

S

1. Interpretation

In this Schedule the following terms shall have the meanings set out opposite each respectively

shall have the meanings set

“the Buyer’s Accountants”

name>> of <<Insert firm's

“Buyer’s Group”

a company (wherever incorporated or a company, any company of which is a subsidiary (its holding company) or any subsidiary of any such holding company) or any such company in a group is a member of that group;

A

M

“Buyer’s Group”

where the context otherwise requires, the definition of Group to any company shall apply to the company or to any subsidiary of that company;

“EBIT”

the Business’s Earnings Before Interest

“Earn-Out Period”

the period comprising the Business’s earnings period <<Insert range of years e.g. 2010 to 2012 (inclusive)>>;

“Independent Accountant”

an independent accountant agreed upon by or on behalf of the Seller(s) and the Buyer or, if they cannot agree, nominated on the application at the time of the application by the Seller(s) or of the Buyer by the time being of the Institute of Chartered Accountants in England and Wales or such accountant, and, if such President, in nominating such accountant, the cost to be borne as he may direct);

P

“Profits”

the Business’s EBIT shown by the Seller(s) in the Business’s relevant financial statements for the Earn-Out Period, and in each case in accordance with the provisions of this Schedule;

L

“the Seller(‘s)(s’) Accountants”

name>> of <<Insert firm's

“Subsidiary”

any company wherever incorporated or a company (any) means a "subsidiary" as defined in section 1159 of the Companies Act 2006;

E

2006 and any other company which is a subsidiary (as so defined) of a company which is itself a subsidiary of such holding company;

Unless the context otherwise requires, the application of the definition of Subsidiary to any company at any time will apply to the company as it is at that time.

2. Consideration

2.1 Purchase Price

The Purchase Price shall comprise the Initial Consideration and the Deferred Consideration.

2.2 Independent Accountant (Initial Consideration)

Within <<Insert number of days>> of Completion, an Independent Accountant shall, for the purposes of paragraph 2.3, certify, in their opinion, the fair value of an [ordinary] share of <<Insert nominal amount>> in the capital of the Buyer as between a willing buyer and a willing seller, contracting at arm's length terms as at Completion.

2.3 Initial Consideration

The Initial Consideration shall be £<<Amount in figures>>, which shall be satisfied by the allotment at Completion to the Seller(s) of such number of [ordinary] shares of <<Insert nominal amount>> in the capital of the Buyer (credited as fully paid) as shall, in aggregate, be equivalent in value to the Initial Consideration (the "Initial Consideration Shares"). Fractions of an Initial Consideration Share shall be disregarded in determining the number of Initial Consideration Shares to be allotted. The Consideration Shares shall be allotted within <<Insert number of days>> of receipt of the Independent Accountant's opinion under paragraph 2.2.

2.4 Independent Accountant (Deferred Consideration)

Within <<Insert number of days>> days of the Accounts for the last financial year of the Earn-Out Period being agreed or determined, the Seller(s) and the Buyer shall agree upon the appointment of an Independent Accountant. Within <<Insert number of days>> of their appointment or nomination such Independent Accountant shall, for the purposes of paragraph 2.5, certify, in their opinion, the fair value of an [ordinary] share of <<Insert nominal amount>> in the capital of the Buyer as between a willing buyer and a willing seller, contracting at arm's length terms as at Completion.

2.5 Deferred Consideration

The Deferred Consideration shall comprise an amount equal to the average Profits for the Earn-Out Period, multiplied by <<Insert multiplier>>, less the Initial Consideration, such amount to be satisfied by the allotment to the Seller(s) of such number of [ordinary] shares of <<Insert nominal

S

amount>> in the ca
aggregate, be equ
“Deferred Consider
Share shall be di
Consideration Share
(if any) shall be allo
Independent Account

ited as fully paid) as shall, in
Deferred Consideration (the
s of a Deferred Consideration
ng the number of Deferred
Deferred Consideration Shares
ber of days>> of receipt of the
agraph 2.4 above.

2.6 **Events where De
partially paid)**

will not be paid (or only

If <<Name(s)>> ce
member of the Buye

by the Business or by any
nd of the Earn-Out Period:

2.6.1 by reason
of his/her/
member of
employed
service ag
full Defere
above; an

udiciary breach or termination
(s) by the Business (or by any
y which <<Name(s)>> is/are
summary dismissal under such
ller(s)(s) will be entitled to the
culated under paragraph 2.5

2.6.2 save as p
be entitled
calculated
proportion
employed
entitled to
he/she/it/t

2.6.1 above the Seller(s)(s) shall
of the Deferred Consideration
above which is equal to the
which <<Name(s)>> was/were
d he/she/it/they shall not be
ferred Consideration to which
e been entitled.

2.7 **Cap on Considerat**

The maximum ag
Deferred Considera
paid that amount
Deferred Consider
Agreement or volu
payable by the Buy
Deferred Considera

Initial Consideration and the
>>. Upon the Buyer having
Initial Consideration and the
t to the provisions of this
ferred Consideration shall be
this Agreement relating to the
period shall cease to apply.

2.8 **Dividends**

The Initial Consider
shall rank pari pass
<<Insert nominal an
the right to receive
made or paid after
shall not be entitle
record date prior to

ferred Consideration Shares
e existing [ordinary] shares of
al of the Buyer and shall carry
d other distributions declared,
ctive allotment save that they
red or paid by reference to a
ve allotment.

2.9 **Retention of Cons**

The Seller(s) under
consent of the Buye
the Initial Considera
period of <<Insert n

t, except with the prior written
any Encumbrance over any of
ed Consideration Shares for a
ng the date of their respective

A

M

P

L

E

S

3.3.2 the Business and relevant personnel for the purpose of the accounts as aforesaid save to the extent that the information is confidential to any person (other than a member of the Buyer's Group or the Buyer's Accountants) or are legally privileged.

3.4 The amount of EBITDA for the relevant Agreement Period shall in each case in the absence of the service of a Dispute Notice (or a Dispute Notice) within the relevant Agreement Period by the Seller(s) on the Buyer disputing the amount so determined shall constitute the final and binding agreement between the Seller(s) and the Buyer as to the amount of the Profits respectively.

3.5 In the event that the relevant Agreement Period have not been completed by the end of the relevant Agreement Period then the parties shall endeavour to resolve the dispute. If the parties are unable to resolve the dispute within 10 Business Days of the date of the relevant Dispute Notice, the determination of the amount of the Profits shall be referred to an independent professional valuer or, failing agreement, to the Institute of Chartered Accountants in England and Wales. Having appointed any such independent professional valuer, the valuer shall have the right to make representations to the independent professional valuer as to the determination of the Profits. The independent professional valuer shall act as expert and not as arbitrator and his or her determination (in the absence of manifest error) shall be final and binding on the parties. The costs of any independent professional valuer appointed pursuant to clause 3.5 shall be borne between the Seller(s) and the Buyer as he or she determines, equal shares. Unless either the Seller(s) or the Buyer notify the independent professional valuer in writing within 10 Business Days of the date of the relevant Dispute Notice that the determination is in dispute, the determination shall be final and binding on the parties.

A

M

P

4. Earn Out Protection

4.1 The Business shall be operated during the Earn Out Period be conducted commercially and in good faith to maximising Profits consistent with the interests of the Seller(s) and the Buyer.

4.2 No business shall, during the Earn Out Period be transferred from the Business to any member of the Buyer's Group without the consent of the Seller(s) (such consent not to be unreasonably withheld or delayed).

4.3 Goods and services of the Business shall be used only in the course of its business and shall not be used for the benefit of any other member of the Buyer's Group without the consent of the Seller(s) (such consent not to be unreasonably withheld or delayed).

L

E