which are produced to the meeting and, for the purpose of identification only, are initialled by the Chairman of the meeting, be and are hereby ratified, and any and all actions of the Company, or of any Director, attorney, authorised signatory or authorised representative thereof, taken in connection with the Old Incentive Plans prior to the date of the meeting be and hereby are ratified, confirmed, approved and adopted in all respects by the Company as fully as if the Old Incentive Plans had been presented for approval, and approved by, the shareholders prior to such action being taken.

Authority to allot shares

10. THAT the Directors be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £856,017.70.

This authority shall, unless previously renewed, revoked or varied by the Company in general meeting, expire on the conclusion of the Annual General Meeting of the Company to be held in 2018, provided that the Company may, at any time before such expiry, make an offer or enter into an agreement which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot such shares or grant such rights pursuant to any such offer or agreement as if the authority conferred hereby had not expired. This authority shall be in addition to the authority granted under Section 551 of the Act at the General Meeting of the Company held on 8th February 2017 and all other existing authorities under Section 551 of the Act be and are hereby revoked to the extent unexercised.

Disapplication of pre-emption rights

11. THAT, subject to and conditional upon the passing of resolution 10 above, the Directors be and they are hereby authorised pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by resolution 10 above and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities or sale of equity securities held as treasury shares in connection with an issue in favour of shareholders where the equity securities respectively attributable to the interests of all such shareholders are proportionate (or as nearly as may be practicable) to the respective number of ordinary shares in the capital of the Company held by them on the record date for such offer or issue, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of, any recognised regulatory body or any stock exchange, in any territory; and
- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £256,805.30.

This power shall, unless previously renewed, revoked or varied by the Company in general meeting, expire on the conclusion of the Annual General Meeting of the Company to be held in 2018, provided that the Company may, at any time before such expiry, make an offer or enter into an agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the Directors are hereby empowered to allot equity securities and/or sell equity securities held as treasury shares in pursuance of such offers or agreements as if the power conferred hereby had not expired. This power shall be in addition to the disapplication of Section 561 of the Act granted at the General Meeting of the Company held on 8th February 2017 and all other existing disapplications of Section 561 of the Act be and are hereby revoked to the extent unexercised.

BY ORDER OF THE BOARD

B Harber
Company Secretary
16th March 2017

One Central Square
Cardiff
CF10 1FS

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A proxy need not be a shareholder of the Company. 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 or shares held by that shareholder. Should you wish to appoint more than one proxy please return the form of proxy and attach to it a schedule detailing the names of the proxies you wish to appoint, the number of shares each proxy will represent and the way in which you wish them to vote on the resolutions that are to be proposed. **To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must be lodged at the office of the Company Secretary, Verona Pharma plc, 6th Floor, 60 Gracechurch Street, London EC3V 0HR by hand or by post, or by fax to +44 (0)20 7264 4440, or by email to ben.harber@shma.co.uk, so as to be received not less than 48 hours before the time fixed for the holding of the meeting or any adjournment thereof (as the case may be), excluding any part of a day which is not a working day.**
2. The completion and return of a form of proxy will not preclude a member from attending in person at the meeting and voting should he wish to do so.
3. The Company has specified that only those members entered on the register of members at 6pm on 10th April 2017 shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares of £0.05 each in the capital of the Company held in their name at that time. Changes to the register after 6pm on 10th April 2017 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Explanatory notes to proposed resolutions

1. Resolution 1

Resolution 1 is an ordinary resolution to receive and adopt the report of the Directors and the financial statements for the year ended 31 December 2016 and the report of the auditors thereon.

2. Resolution 2

Article 26.2 of the Company's Articles of Association requires that one third of the Directors of the Company who have held office since the last Annual General Meeting, must retire and, if they are eligible, may offer themselves for re-election.

3. Resolutions 3 to 6

Having been appointed since the last Annual General Meeting in June 2016, Rishi Gupta, Mahendra Shah, Andrew Sinclair and Vikas Sinha must retire in accordance with Article 21.2 of the Company's Articles of Association, and being eligible, are offering themselves for re-election.

4. Resolution 7

Resolution 7 is an ordinary resolution to appoint PricewaterhouseCoopers LLP as the Company's auditors with effect from the conclusion of the Annual General Meeting and to authorise the Directors to determine their remuneration.

5. Resolution 8

Resolution 8, which will be proposed as an ordinary resolution, seeks approval of the new share incentive plan ("New Incentive Plan"), the principal terms of which are set out in Appendix 1 to this Notice, and authorises the Directors to do all such acts and things as they may consider necessary or desirable to implement the New Incentive Plan. The purpose of the New Incentive Plan is to enhance the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing these individuals with equity ownership opportunities. The Remuneration Committee has undertaken a thorough review of the New Incentive Plan and concluded that, through Resolution 8, shareholder authority be sought for its adoption.

6. Resolution 9

Article 24.9 of the Company's Articles of Association provides that the Directors may establish and maintain any employees' share scheme, share option plan or share incentive scheme approved by ordinary resolution. An ordinary resolution was not sought to approve either of the Old Incentive Plans at the time of their adoption and as such, resolution 9, which will be proposed as an ordinary resolution, seeks the ratification of both of the Old Incentive Plans and any and all actions of the Company, or of any Director, attorney, authorised signatory or authorised representative thereof, taken in connection with the Old Incentive Plans prior to the date of the meeting. The purpose of the Old Incentive Plans was to permit the Remuneration Committee to grant share options to selected officers, employees and consultants of the Company for the purpose of retaining their services. The principal terms of the Old Incentive Plans are set out in Appendix 2 to this Notice. No further awards will be made under either of the Old Incentive Plans once the New Incentive Plan has been adopted.

7. Resolution 10

As required by the Act, this resolution, which will be proposed as an ordinary resolution, relates to the grant to the Directors of authority to allot shares or grant such subscription or conversion rights as are contemplated by Sections 551(1)(a) and (b) of the Act respectively until the conclusion of the Annual General Meeting to be held in 2018, unless the authority is renewed, revoked or varied prior to such time. This authority replaces the existing authority granted at the Annual General Meeting held on 27th June 2016.

The Investment Association (“IA”) guidelines on directors’ authority to allot shares state that IA members will permit, and treat as routine, resolutions seeking authority to allot new shares representing up to one-third of a company’s issued share capital. If approved, this authority is limited to an aggregate nominal amount of £856,017.70, which is equivalent to approximately one-third of the issued share capital of the Company as at 16th March 2017 (being the latest practicable date prior to publication of this Notice).

Please note that this authority is in addition to the authority granted at the General Meeting held on 8th February 2017 which related specifically to a potential public offering of American depositary shares representing ordinary shares in the capital of the Company and, as applicable, the potential concurrent private placement of ordinary shares in the capital of the Company. The authority granted at the General Meeting held on 8th February 2017, to the extent not utilised, will expire on 31st December 2017. All other existing authorities under Section 551 of the Act will be revoked to the extent unexercised.

The Directors have no present intention of exercising this authority other than to fulfil the Company’s obligations under its Old Incentive Plans, or in respect of the New Incentive Plan, if approved, but believe that it is in the best interests of the Company to have the authorities available to respond to market developments and to enable allotments to take place without the need for a general meeting should they determine that it is appropriate to do so.

8. Resolution 11

The Act requires that if the Directors decide to allot new shares or other equity securities, such shares or other equity securities be first offered to existing shareholders in proportion to their existing holdings. This is known as shareholders’ pre-emption rights. However, to act in the best interests of the Company, the Directors may require flexibility to allot equity securities for cash without regard to the provisions of Section 561(1) of the Act.

Therefore this resolution, which will be proposed as a special resolution, seeks authority to enable the Directors to allot equity securities or sell equity securities held as treasury shares without offering them first to existing shareholders in proportion to their current holdings:

- (a) in respect of an offer or issue such as a rights issue or open offer made on a pro rata basis to existing holders. This part of the authority is intended to give the Directors flexibility to exclude shareholders from such an offer where the Directors consider it necessary or expedient to do so to avoid legal or practical problems that would otherwise arise and to deal with fractional entitlements in an expeditious manner; and
- (b) up to an aggregate nominal amount of £256,805.30, being equal to approximately 10% of the Company’s issued share capital as at 16th March 2017 (being the latest practicable date prior to publication of this Notice). This part of the authority is intended to give the Directors the flexibility to take advantage of business opportunities as they arise, whilst the 10% limit ensures that existing shareholders’ interests are protected in accordance with guidelines issued by institutional investor bodies.

This power replaces the existing power granted at the Annual General Meeting held on 27th June 2016 and expires on the conclusion of the Annual General Meeting to be held in 2018, unless the authority is renewed, revoked or varied prior to such time.

Please note that this power is in addition to the disapplication of Section 561 of the Act granted at the General Meeting held on 8th February 2017 which related specifically to a potential public offering of American depositary shares representing ordinary shares in the capital of the Company and, as applicable, the potential concurrent private placement of ordinary shares in the capital of the Company. The disapplication of Section 561 of the Act granted at the General Meeting held on 8th February 2017, to the extent not utilised, will expire on 31st December 2017. All other existing disapplications of Section 561 of the Act will be revoked to the extent unexercised.

The Directors have no present intention of exercising this power other than to fulfil the Company’s obligations under its Old Incentive Plans, or in respect of the New Incentive Plan, if approved, but consider it prudent to obtain the flexibility that this power provides.

Appendix 1

Summary of the principal terms of the new share incentive plan (the “New Incentive Plan”)

Effective the day prior to the first date that American depositary shares representing ordinary shares of £0.05 each (“share”) in the capital of the Company are listed (or approved for listing) upon notice of issuance on the NASDAQ Global Market, the Company intends to adopt the 2017 Share Incentive Plan, or the New Incentive Plan, under which the Company may grant cash and equity-based incentive awards to eligible service providers in order to attract, retain and motivate the persons who make important contributions to the Company. The material terms of the New Incentive Plan are summarized below. Except where the context indicates otherwise, references hereunder to shares in the Company shall be deemed to include a number of American Depositary Shares (“ADSs”) equal to a share in the Company.

Eligibility and Administration

The Company’s employees, consultants and Directors, and employees and consultants of its subsidiaries, will be eligible to receive awards under the New Incentive Plan. The New Incentive Plan will be administered by the Company’s board of directors, which may delegate its duties and responsibilities to one or more committees of the Company’s directors and/or officers (referred to collectively as the plan administrator below), subject to the limitations imposed under the New Incentive Plan, stock exchange rules and other applicable laws. The plan administrator will have the authority to take all actions and make all determinations under the New Incentive Plan, to interpret the New Incentive Plan and award agreements and to adopt, amend and repeal rules for the administration of the New Incentive Plan as it deems advisable. The plan administrator will also have the authority to determine which eligible service providers receive awards, grant awards, set the terms and conditions of all awards under the New Incentive Plan, including any vesting and vesting acceleration provisions, and designate whether such awards will cover shares in the Company or ADSs, subject to the conditions and limitations in the New Incentive Plan.

Sub-Plan

The New Incentive Plan authorizes the administrator to establish one or more sub-plans. Immediately after the New Incentive Plan has been established, the administrator will establish a sub-plan. The sub-plan will incorporate all of the terms of the New Incentive Plan, except that only employees of the Company (or its subsidiaries) will be eligible to receive awards under the sub-plan. Consultants and directors who are not also employees will not be eligible to receive awards under the sub-plan. Awards under the sub-plan will count towards the total number of shares available for issuance under the New Incentive Plan. The sub-plan will be an “employees’ share scheme” for the purposes of the UK Companies Act 2006 and it is anticipated that all awards that are to be made to employees will be made under the sub-plan rather than the New Incentive Plan itself.

Shares Available for Awards

An aggregate of 6,333,000 shares in the Company will initially be available for issuance under the New Incentive Plan. The number of shares initially available for issuance will be increased by an annual increase on January 1 of each calendar year beginning in 2018 and ending in and including 2027 equal to the least of (A) 4% of the shares in the Company outstanding on the final day of the immediately preceding calendar year and (B) a smaller number of shares determined by the Company’s board of directors. Pursuant to the terms of the New Incentive Plan, Awards may be issued under the New Incentive Plan covering ADSs in lieu of the number of shares in the Company that such ADSs represent. No more than 5,000,000 shares may be issued under the New Incentive Plan upon the exercise of incentive options. Shares issued under the New Incentive Plan may be authorized but unissued shares, shares purchased on the open market, treasury shares or ADSs.

If an award under the New Incentive Plan, the Verona Pharma plc EMI Option Scheme, the Verona Pharma plc Unapproved Share Option Scheme or any prior equity incentive plan, expires, lapses or is terminated, exchanged for cash, surrendered, repurchased, canceled without having been fully exercised or forfeited, any unused shares subject to the award will, as applicable, become or again be available for new grants under the New Incentive Plan. Awards granted under the New Incentive Plan in substitution for any options or other equity or equity-based awards granted by an entity before the entity’s merger or consolidation with the Company or the Company’s acquisition of the entity’s property or stock will not reduce the shares available for grant under the New Incentive Plan, but will count against the maximum number of shares that may be issued upon the exercise of incentive options.

Awards

The New Incentive Plan provides for the grant of options, share appreciation rights, or SARs, restricted shares, dividend equivalents, restricted share units, or RSUs, and other share or cash based awards. All awards under the New Incentive Plan will be set forth in award agreements, which will detail the terms and conditions of awards, including any applicable vesting and payment terms and post-termination exercise limitations. A brief description of each award type follows.

Options and SARs. Options provide for the purchase of shares in the Company in the future at an exercise price set on the grant date. SARs entitle their holder, upon exercise, to receive from the Company an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The plan administrator will determine the number of shares covered by each option and SAR, the exercise price of each option and SAR and the conditions and limitations applicable to the exercise of each option and SAR.

Restricted Shares and Restricted Share Units. Restricted shares are an award of nontransferable shares in the Company that remain forfeitable unless and until specified conditions are met and which may be subject to a purchase price. RSUs are contractual promises to deliver shares in the Company in the future, which may also remain forfeitable unless and until specified conditions are met and may be accompanied by the right to receive the equivalent value of dividends paid on shares in the Company prior to the delivery of the underlying shares. The plan administrator may provide that the delivery of the shares underlying RSUs will be deferred on a mandatory basis or at the election of the participant. The terms and conditions applicable to restricted shares and RSUs will be determined by the plan administrator, subject to the conditions and limitations contained in the New Incentive Plan.

Other Share or Cash Based Awards. Other share or cash based awards are awards of cash, fully-vested shares in the Company and other awards valued wholly or partially by referring to, or otherwise based on, shares in the Company or other property. Other share or cash based awards may be granted to participants and may also be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of compensation to which a participant is otherwise entitled. The plan administrator will determine the terms and conditions of other share or cash based awards, which may include any purchase price, performance goal, transfer restrictions and vesting conditions.

Performance Criteria

The plan administrator may select performance criteria for an award to establish performance goals for a performance period. Performance criteria under the New Incentive Plan may include, but are not limited to, the following: net earnings or losses (either before or after one or more of interest, taxes, depreciation, amortization, and non-cash equity-based compensation expense); gross or net sales or revenue or sales or revenue growth; net income (either before or after taxes) or adjusted net income; profits (including but not limited to gross profits, net profits, profit growth, net operation profit or economic profit), profit return ratios or operating margin; budget or operating earnings (either before or after taxes or before or after allocation of corporate overhead and bonus); cash flow (including operating cash flow and free cash flow or cash flow return on capital); return on assets; return on capital or invested capital; cost of capital; return on shareholders' equity; total shareholder return; return on sales; costs, reductions in costs and cost control measures; expenses; working capital; earnings or loss per share; adjusted earnings or loss per share; price per share or dividends per share (or appreciation in or maintenance of such price or dividends); regulatory achievements or compliance; implementation, completion or attainment of objectives relating to research, development, regulatory, commercial, or strategic milestones or developments; market share; economic value or economic value added models; division, group or corporate financial goals; customer satisfaction/growth; customer service; employee satisfaction; recruitment and maintenance of personnel; human resources management; supervision of litigation and other legal matters; strategic partnerships and transactions; financial ratios (including those measuring liquidity, activity, profitability or leverage); debt levels or reductions; sales-related goals; financing and other capital raising transactions; cash on hand; acquisition activity; investment sourcing activity; and marketing initiatives, any of which may be measured in absolute terms or as compared to any incremental increase or decrease. Such performance goals also may be based solely by reference to the company's performance or the performance of a subsidiary, division, business segment or business unit of the company or a subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies. When determining performance goals, the plan administrator may provide for exclusion of the impact of an event or occurrence which the plan administrator determines should appropriately be excluded, including, without limitation, non-recurring charges or events, acquisitions or divestitures, changes in the corporate or capital structure, events unrelated to the business or outside of the control of management, foreign exchange considerations, and legal, regulatory, tax or accounting changes.

Certain Transactions

In connection with certain corporate transactions and events affecting shares in the Company, including a change in control, another similar corporate transaction or event, another unusual or nonrecurring transaction or event affecting the Company or its financial statements or change in any applicable laws or accounting principles, the plan administrator has broad discretion to take action under the New Incentive Plan to prevent the dilution or enlargement of intended benefits, facilitate the transaction or event or give effect to the change in applicable laws or accounting principles. This includes canceling awards for cash or property, accelerating the vesting of awards, providing for the assumption or substitution of awards by a successor entity, adjusting the number and type of shares subject to outstanding awards and/or with respect to which awards may be granted under the New Incentive Plan and replacing or terminating awards under the New Incentive Plan. In addition, in the event of certain non-reciprocal transactions with shareholders of the Company, the plan administrator will make equitable adjustments to the New Incentive Plan and outstanding awards as it deems appropriate to reflect the transaction. Pursuant to the terms of their individual employment agreements, awards granted under the New Incentive Plan to certain executives of the Company may become fully vested and exercisable upon a change in control.

Plan Amendment and Termination

The Company's board of directors may amend or terminate the New Incentive Plan at any time; however, no amendment, other than an amendment that increases the number of shares available under the New Incentive Plan, may materially and adversely affect an award outstanding under the New Incentive Plan without the consent of the affected participant and shareholder approval will be obtained for any amendment to the extent necessary to comply with applicable laws. Further, the plan administrator cannot, without the approval of the Company's shareholders, amend any outstanding option or SAR to reduce its price per share or cancel any outstanding option or SAR in exchange for cash or another award under the New Incentive Plan with an exercise price per share that is less than the exercise price per share of the original option or SAR. The New Incentive Plan will remain in effect until the tenth anniversary of its effective date unless earlier terminated by the Company's board of directors. No awards may be granted under the New Incentive Plan after its termination.

Non-U.S. Participants, Claw-Back Provisions, Transferability and Participant Payments

The plan administrator may modify awards granted to participants who are non-U.S. nationals or employed outside the United States or establish sub-plans or procedures to address differences in laws, rules, regulations or customs of such foreign jurisdictions. All awards will be subject to any company claw-back policy as set forth in such claw-back policy or the applicable award agreement. Except as the plan administrator may determine or provide in an award agreement, awards under the New Incentive Plan are generally non-transferrable, except by will or the laws of descent and distribution, or, subject to the plan administrator's consent, pursuant to a domestic relations order, and are generally exercisable only by the participant. With regard to tax withholding obligations arising in connection with awards under the New Incentive Plan, and exercise price obligations arising in connection with the exercise of options under the New Incentive Plan, the plan administrator may, in its discretion, accept cash, wire transfer or cheque, shares in the Company that meet specified conditions, a promissory note, a "market sell order," such other consideration as the plan administrator deems suitable or any combination of the foregoing.

Appendix 2

Summary of the principal terms of the Old Incentive Plans

The Company issued option grants under two option schemes, the Unapproved Share Option Scheme (the "Unapproved Scheme"), adopted by the Company's board of directors on 18th September 2006, and the EMI Option Scheme (the "EMI Scheme"), adopted by the Company's board of directors on 24th July 2012 (together the "Old Incentive Plans"). Discussions in this section regarding the Old Incentive Plans that refer to the Company's board of directors include any designated committee of the Company's board of directors. Once the New Incentive Plan is adopted no further awards will be made under either of the Unapproved Scheme or the EMI Scheme.

EMI Option Scheme

Under the EMI Scheme, eligible employees are granted options to purchase shares in the Company. Options may be granted to eligible employees who are contracted to work for the Company or a qualifying subsidiary for at least 25 hours a week, or, if less than 25 hours a week, for at least 75% of their working time. The options granted under the EMI Scheme are exercisable at a price and in accordance with a vesting schedule determined by the Company's board of directors at the time of grant and expire 10 years from the date of grant.

Unapproved Share Option Scheme

Under the Unapproved Scheme, the Company grants non-tax-qualifying options to purchase shares in the Company. Options may be granted to employees, directors or consultants to acquire shares in the Company at a price determined by the Company's board of directors. In general, the options granted under the Unapproved Scheme are exercisable at a price and in accordance with the vesting period determined by the Company's board of directors at the time of grant and expire 10 years from the date of grant.

Certain Transactions

Under the Old Incentive Plans, if certain changes are made in, or events occur with respect to, shares in the Company (including any capitalization, sub-division, reduction or other variation of shares), any outstanding awards may be adjusted in terms of the number of ordinary shares subject to an option and the exercise price as the Company's board of directors may determine appropriate on a fair and reasonable basis. In the event of certain corporate transactions, including a change of control, scheme of arrangement, merger, demerger or liquidation, the vesting and exercisability of all options will accelerate and, to the extent not exercised, will lapse within certain time periods defined in the applicable scheme rules. Pursuant to the terms of their individual employment agreements, awards granted under the Old Incentive Plans to certain executives of the Company may become fully vested and exercisable upon a change in control.

Amendment and Termination

The Company's board of directors may at any time amend the rules of the Old Incentive Plans in any manner, except that no amendment may be made if, in the reasonable opinion of the Company's board of directors, it would materially abrogate or adversely affect the subsisting rights of an option holder regarding existing options, unless the amendment is made either (i) with the written consent of the number of option holders that hold options to acquire 50% of the shares in the Company that would be delivered if all options granted and subsisting under the scheme, as applicable, were exercised; or (ii) by a resolution at a meeting of option holders passed by not less than 50% of the option holders holding options under the scheme, as applicable, who attend and vote either in person or by proxy. The Old Incentive Plans are discretionary and may be suspended or terminated by the Company at any time. Suspension or termination will not affect any options granted under the schemes to the extent that they are subsisting at the date of the suspension or termination. Upon the New Incentive Plan becoming effective, the Company intends to terminate the Old Incentive Plans.