

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

- Registration statement pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934  
OR  
 Annual report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934  
For the fiscal year ended: December 31, 2012  
OR  
 Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
OR  
 Shell company report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934.

Commission File Number: 000-29714

ICON PUBLIC LIMITED COMPANY

(Exact name of Registrant as Specified in its Charter)

ICON PUBLIC LIMITED COMPANY

(Translation of Registrant's name into English)

Ireland

(Jurisdiction of Incorporation or Organization)

SOUTH COUNTY BUSINESS PARK,  
LEOPARDSTOWN,  
DUBLIN 18, IRELAND

(Address of principal executive offices)

Brendan Brennan, CFO  
South County Business Park Leopardstown, Dublin 18, Ireland.  
Brendan.Brennan@iconplc.com  
011-353-1-291-2000

(Name, telephone number, email and/or facsimile number and address of Company contact person)  
Securities registered or to be registered pursuant to Section 12(b) of the Act:

*Title of each class*  
ORDINARY SHARES, PAR VALUE €0.06 EACH

*Name of exchange on which registered*  
NASDAQ GLOBAL SELECT MARKET

Securities registered or to be registered pursuant to section 12(g) of the Act:

*Title of each class*  
NONE

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

NONE  
(*Title of class*)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:  
60,287,498 Ordinary Shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as determined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months: Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued  
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.  
Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes  No

## TABLE OF CONTENTS

	<b>Page</b>
<b><u>General</u></b>	<b>1</b>
<b><u>Cautionary Statement</u></b>	<b>1</b>
<b><u>PART I</u></b>	
<b><u>Item 1. Identity of Directors, Senior Management and Advisors</u></b>	<b>2</b>
<b><u>Item 2. Offer Statistics and Expected Timetable</u></b>	<b>2</b>
<b><u>Item 3. Key Information</u></b>	<b>2</b>
<b><u>Item 4. Information on the Company</u></b>	<b>12</b>
<b><u>Item 4A. Unresolved Staff Comments</u></b>	<b>27</b>
<b><u>Item 5. Operating and Financial Review and Prospects</u></b>	<b>28</b>
<b><u>Item 6. Directors, Senior Management and Employees</u></b>	<b>40</b>
<b><u>Item 7. Major Shareholders and Related Party Transactions</u></b>	<b>54</b>
<b><u>Item 8. Financial Information</u></b>	<b>55</b>
<b><u>Item 9. The Offer and Listing</u></b>	<b>55</b>
<b><u>Item 10. Additional Information</u></b>	<b>56</b>
<b><u>Item 11. Quantitative and Qualitative Disclosures about Market Risk</u></b>	<b>65</b>
<b><u>Item 12. Description of Securities Other than Equity Securities</u></b>	<b>66</b>
<b><u>PART II</u></b>	
<b><u>Item 13. Defaults, Dividend Arrearages and Delinquencies</u></b>	<b>66</b>
<b><u>Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds</u></b>	<b>66</b>
<b><u>Item 15. Controls and Procedures</u></b>	<b>66</b>
<b><u>Item 16. Reserved</u></b>	<b>67</b>
<b><u>Item 16A. Audit Committee Financial Expert</u></b>	<b>67</b>
<b><u>Item 16B. Code of Ethics</u></b>	<b>67</b>
<b><u>Item 16C. Principal Accountant Fees and Services</u></b>	<b>67</b>
<b><u>Item 16D. Exemptions from the Listing Standards for Audit Committees</u></b>	<b>67</b>
<b><u>Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u></b>	<b>68</b>
<b><u>Item 16F. Changes in Registrant's Certifying Accountant</u></b>	<b>68</b>
<b><u>Item 16G. Corporate Governance</u></b>	<b>68</b>
<b><u>Item 16H. Mine Safety Disclosure</u></b>	<b>69</b>
<b><u>PART III</u></b>	
<b><u>Item 17. Financial Statements</u></b>	<b>69</b>
<b><u>Item 18. Financial Statements</u></b>	<b>69</b>
<b><u>Item 19. Exhibits</u></b>	<b>69</b>

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## General

As used herein, "ICON plc", "ICON", the "Company" and "we" or "us" refer to ICON public limited company and its consolidated subsidiaries, unless the context requires otherwise.

Unless otherwise indicated, ICON plc's financial statements and other financial data contained in this Form 20-F are presented in United States dollars ("\$\$") and are prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

In this Form 20-F, references to "U.S. dollars", "U.S.\$" or "\$" are to the lawful currency of the United States, references to "pounds sterling", "sterling", "£", "pence" or "p" are to the lawful currency of the United Kingdom, references to "Euro" or "€" are to the European single currency adopted by seventeen members of the European Union (including the Republic of Ireland, France, Germany, Spain, Italy, Finland, Belgium and the Netherlands). ICON publishes its consolidated financial statements in U.S. dollars.

## Cautionary Statement Regarding Forward-looking Statements

Statements included herein which are not historical facts are forward-looking statements. Such forward-looking statements are made pursuant to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 (the "PSLRA"). Forward-looking statements may be identified by the use of future tense or other forward looking words such as "believe", "expect", "anticipate", "should", "may", "strategy", or other variations or comparable terminology. The forward looking statements involve a number of risks and uncertainties and are subject to change at any time. In the event such risks or uncertainties materialize, our results could be materially affected. The risks and uncertainties include, but are not limited to, dependence on the pharmaceutical industry and certain clients, the need to regularly win projects and then to execute them efficiently and correctly, the challenges presented by rapid growth, competition and the continuing consolidation of the industry, the dependence on certain key executives and other factors identified in the Company's Securities and Exchange Commission filings and in the "Risk Factors" included on pages 4 to 11. The Company has no obligation under the PSLRA to update any forward looking statements and does not intend to do so.

**Part I****Item 1. Identity of Directors, Senior Management and Advisors.**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable.**

Not applicable.

**Item 3. Key Information.****Selected Historical Consolidated Financial Data for ICON plc**

The following selected financial data set forth below are derived from the Company's consolidated financial statements and should be read in conjunction with, and are qualified by reference to, Item 5 "Operating and Financial Review and Prospects" and the Company's consolidated financial statements and related notes thereto included elsewhere in this Form 20-F.

	Year Ended December 31,				
	2012	2011	2010	2009	2008
	(in thousands, except share and per share data)				
<b>Statement of Operations Data:</b>					
Gross revenue	\$ 1,503,993	\$ 1,296,509	\$ 1,263,147	\$ 1,258,227	\$ 1,209,451
Reimbursable expenses (1)	(388,987)	(350,780)	(363,103)	(370,615)	(344,203)
Net revenue	1,115,006	945,729	900,044	887,612	865,248
Costs and expenses:					
Direct costs	717,750	611,923	541,388	507,783	489,238
Selling, general and administrative	280,780	255,864	232,688	230,910	248,778
Depreciation and amortization	42,823	38,682	33,873	32,659	27,728
Restructuring and other items (2), (3),(4)	5,636	9,817	-	8,808	-
Total costs and expenses	1,046,989	916,286	807,949	780,160	765,744
Income from operations	68,017	29,443	92,095	107,452	99,504
Net interest (expense) / income	(796)	(448)	629	(2,778)	(1,224)
Income before provision for income taxes	67,221	28,995	92,724	104,674	98,280
Provision for income taxes	(11,801)	(6,115)	(5,653)	(10,375)	(19,967)
Non-controlling interest	-	-	-	-	(193)
Net income	\$ 55,420	\$ 22,880	\$ 87,071	\$ 94,299	\$ 78,120
Net income per ordinary share (5):					
Basic	\$ 0.92	\$ 0.38	\$ 1.46	\$ 1.61	\$ 1.34
Diluted	\$ 0.92	\$ 0.37	\$ 1.44	\$ 1.57	\$ 1.30
Weighted average number of ordinary shares outstanding:					
Basic	59,968,174	60,379,338	59,718,934	58,636,878	58,245,240
Diluted	60,450,706	61,070,686	60,637,103	59,900,504	60,221,587

	Year Ended December 31,				
	2012	2011	2010	2009	2008
	(in thousands)				
<b>Balance Sheet Data:</b>					
Cash and cash equivalents	\$ 114,047	\$ 119,237	\$ 255,706	\$ 144,801	\$ 58,378
Short term investments	76,183	54,940	-	49,227	42,726
Working capital	250,326	253,514	330,333	235,906	185,957
Total assets	1,202,108	1,027,517	949,538	908,398	867,285
Total debt	-	-	-	-	105,379
Long term government grants	1,427	1,351	1,470	1,750	1,386
Long term liabilities	14,312	20,038	4,659	2,844	1,880
Ordinary share capital	5,067	5,055	5,063	4,965	4,921
Additional paid-in capital	237,217	211,549	196,960	174,188	162,057
Shareholders' equity	\$ 754,575	\$ 681,544	\$ 669,999	\$ 572,246	\$ 456,366

- (1) Reimbursable expenses are comprised of payments to investigators and certain other costs reimbursed by clients under terms specific to each of the Company's contracts. *See Note 2 (d) to the Audited Consolidated Financial Statements.*
- (2) Restructuring and other items of \$5.6 million were recorded during the year ended December 31, 2012 (inclusive of the release of \$0.1 million relating to the 2011 Restructuring Plans). During the year ended December 31, 2012 the Company completed a review of its operations to improve resource utilization throughout the business. This review resulted in the adoption of a restructuring plan, to include resource rationalizations in certain areas of the business and a re-organization of available office space at the Company's Philadelphia facility. A restructuring charge of \$4.6 million was recognized during the year ended December 31, 2012; \$3.4 million in respect of resource rationalizations and \$1.2 million in respect of lease termination and exit costs. The Company also incurred certain other charges of \$1.1 million in relation to the retirement of Mr. Peter Gray, former Vice Chairman of the Board and former CEO of the Company in 2012. *See Note 14 to the Audited Consolidated Financial Statements.*
- (3) Restructuring charges of \$9.8 million were recorded during the year ended December 31, 2011. During 2011 the Company conducted a review of its operations to improve resource utilization within the business and better align resources to current and future growth opportunities. This review resulted in the adoption of an initial restructuring plan, which included the closure of the Company's facility in Edinburgh, United Kingdom and resource rationalizations in certain of the more mature markets in which it operates. A further restructuring plan was also adopted during 2011 which resulted in the relocation of the Company's facility in Maryland, USA and further resource rationalizations. *See Note 14 to the Audited Consolidated Financial Statements.*
- (4) Restructuring charges of \$8.8 million were recorded during the year ended December 31, 2009. During 2009 the Company conducted a review of its infrastructure to better align its resources with the needs of its clients. This realignment resulted in resource rationalizations in certain more mature markets in which the Company operates and the recognition of a restructuring charge of \$13.3 million. This was partially offset by research and development incentives of \$4.5 million received by the Company in certain European Union jurisdictions in which it operates.
- (5) Net income per ordinary share is based on the weighted average number of outstanding ordinary shares. Diluted net income per share includes potential ordinary shares from the exercise of options.

## Risk Factors

### Risk Related to Our Business and Operations

***We depend on a limited number of customers and a loss of or significant decrease in business from one or more of them could affect our business.***

The increased use of strategic partnership arrangements in recent years has resulted in a greater proportion of our net revenues being derived from a relatively limited number of customers. During the year ended December 31, 2012 48% of our net revenues were derived from our top five customers, with two customers individually contributing more than 10% of our net revenues during the period (18% and 12% respectively). No other customer contributed more than 10% of our net revenues during this period. During the year ended December 31, 2011 37% of our net revenues were derived from our top five customers, with 13% of our net revenues derived from one customer. No other customer contributed more than 10% of net revenues during this period. During the year ended December 31, 2010 33% of our net revenues were derived from our top five customers, with no one customer contributing more than 10% of net revenues during this period. The loss of, or a significant decrease in business from one or more of these key customers could have a material adverse impact on our results of operations.

***Many of our contracts are long-term fixed-fee contracts. We would lose money in performing these contracts if the costs of performance exceed the fixed fees for these projects and we were unable to negotiate a change order for the value of work performed.***

Many of our contracts are long-term fixed fee contracts. Revenues on these contracts are agreed in the contract between the Company and the customer and are based on estimated time inputs to the contract. Factors considered in estimating time requirements include the complexity of the study, the number of geographical sites where trials are to be conducted and the number of patients to be recruited at each site. The Company regularly reviews the estimated hours on each contract to determine if the budget accurately reflects the agreed tasks to be performed taking into account the state of progress at the time of review. The Company further endeavours to ensure that changes in scope are appropriately monitored and change orders for additional revenue are promptly negotiated for additional work as necessary. If we were to fail to recognize and negotiate change orders for changes in the resources required or the scope of the work to be performed the Company could lose money if the costs of performance of these contracts exceeded their fixed fees.

***If our customers discontinue using our services, or cancel or discontinue projects, our revenue will be adversely affected and/or we may not receive their business in the future or may not be able to attract new clients.***

Our clients may discontinue using our services completely or cancel some projects either without notice or upon short notice. The termination or delay of a large contract or of multiple contracts could have a material adverse effect on our revenue and profitability; although, in the event of termination the Company is usually entitled to all sums owed for work performed through the notice of termination and certain costs associated with the termination of the study. Historically, clients have cancelled or discontinued projects and may in the future cancel their contracts with us for reasons including:

- the failure of products being tested to satisfy safety or efficacy requirements;
- unexpected or undesired clinical results of the product;
- a decision that a particular study is no longer necessary or viable;
- poor project performance, quality concerns, insufficient patient enrollment or investigator recruitment; or
- production problems resulting in shortages of the drug.

If we lose clients, we may not be able to attract new ones, and if we lose individual projects, we may not be able to replace them.

***If we fail to attract or retain qualified staff, our performance may suffer.***

Our business, future success and ability to continue to expand operations depends upon our ability to attract, hire, train and retain qualified professional, scientific and technical operating staff. We compete for qualified professionals with other Clinical Research Organisations “CROs”, temporary staffing agencies and the in-house departments of pharmaceutical, biotechnology and medical device companies. An inability to attract a sufficient number and calibre of clinical research professionals at an acceptable cost would impact our future performance and results of operations.

***Our ability to perform clinical trials is dependent upon the ability to recruit suitable willing patients.***

The successful completion of clinical trials is dependent upon the ability to recruit suitable and willing patients on which to test the drug under study. The availability of suitable patients for enrollment on studies is dependent upon many factors including, amongst others, the size of the patient population, the design of the study protocol, eligibility criteria, the referral practices of physicians, the perceived risks and benefits of the drug under study and the availability of alternative medication, including medication undergoing separate clinical trial. Insufficient patient enrollment may result in the termination or delay of a study which could have a material adverse impact on our results of operations.

***Our ability to perform clinical trials is dependent upon our ability to recruit suitable willing investigators.***

We contract with physicians located in hospitals, clinics or other such sites, who serve as investigators in conducting clinical trials to test new drugs on their patients. Investigators supervise administration of the study drug to patients during the course of the clinical trial. The successful conduct of a clinical trial is dependent upon the integrity, experience and capabilities of the investigators conducting the trial. Insufficient investigator recruitment, which in turn may lead to insufficient patient enrollment, may result in result in the termination or delay of a study which could have a material adverse impact on our results of operations.

***We rely on third parties for important products and services.***

We depend on certain third parties to provide us with products and services critical to our business. Such services include, amongst others, suppliers of drugs for patients participating in trials, suppliers of kits for use in in our central laboratory business, suppliers of reagents for use in our testing equipment and providers of maintenance services for our equipment. The failure of any of these third parties to adequately provide the required products or services could have a material adverse effect on our business.

***We are highly dependent on information technology. If our systems fail or are unreliable our operations may be adversely impacted.***

The efficient operation of our business depends on our information technology infrastructure and our management information systems. Our information technology infrastructure includes both third party solutions and applications designed and maintained internally. Since our Company operates on multiple platforms, the failure of our information technology infrastructure and/or our management information systems to perform could severely disrupt our business and adversely affect our results of operation. In addition, our information technology infrastructure and/or our management information systems are vulnerable to damage or interruption from, amongst others, natural or man-made disasters, terrorist attacks, computer viruses or hackers, power loss, or other computer systems, internet telecommunications or data network failures. Any such interruption could adversely affect our business and results of operations.

A significant portion of our operations rely on the secure processing, storage and transmission of confidential information, including client and personal confidential information. For example, through our Phase I business, we obtain and store personal health-related information of participating subjects. Our activities are subject to a risk of cyber security issues and/or attacks which could result in the disclosure or loss of confidential client or customer information, damage to our reputation, additional costs, regulatory penalties and financial losses. Despite our security measures, our computer systems, software and networks, or those of our suppliers, customers and so on, are vulnerable to unauthorized access, loss or destruction of data (including confidential client information and personal health data), hardware malfunctions, unavailability of service, computer viruses or other malicious code, cyber attacks and other events. These threats may derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure.

***Our operations might be impacted by a disruption to travel systems.***

Many of our operations rely on the availability of air or other transportation for the distribution of clinical trial materials, study samples and personnel. While we have developed contingency plans to minimize the impact of such events, a disruption to the availability of air transportation or other travel systems could have a material adverse impact on our activities and results of operations.

***We may make acquisitions in the future, which may lead to disruptions to our ongoing business.***

We have made a number of acquisitions and will continue to review new acquisition opportunities. If we are unable to successfully integrate an acquired company or business, the acquisition could lead to disruptions to our business. The success of an acquisition will depend upon, among other things, our ability to:

- assimilate the operations and services or products of the acquired company or business;
- integrate acquired personnel;
- retain and motivate key employees;
- retain customers; and
- minimize the diversion of management's attention from other business concerns.

In the event that the operations of an acquired company or business do not meet our performance expectations, we may have to restructure the acquired company or business or write-off the value of some or all of the assets of the acquired company or business.

***We rely on our interactive voice response systems to provide accurate information regarding the randomization of patients and the dosage required for patients enrolled in the trials.***

We develop and maintain computer run interactive voice response systems to automatically manage the randomization of patients in trials, assign the study drug, and adjust the dosage when required for patients enrolled in trials we support. An error in the design, programming or validation of these systems could lead to inappropriate assignment or dosing of patients which could give rise to patient safety issues, invalidation of the trial and/or liability claims against the Company among other things.

***We rely on various control measures to mitigate the risk of a serious adverse event resulting from healthy volunteer Phase I trials.***

We conduct healthy volunteer Phase I trials including first-in-human trials. Due to the experimental nature of these studies, serious adverse events may arise. We mitigate such events by following Good Clinical Practice and ensuring appropriately trained and experienced clinical physicians are managing these trials and that internal Standard Operating Procedures and client protocols are rigorously adhered to. We also ensure that a signed contract is in place with the client in advance of clinical dosing with appropriate indemnifications and insurance coverage. Following our internal review and submission, an Independent Ethics committee approves the study protocol and appropriate approval is obtained from the relevant regulatory body.



## **Risk Related to Our Industry**

***We are dependent on the continued outsourcing of research and development by the pharmaceutical, biotechnology and medical device industries.***

We are dependent upon the ability and willingness of the pharmaceutical, biotechnology and medical device companies to continue to spend on research and development and to outsource the services that we provide. We are therefore subject to risks, uncertainties and trends that affect companies in these industries. We have benefited to date from the tendency of pharmaceutical, biotechnology and medical device companies to outsource clinical research projects. Any downturn in these industries or reduction in spending or outsourcing could adversely affect our business. For example, if these companies expanded upon their in-house clinical or development capabilities, they would be less likely to utilize our services. In addition, if governmental regulations were changed, it could affect the ability of our clients to operate profitably, which may lead to a decrease in research spending and therefore this could have a material adverse effect on our business.

***Large pharmaceutical companies are increasingly consolidating their vendor base and entering strategic partnership arrangements with a limited number of outsource providers.***

Large pharmaceutical companies are continually seeking to drive efficiencies in their development processes to both reduce costs associated with the development of new drug candidates and accelerate time to market. This has generally been positive for CROs as it has resulted in increased outsourcing by these companies. However, in an effort to drive further efficiencies in their development processes, large pharmaceutical companies in particular are increasingly looking to consolidate the number of outsource providers with which they engage, with many entering strategic partnership arrangements with a limited number of outsource providers. We believe this trend will benefit large CRO's with global capabilities and expertise such as ICON and may also lead to increased outsourcing spend. However, the failure to enter strategic partnership arrangements with customers or the loss of existing customers as a result of them entering strategic partnership arrangements with our competitors could have a material adverse impact on our results of operations.

***Increased collaboration amongst pharmaceutical companies in research and development activities may lead to fewer research opportunities.***

Certain pharmaceutical companies have begun to collaborate in seeking to develop new drug candidates. Increased collaboration amongst pharmaceutical companies may lead to fewer research opportunities, which in turn may lead to fewer outsource opportunities for companies within the CRO industry. A reduction in outsource opportunities as a result of this increased collaboration could have a material adverse impact on our results of operations.

## **Risk Related to Our Financial Results and Financial Position**

***Our quarterly results are dependent upon a number of factors and can fluctuate from quarter to quarter.***

Our results of operations in any quarter can fluctuate depending upon, among other things, the number and scope of ongoing client projects, the commencement, postponement, variation and cancellation or termination of projects in a quarter, the mix of revenue, cost overruns, employee hiring and other factors. Our net revenue in any period is directly related to the number and percentage of employees who were working on projects billable to the client during that period. We may be unable to compensate for periods of underutilization during one part of a fiscal period by augmenting revenues during another part of that period. We believe that operating results for any particular quarter are not necessarily a meaningful indication of future results.

***Our exposure to exchange rate fluctuations could adversely affect our results of operations.***

Our contracts with clients are sometimes denominated in currencies other than the currency in which we incur expenses related to such contracts. Where expenses are incurred in currencies other than those in which contracts are priced, fluctuations in the relative value of those currencies could have a material adverse effect on our results of operations. This risk is partially mitigated by clauses in certain of our contracts which allow for price renegotiation with clients if changes in the relative value of those currencies exceed predetermined tolerances.

In addition, we are also subject to translation exposures as our consolidated financial results are presented in U.S. dollars, while the local results of certain of our subsidiaries are prepared in currencies other than U.S. dollars, including, amongst others, the pound sterling and the euro. Accordingly, changes in exchange rates between the U.S. dollar and those other currencies will affect the translation of a subsidiary's financial results into U.S. dollars for purposes of reporting our consolidated financial results.

***Our effective tax rate may fluctuate from quarter-to-quarter, which may affect our results of operations.***

Our quarterly effective tax rate has depended and will continue to depend on the geographic distribution of our taxable earnings amongst the multiple tax jurisdictions in which we operate and the tax law in those jurisdictions. Changes in the geographic mix of our results of operations amongst these jurisdictions may have a significant impact on our effective tax rate from quarter to quarter. In addition, as we operate in multiple tax jurisdictions, we may be subject to audits in certain jurisdictions. These audits may involve complex issues which could require an extended period of time for resolution. While we believe that adequate provisions for income taxes have been made in our financial statements, the resolution of audit issues may lead to differences which could have a significant impact on our effective tax rate.

***Our backlog may not convert to net revenue and the rate of conversion may slow.***

Our backlog consists of potential net revenue yet to be earned from projects awarded by clients. Our backlog at any date is not necessarily a meaningful predictor of future results, due to the potential for the cancellation or delay of projects underlying the backlog. No assurances can be given that we will be able to realize this backlog as net revenue. A failure to realize backlog as net revenue could have a material adverse impact on our results of operations. In addition, as the length and complexity of projects underlying our backlog increases, the rate at which backlog converts to net revenue may be slower than in the past. A significant reduction in the rate at which backlog converts to net revenue could have a material impact on our results of operations.

***Significant changes from our estimates of contingent consideration payable on acquisitions could have a serious adverse impact on our results of operations.***

We have made a number of acquisitions in the past and will continue to review new acquisition opportunities. The cost of many of these acquisitions includes a portion which is contingent upon certain future events, such as the achievement of a particular revenue or earnings target. Where an acquisition agreement provides for such additional consideration, the amount of the estimated additional consideration is recognized at the acquisition date fair value. Any changes to this estimate in subsequent periods will depend on the classification of the contingent consideration. If the contingent consideration is classified as equity it shall not be re-measured and the settlement shall be accounted for within equity. If the contingent consideration is classified as an asset or liability any adjustments will be accounted for through the consolidated statement of operations or other comprehensive income depending on whether the asset or liability is considered a financial instrument. Significant estimates and judgements are required in estimating the acquisition date fair value of the additional consideration. Changes in business conditions or the performance of the acquired business could lead to a significant change between our estimate of the acquisition date fair value and amounts payable which could have a significant impact on our results of operations.

***The Company is exposed to various risks in relation to our cash and cash equivalents and short term investments.***

The Company's treasury function actively manages our available cash resources and invests significant cash balances in various financial institutions to try to ensure optimum returns for our surplus cash balances. These balances are classified as cash and cash equivalents or short term investments depending on the maturity of the related investment. Cash and cash equivalents comprise cash and highly liquid investments with maturities of three months or less. Short term investments comprise highly liquid investments with maturities of greater than three months and minimum "A" rated fixed and floating rate securities.

Given the global nature of our business, we are exposed to various risks in relation to these balances including liquidity risk, credit risk associated with the counterparties with which we invest, interest rate risk on floating rate securities, sovereign risk (our principal sovereign risk relates to investments in U.S. Treasury funds), and other factors.

We manage risks in relation to these balances through ongoing monitoring of the composition of the balances and ensuring that funds are invested in accordance with strict risk management policies and controls as specified by the Company's Board of Directors.

Although we have not recognized any significant losses to date on our cash and cash equivalents or short term investments, any significant declines in their market values could have a material adverse affect on our financial position and operating results.

**Risk Related to Political, Legal or Regulatory Environment**

***We may lose business opportunities as a result of health care reform and the expansion of managed care organizations.***

Numerous governments, including the U.S. government and governments outside of the U.S., have undertaken efforts to control growing health care costs through legislation, regulation and voluntary agreements with medical care providers and drug companies. If these efforts are successful, pharmaceutical, biotechnology and medical device companies may react by spending less on research and development and therefore this could have a material adverse effect on our business.

In addition to healthcare reform proposals, the expansion of managed care organizations in the healthcare market may result in reduced spending on research and development. Managed care organizations' efforts to cut costs by limiting expenditures on pharmaceuticals and medical devices could result in pharmaceutical, biotechnology and medical device companies spending less on research and development. If this were to occur, we would have fewer business opportunities and our revenues could decrease, possibly materially.

***We may lose business as a result of changes in the regulatory environment.***

Various regulatory bodies throughout the world may enact legislation which could introduce changes to the regulatory environment for drug development and research. The adoption and implementation of such legislation is difficult to predict and therefore could have a material adverse effect on our business.

***Failure to comply with the regulations of the U.S. Food and Drug Administration and other regulatory authorities could result in substantial penalties and/or loss of business.***

The U.S. Food and Drug Administration, or FDA, and other regulatory authorities inspect us from time to time to ensure that we comply with their regulations and guidelines, including environmental and health and safety matters. In addition, we must comply with the applicable regulatory requirements governing the conduct of clinical trials in all countries in which we operate. If we fail to comply with any of these requirements we could suffer some or all of:

- termination of any research;
- disqualification of data;
- denial of the right to conduct business;
- criminal penalties;
- other enforcement actions;
- loss of clients and/or business; and
- litigation from clients and resulting material penalties, damages and costs.

***We are subject to political, regulatory and legal risks associated with our international operations.***

We are one of a small group of organizations with the capability and expertise to conduct clinical trials on a global basis. We believe that this capability to provide our services globally in most major and developing pharmaceutical markets enhances our ability to compete for new business from large multinational pharmaceutical, biotechnology and medical device companies. We have expanded geographically in the past and intend to continue expanding in regions that have the potential to increase our client base or increase our investigator and patient populations. We expect that revenues earned in emerging markets will continue to account for an increasing portion of our total revenues. However, emerging market operations may present several risks, including civil disturbances, health concerns, cultural differences such as employment, regulatory and business practices, volatility in gross domestic product, economic and governmental instability, the potential for nationalization of private assets and the imposition of exchange controls.

Changes in the political and regulatory environment in the international markets in which we operate such as price or exchange controls could impact our revenue and profitability, and could lead to penalties, sanctions and reputational damages if we are not compliant with those regulations. Political uncertainty and a lack of institutional continuity in some of the emerging and developing countries in which we operate could affect the orderly operation of markets in these economies. In addition, in countries with a large and complicated structure of government and administration, national, regional, local and other governmental bodies may issue inconsistent decisions and opinions that could increase our cost of regulatory compliance and/or have a material adverse effect on our business.

Uncertainty of the legal environment in some emerging countries could also limit our ability to enforce our rights. In certain emerging and developing countries we enjoy less comprehensive protection for some of our rights, including intellectual property rights, which could undermine our competitive position.

Finally, we operate in some countries where national laws may require not only proper books and records, but also sufficient controls, policies and processes to ensure business is conducted without the influence of bribery and corruption. Given the high level of complexity of some of these laws and the large number of employees and contractors we have in many jurisdictions, there is a risk that some provisions may inadvertently be breached, for example through negligent behavior of individual employees, or failure to comply with certain formal documentation requirements or otherwise. Any violation of these laws or allegations of such violations, whether merited or not, could have a material adverse effect on our reputation and could cause the trading price of our common stock to decline.

If any of the above risks or similar risks associated with our international operations were to materialize, our results of operations and financial condition could be materially adversely affected.

***Liability claims brought against us could result in payment of substantial damages to plaintiffs and decrease our profitability.***

#### *Customer Claims*

If we breach the terms of an agreement with a client (for example if we fail to comply with all applicable regulations or Good Clinical Practice) this could result in claims against us for substantial damages which could have a material adverse effect on our business. As we are a “people business” in that we provide staff to provide our services in hospitals and other sites, there is a risk that our management, quality and control structures fail to quickly detect should an employee fail to comply with all applicable regulations and Good Clinical Practice and thereby exposing us to the risk of claims by clients.

#### *Claims relating to Investigators*

We contract with physicians who serve as investigators in conducting clinical trials to test new drugs on their patients. This testing creates the risk of liability for personal injury to or death of the patients. Although investigators are generally required by law to maintain their own liability insurance, we could be named in lawsuits and incur expenses arising from any professional malpractice or other actions against the investigators with whom we contract.

#### *Indemnification from Clients*

Indemnifications provided by our clients against the risk of liability for personal injury to or death of the patients vary from client to client and from trial to trial and may not be sufficient in scope or amount or the client may not have the financial ability to fulfill their indemnification obligations. Furthermore, we would be liable for our own negligence and negligence of our employees and such negligence could lead to litigation from clients.

#### *Insurance*

We maintain what we believe is an appropriate level of worldwide Professional Liability/Error and Omissions Insurance. We may in the future be unable to maintain or continue our current insurance coverage on the same or similar terms. If we are liable for a claim that is beyond the level of insurance coverage, we may be responsible for paying all or part of any award. Also, the insurance policies contain exclusions which mean that the policy will not respond or provide cover in certain circumstances.

#### *Claims to Date*

To date, we have not been subject to any liability claims that are expected to have a material effect on our business.

### **Risk Related to Our Common Stock**

***Volatility in the market price of our common stock could lead to losses by investors.***

The market price of our common stock has experienced volatility in the past and may experience volatility in the future which could lead to losses for investors. Factors impacting volatility in the market price of our common stock include, amongst others, our results of operations, analyst expectations, developments impacting the industry or our competitors and general market and economic conditions. In addition, stock markets have from time to time experienced significant price and volume fluctuations unrelated to the operating performance of particular companies. Future fluctuations in stock markets may lead to volatility in the market price of our common stock which could lead to losses by investors.

#### **Item 4. Information on the Company.**

##### **Business**

ICON public limited company (“ICON plc”) is a contract research organization (“CRO”), providing outsourced development services on a global basis to the pharmaceutical, biotechnology and medical device industries. We specialize in the strategic development, management and analysis of programs that support all stages of the clinical development process - from compound selection to Phase I-IV clinical studies. The Company’s mission is to accelerate the development of drugs that save lives and improve the quality of life. Our vision is to be the Global CRO partner of choice for the Biopharma industry by delivering best in class information, solutions and performance in clinical and outcomes research.

We believe that we are one of a select group of CRO’s with the expertise and capability to conduct clinical trials in most major therapeutic areas on a global basis and have the operational flexibility to provide development services on a stand-alone basis or as part of an integrated “full service” solution. At December 31, 2012, we employed approximately 9,500 employees, in 82 locations in 40 countries. During the year ended December 31, 2012, we derived approximately 42.3%, 45.8% and 11.9% of our net revenue in the United States, Europe and Rest of World, respectively.

We began operations in 1990 and have expanded our business predominately through internal growth, together with a number of strategic acquisitions, to enhance our capabilities and expertise in certain areas of the clinical development process.

On February 15, 2013 the Company acquired the Clinical Trial Services Division of Cross Country Healthcare, Inc. Cross Country Healthcare’s Clinical Trial Services Division’s services include contract staffing, permanent placement and functional service provision. The division also includes AKOS, a leading US and EU provider of pharmacovigilance and drug safety services. ClinForce and Assent will be combined with ICON’s FSP division, DOCS, creating a leader in global resourcing and FSP, while AKOS will enhance the services offered by ICON’s medical and safety services team.

On February 28, 2012 the Company acquired PriceSpective LLC (“PriceSpective”), a global leader in value strategy consulting. Headquartered in Philadelphia, and with offices in London, Los Angeles, San Diego, Raleigh and Boston, PriceSpective is a premier consultancy that has a strong reputation for excellence in strategic pricing, market access, Health Economics and Outcomes Research (HEOR), due diligence support and payer engagement services. Since the company’s inception in 2003, PriceSpective has developed strategies for dozens of new product launches, and hundreds of development and in-market products, across 40+ disease areas.

On February 15, 2012 the Company acquired BeijingWits Medical Limited (“BeijingWits”), a leading Chinese CRO, with over 100 highly qualified and experienced professionals in Beijing, Shanghai, Chengdu, Guangzhou, Wuhan and Hong Kong.

On December 17, 2012 the Company’s shareholders voted in favour of terminating the Company’s ADR programme and replacing its ADRs with a direct listing of its shares on NASDAQ. The Company also decided to cancel the Company’s secondary listing on the official list of the Irish Stock Exchange, mainly due to the very low levels of liquidity in the Company’s shares on this exchange. This followed a review by the Company of its share trading arrangements with the objective of ensuring that the arrangements in place are appropriate to the size, scale and locations of the business, are conducive to supporting a liquid market in the Company’s shares, enhance the Company’s profile and attractions for a wide range of international investors, and that the costs and maintenance of the associated trading arrangements are proportionate to the expected benefits. The last day of trading of the Company’s shares on the Irish Stock Exchange was January 29, 2013 with the Company’s delisting from the Irish Stock Exchange being effected as of January 30, 2013. Direct trading of the Company’s shares on NASDAQ commenced on February 4, 2013.

We are incorporated in Ireland and our principal executive office is located at: South County Business Park, Leopardstown, Dublin 18, Republic of Ireland. The contact telephone number of this office is 353 (1) 291 2000.

## Industry Overview

The CRO industry provides independent product development services for the pharmaceutical, biotechnology and medical device industries. Companies in these industries outsource product development services to CROs in order to manage the drug development process more efficiently and to cost-effectively maximize the profit potential of both patent-protected and generic products. The CRO industry has evolved since the 1970s from a small number of companies that provided limited clinical services to a larger number of CROs that offer a range of services that encompass the entire research and development process, including pre-clinical development, clinical trials management, clinical data management, study design, biostatistical analyses, post marketing surveillance, regulatory affairs services and central laboratory services. CROs are required to provide these services in accordance with good clinical and laboratory practices, as governed by the applicable regulatory authorities.

The CRO industry is highly fragmented, consisting of several hundred small, limited-service providers and a limited number of medium and large CROs with global operations. Although there are few barriers to entry for small, limited-service providers, we believe there are significant barriers to becoming a CRO with global capabilities and expertise. Some of these barriers include the infrastructure and experience necessary to serve the global demands of clients (Sponsors), the ability to manage simultaneously complex clinical trials in numerous countries, broad therapeutic expertise and the development and maintenance of the complex information technology systems required to integrate these capabilities. In recent years, the CRO industry has experienced consolidation, resulting in the emergence of a select group of CROs that have the capital, technical resources, integrated global capabilities and expertise to conduct multiple phases of clinical trials on behalf of pharmaceutical, biotechnology and medical device companies. We believe that some large pharmaceutical companies, rather than utilizing many CRO service providers, are selecting a limited number of CROs with which they deal, with many also seeking to form strategic partnerships with global CROs in an effort to drive incremental development efficiencies. We believe that this trend will further concentrate the market share among CROs with a track record of quality, speed, flexibility, responsiveness, global capabilities and overall development experience and expertise.

## New Drug Development – Ethical Pharmaceuticals and Biologics - An Overview

Before a new drug or biologic may be marketed, it must undergo extensive testing and regulatory review in order to determine that it is safe and effective. The following discussion primarily relates to the U.S. Food and Drug Administration (FDA) approval process for such products. Similar procedures must be followed for product development with other global regulatory agencies. The stages of this development process are as follows:

***Preclinical Research (approximately 1 to 3.5 years).*** “In vitro” (test tube) and animal studies must be conducted in accordance with applicable regulations to establish the relative toxicity of the drug over a wide range of doses and to detect any potential to cause birth defects or cancer. If results warrant continuing development of the drug or biologic, the manufacturer will file for an Investigational New Drug Application, or IND, which must become effective by the FDA before starting the proposed clinical studies.

***Clinical Trials (approximately 3.5 to 6 years).***

**Phase I (6 months to 1 year).** Consists of basic safety and pharmacology testing in 20 to 80 human subjects, usually healthy volunteers, and includes studies to determine how the drug works, if it is safe, how it is affected by other drugs, where it goes in the body, how long it remains active and how it is broken down and eliminated from the body.

**Phase II (1 to 2 years).** Includes basic efficacy (effectiveness) and dose-range testing in a limited patient population (usually) 100 to 200 patients to help determine the best effective dose, confirm that the drug works as expected, and provide additional safety data. If the Phase II results are satisfactory and no clinical hold is enforced by the FDA, the Sponsor may proceed to Phase III studies.

**Phase III (2 to 3 years).** Efficacy and safety studies in hundreds or thousands of patients at many investigational sites (hospitals and clinics). These studies can be placebo-controlled trials, in which the new drug is compared with a “sugar pill”, or studies comparing the new drug with one or more drugs with established safety and efficacy profiles in the same therapeutic category.

**TIND (may span late Phase II, Phase III, and FDA review).** When results from Phase II or Phase III show special promise in the treatment of a serious condition for which existing therapeutic options are limited or of minimal value, the FDA may allow the Sponsor to make the new drug or biologic available to a larger number of patients through the regulated provision of a Treatment Investigational New Drug, or TIND. Although less scientifically rigorous than a controlled clinical trial, a TIND may enroll and collect a substantial amount of data from tens of thousands of patients.

**NDA or BLA Preparation and Submission.** Upon completion of Phase III trials, the Sponsor assembles the statistically analyzed data from all phases of development into a single large submission along with the Chemistry and Manufacturing and preclinical data and the proposed labeling into the New Drug Application (NDA), or Biologics License Application (BLA) which today comprises, on average, approximately 100,000 pages.

**FDA Review & Approval of NDA or BLA (1 to 1.5 years).** Data from all phases of development (including a TIND) is scrutinized to confirm that the manufacturer has complied with all applicable regulations and that the drug or biologic is safe and effective for the specific use (or “indication”) under study. The FDA may refuse to accept the NDA or BLA if the Sponsor’s application has certain administrative or content criteria which do not meet FDA standards. The FDA may also deny approval of the drug or biologic product if applicable regulatory requirements are not satisfied.

**Post-Marketing Surveillance and Phase IV Studies.** Federal regulation requires the Sponsor to collect and periodically report to the FDA additional safety and efficacy data on the drug or biologic for as long as the Sponsor markets it (post-marketing surveillance). If the product is marketed outside the U.S., these reports must include data from all countries in which the drug is sold. Additional studies (Phase IV) may be undertaken after initial approval to find new uses for the drug, to test new dosage formulations, or to confirm selected non-clinical benefits, e.g., increased cost-effectiveness or improved quality of life. Additionally, FDA and other regulatory agencies are requiring Sponsors of marketed drugs or biologics to prepare Risk Management plans which are aimed at assessing areas of product risk and plans for managing such risk should they occur. The FDA Amendment Act of 2007 has imposed additional regulatory requirements on Sponsors which address product safety, to conduct post-marketing surveillance studies and to submit the clinical trial information, including clinical study results of investigational and marketed products, to a databank managed and maintained by the National Institutes of Health. The information is accessible to the public via the worldwide web. This action was taken as a result to increase “public transparency” of Sponsor’s clinical studies and respective clinical results.

### **Key Trends Affecting the CRO Industry**

CROs derive substantially all of their revenue from the research and development expenditures of pharmaceutical, biotechnology and medical device companies. Based on industry surveys and investment analyst research, we estimate that clinical development expenditures outsourced by pharmaceutical and biotechnology companies worldwide in 2012 was approximately \$27.5 billion. We believe that the following trends create further growth opportunities for global CROs, although there is no assurance that growth will materialize.

#### *Innovation driving new Drug Development activity.*

New technologies together with improved understanding of disease pathology (driven by scientific advances such as the mapping of the human genome) have greatly increased the number of new drug candidates being investigated in early development and greatly broadened the number of biological mechanisms being targeted by such candidates. This should lead to significant increased activity in both Preclinical and Phase I development and in turn lead to more treatments in Phase II-III clinical trials. As the number of trials that need to be performed increases, we believe that drug developers will increasingly rely on CROs to manage these trials in order to continue to focus on drug discovery.

#### *Declining productivity within Research and Development programs.*

Whilst the total number of compounds that have entered clinical development has risen over the last few years, the number of novel drugs that have successfully been approved for marketing has remained relatively stable. Pharmaceutical and biotechnology companies have responded in a number of ways including looking to extend the product life cycle of existing drugs and initiating programs to drive efficiency in the development process. One example of this has been the efforts to achieve a more seamless transition across development phases, particularly Phase I-III. In parallel, regulatory initiatives such as the FDA’s “Critical Path” and the emergence of techniques such as adaptive trial design are focused on ensuring unsafe or ineffective drugs are eliminated from the development process earlier, allowing effective treatments to get to patients quicker at potentially reduced development costs.



#### *Pressure to Accelerate Time to Markets; Globalization of the Marketplace.*

Reducing product development time maximizes the client's potential period of patent exclusivity, which in turn maximizes potential economic returns. We believe that clients are increasingly using CROs that have the appropriate expertise to improve the speed of product development to assist them in improving economic returns. In addition, applying for regulatory approval in multiple markets and for multiple indications simultaneously, rather than sequentially, reduces product development time and thereby maximizes economic returns. We believe that CROs with global capabilities and considerable knowledge and experience in a broad range of therapeutic areas are a key resource to support a global regulatory approval strategy. Alongside this, the increasing need to access pools of new patients is leading to the conduct of clinical trials in new "emerging regions" such as Eastern Europe, Latin America, Asia-Pacific, South America and India. We believe that having access to both traditional and emerging clinical research markets gives global CROs a competitive advantage.

#### *Emergence of the Biotechnology Sector.*

The nature of the drugs being developed is changing. Biotechnology is enabling the development of targeted drugs with diagnostic tests to determine whether a drug will be effective given a patient's genomic profile. An increasing proportion of research and development ("R&D") expenditure is being spent on the development of highly technical drugs to treat very specific therapeutic areas. Much of this discovery expertise is found in smaller biotechnology firms. We believe that it is to these organizations that the large pharmaceutical companies will look for an increasing proportion of their new drug pipelines. Whether it is through licensing agreements, joint ventures or equity investment, we believe we will see the emergence of more strategic relationships between small discovery firms and the larger pharmaceutical groups. As the majority of these biotechnology companies do not have a clinical development infrastructure, we believe that the services offered by CROs will continue to be in demand from such companies.

#### *Cost Containment Pressures.*

Over the past several years, drug companies have sought more efficient ways of conducting business due to margin pressures stemming from patent expirations, greater acceptance of generic drugs, pricing pressures caused by the impact of managed care, purchasing alliances and regulatory consideration of the economic benefit of new drugs. Consequently, drug companies are centralizing research and development, streamlining their internal structures and outsourcing certain functions to CROs, thereby converting previously fixed costs to variable costs. Larger drug companies in particular are actively entering strategic partnerships with a limited number of CROs in an effort to drive increased efficiencies. The CRO industry and in particular large CROs with global capabilities and considerable scientific knowledge and expertise are often able to perform the needed services with greater focus and at a lower cost than the client could perform internally, although CRO companies themselves are facing increased cost containment pressures as drug companies seek to further reduce their cost base.

#### *Increasing Number of Large Long-Term Studies.*

We believe that to establish competitive claims, to obtain reimbursement authorization from bodies such as the National Institute for Health and Clinical Excellence in the UK, and to encourage drug prescription by physicians in some large and competitive categories, more clients need to conduct outcome studies to demonstrate, for example, that mortality rates are reduced by certain drugs. To verify such outcomes, very large patient numbers are required and they must be monitored over long time periods. We believe that as these types of studies increase there will be a commensurate increase in demand for the services of CROs who have the ability to quickly assemble large patient populations, globally if necessary, and manage this complex process throughout its duration.

#### *A Focus on Long-term Product Safety*

In the wake of a number of high profile recalls of previously approved drugs, regulatory authorities, such as the FDA and the European Medicines Agency, are increasingly demanding that Sponsors make arrangements to track the long-term safety of their products. The clinical trial approval process can only detect major and common adverse side effects of drugs; less common but no less serious effects may only become apparent after many years of use. As a result, there is an increase in the number of drugs given "conditional approvals" where further 'post-approval' studies are being mandated. In addition, prudent sponsors undertake similar studies to detect early warning signs of any potential problems with their products. Such studies may take the form of prospective long-term safety studies, simpler observational studies or registries where patients meeting specific criteria for disease or drug use are followed for long periods to detect any safety issues. CROs are well positioned to perform these studies on behalf of sponsors. Furthermore, a variety of healthcare databases containing medical and prescribing records can be "data mined" to collect patient data from very large populations in support of on-going safety and efficacy assessments. Again, this sort of data management and biostatistical activity is well performed by CROs.

### *Increasing Regulatory Demands.*

We believe that regulatory agencies are becoming more demanding with regard to the data required to support new drug approvals and are seeking more evidence that new drugs are safer and more effective than existing products. As a result, the complexity of clinical trials and the size of regulatory submissions are driving the demand for services provided by CROs.

### **The ICON Strategy**

The Company's mission is to accelerate the development of drugs that save lives and improve the quality of life. Our vision is to be the global CRO partner of choice for the biopharma and medical device industries by delivering best in class information, solutions and performance in clinical and outcomes research.

The Company has achieved exceptional growth since its foundation in 1990. The impact of the International Conference on Harmonisation, the resulting globalization of clinical research and the acceleration in the understanding of human and molecular biology which has led to many new treatment paths being explored have been key drivers of this growth.

Despite the increase in development activity in recent years the number of compounds reaching market has declined. This, together with health budget constraints and the current economic and financial environment, are placing increased pressure on revenues and profitability of development companies. This however has been generally positive for CROs, as increased outsourcing has been adopted by these companies as they seek to create greater efficiencies in their development processes, convert previously fixed costs to variable, and accelerate time to market.

One consequence of the drive to accelerate time to market will be increased emphasis on early stage development, as companies seek to filter compounds earlier in the development process, thereby lowering attrition rates and development expenditure. Regulatory pressures too will increase the emphasis on late stage (post marketing) surveillance, while increasing requirements to demonstrate the economic value of new compounds, through outcomes and comparative effectiveness research, will most likely be required in order to secure reimbursement. Furthermore, we believe advances in molecular biology will drive further growth in innovation in the long term which in turn should create further growth opportunities for both development companies and their outsource providers.

We expect the increased adoption of outsourcing will be a core strategy of clients in the near term as they respond to the increased pressures on their revenues and profitability. Larger clients in particular are seeking to form strategic partnerships with global CROs in an effort to reduce the number of outsource partners with whom they engage and to reduce inefficiencies in their current drug development models. As outsourcing penetration increases, we believe clients will seek a greater level of integration of service offerings from CROs, although some will continue to purchase services on a stand-alone basis. Creating greater connectivity and "seamlessness" between our services and the sharing of "real-time" clinical and operational data with clients will therefore become increasingly important for CROs. The Company will seek to benefit from this increased outsourcing by clients to grow our business by increasing market share with our existing client base and adding new clients within the Phase I-IV outsourced development services market; the aim being to ensure we will be considered for all major Phase I-IV projects.

Our core strategies to achieve these objectives will be as follows:

### *Build Scale*

Building scale within the organization will be central to achieving our objectives and will be achieved through developing strategic relationships with clients, growing positions in existing and selected new markets, broadening our service offerings and targeted strategic acquisitions as required.

Strategic client relationships will manifest themselves in many different forms. Many of these relationships will require new forms of collaboration across ICON divisions and departments and will therefore require increased flexibility to offer services on both a standalone basis and as part of a fully integrated service model. To support this objective we are developing programs to incorporate expanded relationship management, closer data integration across our service lines and enhanced project management capabilities.

We will also continue to build our positions in emerging markets and have expanded our presence in regions such as Asia-Pacific, in particular in China and Japan, as is evident from our acquisition of BeijingWits Medical Limited, a leading Chinese CRO. Additionally we are taking steps to address new and emerging markets such as the market for biosimilars and government sponsored research programs.

### *Competitiveness*

We continue to enhance our operating processes and delivery models to gain competitive advantage. Our proprietary ICONIK platform, which integrates clinical data across multiple systems, is helping us drive better project execution and identify significant operational efficiencies. We are also reducing patient recruitment times through enhanced site and investigator selection based on key performance metrics and we continue to work with investigator sites to optimise study conduct and enhance data quality. Our Firecrest technology is supporting our efforts in this area.

We are successfully leveraging our support costs and have created global business support infrastructure across functions such as Finance, Information Technology, Facilities and Human Resources which is helping us to enhance service levels whilst driving down the costs of this service provision.

### *Leadership*

Underpinning all our strategies are our people. The need to grow and retain talent within the organisation is fundamental in enabling us to be the global CRO partner of choice. The Company's talent review and succession planning processes are core strategies in the achievement of this objective. We are working with leading academic institutions to develop management development programmes that our employees can leverage and are also creating tailored clinical research related study programmes that can help produce a pool of future talent.

### *Leveraging Technology*

Developing best in class information to help clients improve the costs and efficiencies associated with drug development will be another key strategy in achieving our objectives. Our proprietary ICONIK platform, a web-based information platform that enables the management, reporting, analysis and visualization of all data relating to drug development will be a key tool in this regard. Firecrest's comprehensive site performance management system, a web-based solution which enables accurate study information, including protocol information, training manuals and case report forms amongst others, to be rolled out quickly and simultaneously to investigative sites is also a key platform in this regard and will allow site behavior to be tracked to ensure training is understood, procedures are being followed and that timelines are met and study parameters are met (*see information systems on page 21 for further information*).

### *Enhance Expertise*

Increased scientific knowledge and expertise will be important as clients will increasingly look to their partners for advice and guidance on how to identify promising drug candidates earlier in the development process and eliminate others. Having the right blend of scientific and commercial leadership in this area will be of key importance. The Company has made a number of strategic acquisitions in recent years to build scale in our Phase 1 service offerings and in parallel develop our scientific base in areas such as special patient populations, biomarkers and large molecule bioanalysis. We continue to build additional expertise in this and other areas (epidemiological, outcomes, regulatory and market access).

## Services

ICON specializes in the strategic development, management and analysis of programs that support Clinical Development - from compound selection to Phase I-IV clinical studies.

Our core Clinical Research business specializes in the planning, management, execution and analysis of Phase I – IV clinical trials, ranging from small studies to complex, multinational projects. Specific clinical research services offered include:

- o Investigator Recruitment
- o Study Monitoring and Data Collection
- o Case Report Form ("CRF") Preparation
- o Statistical Analysis
- o Patient Safety Monitoring
- o Clinical Data Management
- o IVR (Interactive Voice Response)
- o Electronic Patient Reported Outcomes
- o Medical Reporting
- o Patient Registries
- o Outcomes Research
- o Health Economics
- o Marker Access and commercialization services
- o Strategic Analysis and Data Operations
- o Clinical Pharmacology
- o Bioanalysis
- o Immunoassay development
- o Pharmacokinetic and Pharmacodynamic analysis
- o Study Protocol Preparation
- o Regulatory Consulting
- o Product Development Planning
- o Strategic Consulting
- o Pricing and Market Access Consulting
- o Medical Imaging
- o Contract Staffing
- o Electronic Endpoint Adjudication

An important element in monitoring patient safety during a clinical trial is the conduct of various laboratory tests on the patient's blood, urine and other bodily fluids at appropriate intervals during the trial. The analysis of these samples must be standardized and the results must be promptly transmitted to the investigator. ICON Central Laboratories provides global central laboratory services dedicated exclusively to clinical trials. Specific services offered by ICON Central Laboratories include:

- o Sample analyses
- o Safety testing
- o Microbiology
- o Custom flow cytometry
- o Electronic transmission of test results
- o Biomarker development

## **Sales and Marketing**

Our global sales and marketing strategy is to focus our business development efforts on pharmaceutical, biotechnology and medical device companies whose development projects are advancing. By developing and maintaining strategic relationships with our clients, we gain repeat business, can leverage a full service portfolio and achieve lateral penetration into other therapeutic indications and adjacent service lines where applicable. Simultaneously, we are actively establishing new client relationships.

While our sales and marketing activities are carried out locally by executives in each of the major locations, the sales and marketing process is coordinated centrally to ensure a consistent and differentiated market positioning for ICON and ongoing development of the ICON brand. In addition, all our business development professionals, senior executives and project team leaders share responsibility for the maintenance of key client relationships and business development activities.

## **Competition**

The CRO industry is highly fragmented, consisting of several hundred small, limited-service providers and a limited number of medium-sized and large CROs with global operations. We compete against in-house departments of pharmaceutical companies and other CROs with global operations. Some of these competitors have substantially greater capital, technical and other resources than us. CROs generally compete on the basis of previous experience, the quality of contract research, the ability to organize and manage large-scale trials on a global basis including the ability to recruit suitable investigators and patients, the ability to manage large and complex medical databases, the ability to provide additional drug development consulting services, the ability to integrate and make available clinical and operational data to improve the efficiency of contract research, medical and scientific expertise in specific therapeutic areas and price. We believe that we compete favorably in these areas. Our principal CRO competitors are Covance Inc., Inventiv Health, PAREXEL International Corporation, Pharmaceutical Product Development Inc. and Quintiles Transnational Corporation. Globalization is driving market share to global CROs while the trend toward CRO industry consolidation has resulted in heightened competition among the larger CROs for clients, skilled employees and acquisition candidates.

## **Customers**

During the year ended December 31, 2012 revenue was earned from over 580 clients. The increased use of strategic partnership arrangements in recent years has resulted in a greater proportion of our net revenues being derived from a relatively limited number of customers. During the year ended December 31, 2012 48% of our net revenues were derived from our top five customers, with two customers individually contributing more than 10% of our net revenues during the period (18% and 12% respectively). No other customer contributed more than 10% of our net revenues during this period. During the year ended December 31, 2011 37% of our net revenues were derived from our top five customers, with 13% of our net revenues derived from one customer. No other customer contributed more than 10% of net revenues during this period. During the year ended December 31, 2010 33% of our net revenues were derived from our top five customers, with no one customer contributing more than 10% of net revenues during this period. The loss of, or a significant decrease in business from one or more of these key customers could have a material adverse impact on our results of operations.

## **Backlog**

Our backlog consists of potential net revenue yet to be earned from projects awarded by clients. At December 31, 2012 we had a backlog of approximately \$2.8 billion, compared with approximately \$2.3 billion at December 31, 2011. We believe that our backlog as of any date is not necessarily a meaningful predictor of future results, due to the potential for cancellation or delay of the projects underlying the backlog, and no assurances can be given on the extent to which we will be able to realize this backlog as net revenue.

## Information Systems

Having access to accurate and timely information is critical in the management, delivery and quality of all aspects of drug development. To enable this ICON has developed an Informatics strategy built around ICONIK, a web-based information platform that enables the management, reporting, analysis and visualisation of all data relating to drug development. ICONIK collects, manages and standardises study data from multiple sources, including Electronic Data Capture (EDC), patient diaries, central laboratories and imaging, to provide a single view of study information. Based upon ICONIK's in-built visualisation and audit trail capabilities, sponsors can be assured of the transparency and integrity of all the data within the drug development processes. ICONIK enables ICON to deliver new services such as ICONIK monitoring which creates a new paradigm in how clinical trials are delivered by using near-real time clinical data to drive monitoring visit schedules thereby reducing overall cost and time to market.

In addition to managing clinical data, ICONIK collects operational data, such as project management, CTMS and metric information to drive trial efficiency and transparency. Investigator data, such as payments, site details and performance, can also be incorporated. Recognizing that each client has its own requirements and systems, we seek to ensure an entirely flexible approach to client needs. ICONIK can be accessed via a portal that allows clients access to study related information via a secure web based environment.

Our site management and training technology, Firecrest, is another important component of our Informatics strategy. Firecrest provides an on-line web-based portal to access visit by visit study guides which drive site performance and quality. Firecrest's Hyper Trial product allows real time entry of critical study information from mobile devices, increasing quality and reducing lag times for data capture.

ICON also utilizes a range of industry leading, best in class enterprise applications that enable the delivery of our business services in a global environment. The focus is to provide ease of access and capture of study information for our staff and clients globally. Our current information systems are built on open standards and leading commercial business applications from vendors including Microsoft, Oracle, EMC, SAS, Phase Forward and Medidata. IT expenditure is authorized by strict IT governance policies requiring senior level approval of all strategic IT expenditure based on defined, measurable business benefits. All critical business systems are formally delivered following a structured project management and systems delivery lifecycle approach. Critical clinical information systems, which manage clinical data, are validated in accordance with FDA regulations (21 CFR Part 11) and those of other equivalent regulatory bodies throughout the world.

In Clinical Operations, we have deployed a suite of software applications that assist in the management and tracking of our clinical trial activities. These software applications are both internally developed and commercially available applications from leading vendors in the industry. These include a clinical trial management application that tracks all relevant data in a trial and automates all management and reporting processes. In our Data Management function, we have deployed leading clinical data management solutions including EDC and Clinical Data Warehouse solutions from leading industry vendors. This allows us to guarantee the integrity of client data and provide consolidated information across client studies. In our clinical trials management area Firecrest Clinical provides a comprehensive site performance management system that improves compliance, consistency and execution of activities at investigative sites. The web-based solution enables accurate study information, including protocol information, training manuals and case report forms, to be rolled out quickly and simultaneously to sites. Site behaviour can then be tracked to ensure training is understood, procedures are being followed, timelines are met and study parameters are maintained. As well as meeting day to day operational requirements, these systems are feeder systems into the ICONIK platform.

We have also developed an interactive voice response system (IVR) to increase the efficiency of clinical trials. This system provides features such as centralized patient randomization, drug inventory management, patient diary collection and provides our clients with a fully flexible data retrieval solution which can be utilized via telephone, internet browser or a mobile device. In our central laboratory business, we utilize a comprehensive suite of software, including a laboratory information management system (LIMS), a kit/sample management system and a web interface system to allow clients to review results online.

The majority of the Company's global finance operations utilize Oracle's eBusiness suite to serve the organization's financial and project accounting requirements, while Oracle Peoplesoft and Success Factors are used to fulfill our HR people management requirements.

The Company's strategy of using technology to enhance our global processes can be seen from our deployment of platforms like ICONIK, iDoc our global SOP Document Management system and our Web-based training delivery solution, iLearn.

Our IT systems are operated from two centralized hubs in Dublin, Ireland and Philadelphia, Pennsylvania. Other offices are linked to these hubs through a resilient network managed by Verizon, a tier one global telecommunications provider. This network provides global connectivity for our applications and allows collaboration and communication using tools like Microsoft Lync, Sharepoint and eRooms. Mobile staff can also access all systems via secure remote access facilities. A global corporate intranet portal provides access to all authorized data and applications for our internal staff as well as providing an internal platform for company wide communication.

### **Contractual Arrangements**

We are generally awarded projects based upon our responses to requests for proposals received from companies in the pharmaceutical, biotechnology and medical device industries, or work orders received under our strategic partnership agreements.

Our revenues on contracts are recognized on a proportional performance method. Depending on the contractual terms revenue is either recognized on the percentage of completion method based on the relationship between hours incurred and the total estimated hours of the trial or on the unit of delivery method. Payment terms usually provide either for payments based on the achievement of certain identified milestones, units delivered or monthly payments, according to a fixed payment schedule over the life of the contract. Where clients request changes in the scope of a trial or in the services to be provided by us, a change order or amendment is issued which may result either in an increase or decrease in the contract value. We also contract on a "fee-for-service" or "time and materials" basis.

Contract periods may range from several weeks to several years depending on the nature of the work to be performed. In most cases, an upfront portion of the contract fee is paid at the time the study or trial is started. The balance of the contract fee is generally payable in installments over the study or trial duration and may be based on the achievement of certain performance targets or "milestones" or, based on units delivered, or on a fixed monthly payment schedule. For instance, installment payments may be based on patient enrollment dates or delivery of the database. During the course of the study, the Company will generally incur reimbursable expenses. Reimbursable expenses are typically estimated and budgeted within the contract and are generally invoiced on a monthly basis based on actual expenses incurred. Reimbursable expenses include payments to investigators, travel and accommodation costs and various other direct costs incurred in the course of the clinical trial which are fully reimbursable by the client.

As the currency in which contracts are priced can be different from the currencies in which costs relating to those contracts are incurred, we usually negotiate currency fluctuation clauses in our contracts which allow for price adjustments if changes in the relative value of those currencies exceed predetermined tolerances.

Most of our contracts are terminable immediately by the client with justifiable cause or with 30 to 90 days notice without cause. In the event of termination, we are usually entitled to all sums owed for work performed through the notice of termination and certain costs associated with termination of the study. Termination or delay in the performance of a contract occurs for various reasons, including, but not limited to, unexpected or undesired results, production problems resulting in shortages of the drug, adverse patient reactions to the drug, the client's decision to de-emphasize a particular trial or inadequate patient enrollment or investigator recruitment.



## **Government Regulation**

### *Regulation of Clinical Trials*

The clinical investigation of new drugs is highly regulated by government agencies. The standard for the conduct of clinical research and development studies is Good Clinical Practice, which stipulates procedures designed to ensure the quality and integrity of data obtained from clinical testing and to protect the rights and safety of clinical subjects.

Regulatory authorities, including the Food and Drug Administration (“FDA”), have promulgated regulations and guidelines that pertain to applications to initiate trials of products, the approval and conduct of studies, report and record retention, informed consent, applications for the approval of drugs and post-marketing requirements. Pursuant to these regulations and guidelines, service providers that assume the obligations of a drug sponsor are required to comply with applicable regulations and are subject to regulatory action for failure to comply with such regulations and guidelines. In the United States and Europe, the trend has been in the direction of increased regulation and enforcement by the applicable regulatory authority.

In providing our services in the United States, we are obligated to comply with FDA requirements governing such activities. These include ensuring that the study is approved by an appropriate independent review board (“IRB”)/Ethics Committee, obtaining patient informed consents, verifying qualifications of investigators, reporting patients’ adverse reactions to drugs and maintaining thorough and accurate records. We must maintain critical documents for each study for specified periods, and such documents may be reviewed by the study sponsor and the FDA during audits.

The services we provide outside the United States are ultimately subject to similar regulation by the relevant regulatory authority, including the Medicines and Healthcare products Regulatory Agency Medicines Control Agency in the United Kingdom and the Bundesinstitut für Arzneimittel und Medizinprodukte in Germany. In addition, our activities in Europe are affected by the European Medicines Evaluation Agency, which is based in London, England.

We must retain records for each study for specified periods for inspection by the client and by the applicable regulatory authority during audits. If such audits show that we have failed to comply adequately with applicable regulations and guidelines, it could result in a material adverse effect. In addition, our failure to comply with applicable regulations and guidelines, depending on the extent of the failure, could result in fines, debarment, termination or suspension of ongoing research, the disqualification of data or litigation by clients, any of which could also result in a material adverse effect.

### **Potential Liability and Insurance**

We contract with physicians who serve as investigators in conducting clinical trials to test new drugs on their patients. Such testing creates a risk of liability for personal injury to or death of the patients resulting from adverse reactions to the drugs administered. In addition, although we do not believe that we should be legally accountable for the medical care rendered by third party investigators, it is possible that we could be subject to claims and expenses arising from any professional malpractice of the investigators with whom we contract. We also could be liable for errors and/or omissions in connection with the services we perform and this could result in us being liable to make large payments to sponsor(s) and/or other parties.

From time to time, we are asked to act as the legal representative of a client in certain jurisdictions. As we believe that acting as legal representative of clients might expose us to a higher risk of liability, there is a designated entity within the ICON Group which is generally used to provide this service in relevant jurisdictions subject to certain preconditions being met. The preconditions relate to obtaining protections such as specific insurance and indemnities from the client to cover the nature of the exposure.

We believe that the risk of liability to patients in clinical trials is mitigated by various regulatory requirements, including the role of institutional review boards and the need to obtain each patient’s informed consent. The FDA requires each human clinical trial to be reviewed and approved by the institutional review board at each study site. An institutional review board is an independent committee that includes both medical and non-medical personnel and is obligated to protect the interests of patients enrolled in the trial. After the trial begins, the institutional review board monitors the protocol and measures designed to protect patients, such as the requirement to obtain informed consent.

We further attempt to reduce our risks through seeking contractual indemnification provisions with clients and through insurance maintained by clients, investigators and us. However, the contractual indemnifications from our clients generally do not protect us in certain circumstances or against our own actions such as our negligence or poor performance. The terms and scope of such indemnification vary from client to client and from trial to trial, and the financial performance of these indemnities is not secured. Therefore, we bear the risk that the indemnity may not be sufficient or that the indemnifying party may not have the financial ability to fulfill its indemnification obligations. In addition, we also indemnify our clients where our performance does not reach the required contractual standard, such as our negligence or poor performance. We maintain worldwide professional liability insurance and while we believe that our insurance coverage is adequate there can be no assurance that we will continue to be able to maintain such insurance coverage on terms acceptable to us, if at all, or that the policy will respond and provide cover when we want it to. We could be materially adversely affected if we were required to pay damages or bear the costs of defending any claim outside the scope of or in excess of a contractual indemnification provision or beyond the level of insurance coverage or if our insurance cover does not cover the relevant circumstances or in the event that an indemnifying party does not fulfill its indemnification obligations.

### **Description of Property**

Our principal executive offices are located in South County Business Park, Leopardstown, Dublin, Republic of Ireland, where we own an office facility of approximately 15,000 square meters. We lease all other properties under operating leases.

We maintain three offices in New York, two offices in each of the following US locations: Chicago, San Antonio and Philadelphia and one office in each of the following U.S. locations: Baltimore, Bethesda, Boston, Houston, Los Angeles, Morristown, Nashville, Omaha, Raleigh, San Diego, San Francisco and Wilmington.

Our European operations maintain two offices in Amsterdam, Milan, Munich and Stockholm and one office in each of the following locations: Barcelona, Berlin, Brussels, Bucharest, Budapest, Copenhagen, Frankfurt, Helsinki, Kiev, Limerick, London, Madrid, Manchester, Marlow, Moscow, Oxford, Paris, Prague, Riga, Southampton, Tel Aviv, Vilnius, Warsaw and Zurich.

We also maintain two offices in Bangalore and Singapore and one office in each of the following locations: Auckland, Bangkok, Beijing, Bogota, Buenos Aires, Chennai, Hong Kong, Johannesburg, Lima, Manila, Mexico City, Montreal, Osaka, Santiago, Sao Paulo, Seoul, Shanghai, Sydney, Taipei, Tianjin, Tokyo, Toronto, Trivandrum and Vancouver.

## Organizational Structure

Details of the Company's significant operating subsidiaries are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>Group ownership*</i>
ICON Clinical Research Limited	Republic of Ireland	100%
ICON Holdings	Republic of Ireland	100%
ICON Holdings Clinical Research International Limited	Republic of Ireland	100%
DOCS Resourcing Limited	Republic of Ireland	100%
Firecrest Clinical Limited	Republic of Ireland	100%
ICON Development Solutions, LLC	Delaware, USA	100%
ICON Development Solutions, LLC	Maryland, USA	100%
ICON Clinical Research, Inc.	USA	100%
ICON Central Laboratories, Inc.	USA	100%
Beacon Bioscience, Inc.	USA	100%
Healthcare Discoveries, LLC	USA	100%
Oxford Outcomes Inc.	USA	100%
PriceSpective LLC	USA	100%
ClinForce LLC	USA	100%
DOCS International Belgium N.V	Belgium	100%
ICON Clinical Research EOOD	Bulgaria	100%
ICON Research Ltd. (Ispitivanja ICON d.o.o)	Croatia	100%
ICON Clinical Research s.r.o.	Czech Republic	100%
DOCS International Nordic Countries A/S	Denmark	100%
DOCS International Finland Oy	Finland	100%
ICON Clinical Research S.A.R.L.	France	100%
DOCS International France S.A.S.	France	100%
ICON Clinical Research GmbH	Germany	100%
DOCS International Germany GmbH	Germany	100%
ICON Clinical Research Kft (ICON Klinikai Kutató Kft)	Hungary	100%
ICON Clinical Research Israel Limited	Israel	100%

<i>Name</i>	<i>Country of incorporation</i>	<i>Group ownership*</i>
DOCS Italia	Italy	100%
ICON Investments Limited	Jersey	100%
DOCS International BV	Netherlands	100%
DOCS Insourcing BV	Netherlands	100%
DOCS International Poland Sp.zo.o.	Poland	100%
ICON Clinical Research Sp.zo.o.	Poland	100%
ICON Clinical Research S.R.L.	Romania	100%
ICON Clinical Research d.o.o. Beograd	Serbia	100%
ICON Clinical Research Espana, S.L.	Spain	100%
DOCS International Sweden AB	Sweden	100%
ICON Medical Imaging AG	Switzerland	100%
DOCS International Switzerland GmbH	Switzerland	100%
ICON Clinical Research LLC	Ukraine	100%
ICON Development Solutions Limited	United Kingdom	100%
DOCS International UK Limited	United Kingdom	100%
Oxford Outcomes Limited	United Kingdom	100%
PriceSpective Limited	United Kingdom	100%
ICON Clinical Research (U.K.) Limited	United Kingdom	100%
Akos Limited	United Kingdom	100%
ICON Clinical Research, S.A.	Argentina	100%
ICON Pesquisas Clinicas LTDA	Brazil	100%
ICON Clinical Research (Canada) Inc.	Canada	100%
Oxford Outcomes Limited	Canada	100%
ICON Chile Limitada	Chile	100%
ICON Clinical Research México, S.A. de C.V.	Mexico	100%
ICON Clinical Research Peru S.A.	Peru	100%
ICON Clinical Research PTY Limited	Australia	100%
ICON Clinical Research (Beijing) Co., Limited	China	100%
ICON Clinical Research (Beijing No.2) Co., Ltd	China	100%

<i>Name</i>	<i>Country of incorporation</i>	<i>Group ownership*</i>
ICON Clinical Research India Private Limited	India	100%
ICON Japan K.K.	Japan	100%
ICON Clinical Research Korea Yuhan Hoesa	Korea	100%
ICON Clinical Research Hong Kong Limited	Hong Kong	100%
ICON Clinical Research (New Zealand) Limited	New Zealand	100%
ICON Clinical Research Services Philippines, Inc.	Philippines	100%
ICON Clinical Research (Pte) Limited	Singapore	100%

\* All shareholdings comprise ordinary shares.

**Item 4A. Unresolved Staff Comments**

Not applicable.

## **Item 5. Operating and Financial Review and Prospects**

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements, accompanying notes and other financial information, appearing in Item 18. The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States.

### **Overview**

We are a contract research organization (“CRO”), providing outsourced development services on a global basis to the pharmaceutical, biotechnology and medical device industries. We specialize in the strategic development, management and analysis of programs that support all stages of the clinical development process - from compound selection to Phase I-IV clinical studies. Our vision is to be the Global CRO partner of choice for the Biopharma industry by delivering best in class information, solutions and performance in clinical and outcomes research.

We believe that we are one of a select group of CRO’s with the expertise and capability to conduct clinical trials in most major therapeutic areas on a global basis and have the operational flexibility to provide development services on a stand-alone basis or as part of an integrated “full service” solution. At December 31, 2012, we employed approximately 9,500 employees, in 82 locations in 40 countries. During the year ended December 31, 2012 we derived approximately 42.3%, 45.8% and 11.9% our net revenue in the United States, Europe and Rest of World, respectively.

Revenue consists primarily of fees earned under contracts with third-party clients. In most cases, a portion of the contract fee is paid at the time the study or trial is started, with the balance of the contract fee generally payable in installments over the study or trial duration, based on the achievement of certain performance targets or "milestones". Revenue from contracts is recognized on a proportional performance method based on the relationship between time incurred and the total estimated duration of the trial or on a fee-for-service basis according to the particular circumstances of the contract. As is customary in the CRO industry, we contract with third party investigators in connection with clinical trials. All investigator fees and certain other costs, where reimbursed by clients, are, in accordance with industry practice, deducted from gross revenue to arrive at net revenue. As these costs vary from contract to contract, we view net revenue as our primary measure of revenue growth.

As the nature of our business involves the management of projects having a typical duration of one to four years, the commencement or completion of projects in a fiscal year can have a material impact on revenues earned with the relevant clients in such years. In addition, as we typically work with some, but not all, divisions of a client, fluctuations in the number and status of available projects within such divisions can also have a material impact on revenues earned from such clients from year to year.

Termination or delay in the performance of an individual contract may occur for various reasons, including, but not limited to, unexpected or undesired results, production problems resulting in shortages of the drug, adverse patient reactions to the drug, the client’s decision to de-emphasize a particular trial or inadequate patient enrolment or investigator recruitment. In the event of termination the Company is usually entitled to all sums owed for work performed through the notice of termination and certain costs associated with the termination of the study. In addition, contracts generally contain provisions for renegotiation in the event of changes in the scope, nature, duration, or volume of services of the contract. The Company’s results of operations and cash flows are therefore not materially impacted by project cancellations or delays.

Our backlog consists of potential net revenue yet to be earned from projects awarded by clients. At December 31, 2012 we had a backlog of approximately \$2.8 billion, compared with approximately \$2.3 billion at December 31, 2011. We believe that our backlog as of any date is not necessarily a meaningful predictor of future results, due to the potential for cancellation or delay of the projects underlying the backlog, and no assurances can be given on the extent to which we will be able to realize this backlog as net revenue.

Direct costs consist primarily of compensation, associated fringe benefits and share based compensation expense for project-related employees and other direct project driven costs. Selling, general and administrative expenses comprise primarily of compensation, related fringe benefits and share based compensation expense for non project-related employees, recruitment expenditure, professional service costs, advertising costs and all costs related to facilities and information systems.

Although we are domiciled in Ireland, we report our results in U.S. dollars. As a consequence the results of our non-U.S. based operations, when translated into U.S. dollars, could be materially affected by fluctuations in exchange rates between the U.S. dollar and the currencies of those operations.

In addition to translation exposures, we are also subject to transaction exposures because the currency in which contracts are priced can be different from the currencies in which costs relating to those contracts are incurred. Our operations in the United States are not materially exposed to such currency differences as the majority of our revenues and costs are in U.S. dollars. However, outside the United States the multinational nature of our activities means that contracts are usually priced in a single currency, most often U.S. dollars or Euros, while costs arise in a number of currencies, depending, among other things, on which of our offices provide staff for the contract and the location of investigator sites. Although many such contracts benefit from some degree of natural hedging, due to the matching of contract revenues and costs in the same currency, where costs are incurred in currencies other than those in which contracts are priced, fluctuations in the relative value of those currencies could have a material effect on our results of operations. We regularly review our currency exposures and usually negotiate currency fluctuation clauses in our contracts which allow for price negotiation if changes in the relative value of those currencies exceed predetermined tolerances.

As we conduct operations on a global basis, our effective tax rate has depended and will depend on the geographic distribution of our revenue and earnings among locations with varying tax rates. Our results therefore may be affected by changes in the tax rates of the various jurisdictions. In particular, as the geographic mix of our results of operations among various tax jurisdictions changes, our effective tax rate may vary significantly from period to period.

## Operating Results

The following table sets forth for the periods indicated certain financial data as a percentage of net revenue and the percentage change in these items compared to the prior comparable period. The trends illustrated in the following table may not be indicative of future results.

	<b>Year Ended December 31,</b>			
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Percentage of Net Revenue</b>		<b>Percentage Increase/(Decrease)</b>	
Net revenue	100%	100%	17.9%	5.1%
Costs and expenses:				
Direct costs	64.4%	64.7%	17.3%	13.0%
Selling, general and administrative	25.2%	27.1%	9.7%	10.0%
Depreciation and amortization	3.8%	4.1%	10.7%	14.2%
Income from operations (excluding restructuring and other items)	6.6%	4.1%	87.6%	(57.4%)
Restructuring and other items	0.5%	1.0%	(42.6%)	N/A
Income from operations (including restructuring and other items)	6.1%	3.1%	131.0%	(68.0%)

***Year ended December 31, 2012 compared to year ended December 31, 2011***

Net revenue for the year increased by \$169.3 million, or 17.9%, from \$945.7 million for the year ended December 31, 2011 to \$1,115.0 million for the year ended December 31, 2012. Net revenue in our clinical research segment increased by \$153.3 million, or 17.5%, from \$874.2 million for the year ended December 31, 2011 to \$1,027.5 million for the year ended December 31, 2012. In our central laboratory business net revenue increased by \$16.0 million, or 22.4%, from \$71.5 million for the year ended December 31, 2011 to \$87.5 million for the year ended December 31, 2012. Net revenue derived from the acquisitions of BeijingWits Medical and PriceSpective amounted to \$21.0 million for the year ended December 31, 2012. For the year ended December 31, 2012 we derived approximately 42.3%, 45.8% and 11.9% of our net revenue in the United States, Europe and Rest of World, respectively.

Net revenue in Ireland increased from \$88.9 million for the year ended December 31, 2011 to \$172.0 million for the year ended December 31, 2012. Net revenue in Ireland is principally a function of the Company's global transfer pricing model. Significant investment in personnel and related infrastructure in the prior period, to support new strategic partnerships and the expansion into new territories, resulted in an increased proportion of the Company's net revenue being used to support other Group entities and a corresponding reduction in net revenue in Ireland. Increased revenue flows in the current period, driven by this upfront investment, has led to an increase in net revenue in Ireland in the current period.

Direct costs for the year increased by \$105.8 million, or 17.3%, from \$611.9 million for the year ended December 31, 2011 to \$717.7 million for the year ended December 31, 2012. As a percentage of net revenue, direct costs have decreased from 64.7% for the year ended December 31, 2011 to 64.4% for the year ended December 31, 2012. Direct costs in our clinical research segment have increased by 16.6% or \$93.4 million during the year. As a percentage of net revenue direct costs in our clinical research segment have decreased from 64.4% for the year ended December 31, 2011 to 63.9% for the year ended December 31, 2012. In our central laboratory business, direct costs have increased by 25.5% or \$12.4 million during the year. As a percentage of net revenue direct costs in our central laboratory business have increased from 68.2% for the year ended December 31, 2011 to 70.0% for the year ended December 31, 2012.

Selling, general and administrative expenses for the year increased by \$24.9 million, or 9.7%, from \$255.9 million for the year ended December 31, 2011 to \$280.8 million for the year ended December 31, 2012. The increase in selling, general and administration expense for the period arose primarily from an increase in personnel related expenditure of \$20.4 million and an increase in other general overhead costs of \$4.3 million. These increases were offset by the decrease in facilities and related costs of \$1.5 million. Selling, general and administrative costs for the year ended December 31, 2011 included the release of \$1.7 million in respect of accrued contingent consideration relating to the Timaq acquisition. This amount was released as the Company had assessed the likelihood of the achievement of the earn-out targets related to this consideration as remote. In our clinical research segment, selling, general and administrative expenses increased by \$25.4 million or 10.7% during the year. This was offset by a decrease in our central laboratory business, where selling general and administrative expenses decreased by \$0.5 million or 2.6%. As a percentage of net revenue, selling, general and administrative expenses, decreased from 27.1% for the year ended December 31, 2011 to 25.2% for the year ended December 31, 2012.

Total share based compensation expense recognized during the years ended December 31, 2012 and December 31, 2011 amounted to \$11.5 million and \$9.4 million respectively.

Depreciation expense for the period increased by \$1.2 million, or 3.5%, from \$34.0 million for the year ended December 31, 2011 to \$35.2 million for the year ended December 31, 2012, principally as a result of our continued investment in facilities, information systems and equipment to support the Company's growth. As a percentage of net revenue, depreciation expense decreased from 3.6% of net revenues for the year ended December 31, 2011 to 3.2% for the year ended December 31, 2012. Amortization expense for the year increased by \$2.9 million, or 61.7%, from \$4.7 million for the year ended December 31, 2011 to \$7.6 million for the year ended December 31, 2012. Amortization expense represents the amortization of intangible assets acquired on business combinations. The increase in the amortization expense in the current year is primarily a result of intangible assets acquired from the acquisitions of BeijingWits Medical and PriceSpective in February 2012. As a percentage of net revenue, amortization expense increased from 0.5% of net revenues for the year ended December, 2011 to 0.7% of net revenues for the year ended December 31, 2012.



Restructuring and other items of \$5.6 million were recorded during the year ended December 31, 2012 (inclusive of the release of \$0.1 million relating to the 2011 Restructuring Plans). During the year ended December 31, 2012 the Company completed a review of its operations to improve resource utilization throughout the business. This review resulted in the adoption of a restructuring plan, to include resource rationalizations in certain areas of the business and a re-organization of available office space at the Company's Philadelphia facility. A restructuring charge of \$4.6 million was recognized during the year ended December 31, 2012; \$3.4 million in respect of resource rationalizations and \$1.2 million in respect of lease termination and exit costs. The Company also incurred certain other charges in relation to the retirement of Mr. Peter Gray, former Vice Chairman of the Board and former CEO of the Company of \$1.1 million for the year ended 31 December 2012 (see note 14 Restructuring and other non-recurring items for further information).

As a result of the above, income from operations for the year ended December 31, 2012 increased by \$38.6 million as follows:

	<u>Operating Income</u>		<u>Operating Margin*</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>(in thousands)</u>			
Clinical research	\$ 64,116	\$ 31,649	6.2%	3.6%
Central laboratory	3,901	(2,206)	4.5%	(3.1)%
<b>Total</b>	<b>\$ 68,017</b>	<b>\$ 29,443</b>	<b>6.1%</b>	<b>3.1%</b>

\* Operating income as a percentage of net revenue

Income from operations excluding the impact of restructuring and other items recognized (adjusted operating income) for the year ended December 31, 2012 increased by \$34.4 million as follows:

	<u>Adjusted Operating Income</u>		<u>Adjusted Operating Margin*</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>(in thousands)</u>			
Clinical research	\$ 69,594	\$ 39,921	6.8%	4.6%
Central laboratory	4,059	(661)	4.6%	(0.9)%
<b>Total</b>	<b>\$ 73,653</b>	<b>\$ 39,260</b>	<b>6.6%</b>	<b>4.1%</b>

\* Adjusted operating income as a percentage of net revenue

Losses from operations in Ireland decreased from a loss of \$34.7 million for the year ended December 31, 2011, or \$33.1 million excluding the impact of restructuring and other items recognized, to a profit of \$9.7 million for year ended December 31, 2012, or \$11.7 million excluding the impact of restructuring and other non-recurring costs. Income/(losses) from operations in Ireland are impacted by the Group's global transfer pricing model. In 2011, a significant upfront investment in personnel and related infrastructure in the prior period led to a greater proportion of the Group's revenue being used to support other Group entities and a corresponding increase in losses from operations in Ireland. Increased revenue flows in the current period, arising from this upfront investment in personnel and related infrastructure, has led to an increase in income from operations in 2012.

Interest expense increased from \$1.6 million for the year ended December 31, 2011 to \$1.9 million for the year ended December 31, 2012. Interest expense for the year ended December 31, 2012 includes \$0.9 million in respect of non-cash finance charges relating to acquisition contingent consideration. Interest income for the period remained at \$1.2 million for the year ended December 31, 2011 and the year ended December 31, 2012.

Provision for income taxes for the period increased from \$6.1 million for the year ended December 31, 2011 to \$11.8 million for the year ended December 31, 2012. The Company's effective tax rate for the year ended December 31, 2012 was 17.6% compared with 21.1% for the year ended December 31, 2011. Excluding the impact of restructuring and other non-recurring items the Company's effective tax rate was 17.2% for the year ended December 31, 2012 compared with 18.9% for the year ended December 31, 2011. The Company's effective tax rate is principally a function of the distribution of pre-tax profits in the territories in which it operates.

***Year ended December 31, 2011 compared to year ended December 31, 2010***

Net revenue for the year increased by \$45.7 million, or 5.1%, from \$900.0 million for the year ended December 31, 2010 to \$945.7 million for the year ended December 31, 2011. Net revenue in our clinical research segment increased by \$38.0 million, or 4.5% from \$836.2 million for the year ended December 31, 2010 to \$874.2 million for the year ended December 31, 2011. In our central laboratory business net revenue increased by \$7.7 million, or 12.1% from \$63.8 million for the year ended December 31, 2010 to \$71.5 million for the year ended December 31, 2011. Net revenue on the acquisition of Oxford Outcomes Limited and Firecrest Clinical Limited amounted to \$29.7 million for the year ended December 31, 2011. For the year ended December 31, 2011 we derived approximately 41.7%, 46.2% and 12.1% of our net revenue in the United States, Europe and Rest of World, respectively.

Net revenue in Ireland decreased from \$128.9 million for the year ended December 31, 2010 to \$88.9 million for the year ended December 31, 2011. Net revenue in Ireland is principally a function of the Company's global transfer pricing model. Upfront investment by various group entities in personnel and related infrastructure to support new strategic partnerships and the expansion into new territories has resulted in a greater portion of the Company's net revenue being used to support these entities and a corresponding reduction in net revenue in Ireland.

Direct costs for the year increased by \$70.5 million, or 13.0%, from \$541.4 million for the year ended December 31, 2010 to \$611.9 million for the year ended December 31, 2011. As a percentage of net revenue, direct costs have increased from 60.1% for the year ended December 31, 2010 to 64.7% for the year ended December 31, 2011. Direct costs in our clinical research segment have increased by 13.9% or \$68.5 million during the year. As a percentage of net revenue direct costs in our clinical research segment have increased from 59.1% for the year ended December 31, 2010 to 64.4% for the year ended December 31, 2011. The Company has entered a number of strategic partnerships with sponsors during the year and further expanded operations in certain territories. This has necessitated significant upfront investment in personnel and related infrastructure in advance of anticipated revenue flows from this business. In our central laboratory business, direct costs have increased by 4.2% or \$2.0 million during the year. As a percentage of net revenue direct costs in our central laboratory business have decreased from 73.4% for the year ended December 31, 2010 to 68.2% for the year ended December 31, 2011 a result of restructuring activities undertaken in early 2011, together with ongoing cost management and improved resource utilization.

Selling, general and administrative expenses for the year increased by \$23.2 million, or 10.0%, from \$232.7 million for the year ended December 31, 2010 to \$255.9 million for the year ended December 31, 2011. The increase in selling, general and administration expense for the period arose primarily from an increase in facilities and related costs of \$13.7 million, an increase in personnel related expenditure of \$8.1 million, including increases in recruitment expenditure and travel costs associated with non-project related employees, and an increase in professional services costs of \$11.1 million. These increases were offset by the release of certain non-recurring tax related provisions of \$6.0 million in both our clinical research and central laboratory business, arising from receipt of additional information in relation to these items, and a decrease in other general overhead costs of \$2.0 million. Selling, general and administrative costs for the year ended December 31, 2011 also include the release of \$1.7 million in respect of certain milestones pertaining to the Timaq acquisition which were released during the year as the Company has assessed the likelihood of these milestones being achieved as remote. In our clinical research segment, selling, general and administrative expenses increased by \$29.5 million or 14.2% during the year. This was offset by a decrease in our central laboratory business, where selling general and administrative expenses decreased by \$6.3 million or 25.4%. As a percentage of net revenue, selling, general and administrative expenses, increased from 25.9% for the year ended December 31, 2010 to 27.1% for the year ended December 31, 2011.

Total share based compensation expense recognized during the years ended December 31, 2011 and December 31, 2010 amounted to \$9.4 million and \$7.4 million respectively.

Depreciation expense for the period increased by \$2.6 million, or 8.3%, from \$31.4 million for the year ended December 31, 2010 to \$34.0 million for the year ended December 31, 2011, principally as a result of our continued investment in facilities, information systems and equipment to support the Company's growth. As a percentage of net revenue, depreciation expense increased from 3.5% of net revenues for the year ended December 31, 2010 to 3.6% of net revenues for the year ended December 31, 2011. Amortization expense for the year increased by \$2.2 million, or 90.0%, from \$2.5 million for the year ended December 31, 2010 to \$4.7 million for the year ended December 31, 2011. Amortization expense represents the amortization of intangible assets acquired on business combinations. As a percentage of net revenue, amortization expense increased from 0.3% of net revenues for the year ended December, 2010 to 0.5% of net revenues for the year ended December 31, 2011.

During the three months ended March 31, 2011 the Company commenced a review of its operations to improve resource utilization within the business and better align resources to current and future growth opportunities of the business. This review resulted in the adoption of an initial restructuring plan (the "Q1 Restructuring Plan"), the closure of the Company's facility in Edinburgh, United Kingdom and resource rationalizations in certain of the more mature markets in which it operates. A restructuring charge of \$5.0 million in respect of this plan was recognized during the three months ended March 31, 2011, \$1.0 million in respect of lease termination and exit costs associated with the closure of the Edinburgh facility and \$4.0 million in respect of workforce reductions. \$3.5 million of costs recognized under the Q1 Restructuring Plan related to the clinical research segment, while \$1.5 million related to our central laboratory business. During the three months ended September 30, 2011 the Company implemented a further restructuring plan (the "Q3 Restructuring Plan") which resulted in the relocation of the Company's facility in Maryland, USA; and further resource rationalizations. A restructuring charge of \$4.8 million was recognized during the three months ended September 30, 2011 in respect of this plan, \$0.9 million in respect of lease termination and exit costs associated with the closure of the existing Maryland facility and \$3.9 million in respect of workforce reductions. All costs recognized under the Q3 Restructuring Plan related to the clinical research segment.

As a result of the above, income from operations for the year ended December 31, 2011 decreased by \$62.7 million as follows:

	<u>Operating Income</u>		<u>Operating Margin*</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>(in thousands)</u>			
Clinical research	\$ 31,649	\$ 104,854	3.6%	12.5%
Central laboratory	(2,206)	(12,759)	(3.1)%	(20.0)%
<b>Total</b>	<b>\$ 29,443</b>	<b>\$ 92,095</b>	<b>3.1%</b>	<b>10.2%</b>

\* Operating income as a percentage of net revenue

Excluding the impact of restructuring and other items recognized, income from operations for the year ended December 31, 2011 decreased by \$52.9 million as follows:

	<u>Adjusted Operating Income</u>		<u>Adjusted Operating Margin*</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>(in thousands)</u>			
Clinical research	\$ 39,921	\$ 104,854	4.6%	12.5%
Central laboratory	(661)	(12,759)	(0.9)%	(20.0)%
<b>Total</b>	<b>\$ 39,260</b>	<b>\$ 92,095</b>	<b>4.1%</b>	<b>10.2%</b>

\* Adjusted operating income as a percentage of net revenue

Income/(loss) from operations in Ireland decreased from income of \$36.6 million for the year ended December 31, 2010 to a loss of \$34.7 million, or \$33.1 million excluding the impact of restructuring and other items recognized, for the year ended December 31, 2011. Income/(loss) from operations in Ireland are impacted by the Group's global transfer pricing model. This decrease in income/(loss) from operations is principally due to the reduction in net revenue in Ireland during the period together with an increase in personnel and related infrastructure costs to support the Company's growth.

Interest expense for the period increased from \$1.1 million for the year ended December 31, 2010 to \$1.6 million for the year ended December 31, 2011. Interest expense for the year ended December 31, 2011 includes \$0.8 million in respect of the unwinding of the discount of the Firecrest contingent consideration. Interest income for the period decreased from \$1.8 million for the year ended December 31, 2010 to \$1.2 million for the year ended December 31, 2011, as a result of lower cash balances during the year ended December 31, 2011.

Provision for income taxes increased from \$5.7 million for the year ended December 31, 2010 to \$6.1 million for the year ended December 31, 2011. The Company's effective tax rate for the year ended December 31, 2011 was 21.1% compared with 6.1% for the year ended December 31, 2010. During the year ended December 31, 2011 the Company recognized \$2.9 million in unrecognized tax benefits for uncertain tax positions, arising from the expiration of the relevant statute of limitations in certain jurisdictions, thereby allowing for the recognition of these benefits. During the year ended December 31, 2010 the Company recognized \$9.7 million in unrecognized tax benefits for uncertain tax positions, arising from both the settlement of positions with the relevant tax authorities and the expiration of the relevant statute of limitations in certain jurisdictions, resulting in the recognition of these benefits. Excluding the impact of the release of uncertain tax provisions the Company would have had an effective tax rate of 31.1% for the year ended December 31, 2011, compared to an effective tax rate of 17.0% for the year ended December 31, 2010.

## Liquidity and Capital Resources

The CRO industry is generally not capital intensive. The Group's principal operating cash needs are payment of salaries, office rents, travel expenditures and payments to investigators. Investing activities primarily reflect capital expenditures for facilities and information systems enhancements, the purchase and sale of short term investments and acquisitions.

Our clinical research and development contracts are generally fixed price with some variable components and range in duration from a few weeks to several years. Revenue from contracts is generally recognized as income on the basis of the relationship between time incurred and the total estimated contract duration or on a fee-for-service basis. The cash flow from contracts typically consists of a small down payment at the time the contract is entered into, with the balance paid in installments over the contract's duration, in some cases on the achievement of certain milestones. Accordingly, cash receipts do not correspond to costs incurred and revenue recognized on contracts.

The Company's cash and short-term investment balances at December 31, 2012 amounted to \$190.2 million, comprising cash and cash equivalents \$114.0 million and short-term investments \$76.2 million. The Company's cash and short-term investment balances at December 31, 2011 amounted to \$174.1 million, comprising cash and cash equivalents \$119.2 million and short-term investments \$54.9 million.

Amounts available to the Group under negotiated facilities amounted to \$150.0 million at December 31, 2012, compared with \$150.0 million at December 31, 2011. On July 20, 2011 the Company entered into a three year committed multi currency revolving credit facility for \$150.0 million with Citibank, JP Morgan, Ulster Bank, Deutsche Bank and Barclays Bank. Each bank subject to the agreement has committed \$30 million to the facility, with equal terms and conditions in place with all institutions. The facility bears interest at LIBOR plus a margin and includes certain composite guarantees, indemnities and pledges in favor of the banks. The full amount of this facility was available to the Group at December 31, 2012 and December 31, 2011.

Net cash provided by operating activities was \$113.4 million for the year ended December 31, 2012 compared with net cash provided by operating activities of \$20.2 million for the year ended December 31, 2011. The most significant influence on our operating cash flow is revenue outstanding, which comprises accounts receivable and unbilled revenue, less payments on account. The dollar value of these balances and the related number of days revenue outstanding (i.e. revenue outstanding as a percentage of revenue for the period, multiplied by the number of days in the period) can vary over a study or trial duration. Contract fees are generally payable in installments based on the achievement of certain performance targets or "milestones" (e.g. target patient enrollment rates, clinical testing sites initiated or case report forms completed), such milestones being specific to the terms of each individual contract, while revenues on contracts are recognized as contractual obligations are performed. Days revenue outstanding can vary therefore due to, amongst others, the scheduling of contractual milestones over a study or trial duration, the achievement of a particular milestone during the period or the timing of cash receipts from customers. A decrease in the number of days revenue outstanding during a period will result in cash inflows to the Company while an increase in days revenue outstanding will lead to cash outflows. The number of days revenue outstanding at December 31, 2012 was 40 days compared to 47 days at December 31, 2011. This, together with the increase in income from operations during the year, resulted in the increase in cash inflows from operations during the year ended December 31, 2012.

Net cash used in investing activities was \$121.1 million for the year ended December 31, 2012 compared to net cash used in investing activities of \$152.4 million for the year ended December 31, 2011. Net cash used in the year ended December 31, 2012 arose principally from cash paid for acquisitions, capital expenditures and the purchase of short-term investments.

During the year ended December 31, 2012 the Company completed the acquisitions of BeijingWits Medical and PriceSpective. The Company acquired BeijingWits Medical for an initial cash consideration of \$9.0 million, with \$0.6 million in cash received on acquisition. The Company acquired PriceSpective for an initial cash consideration of \$37.1 million, with \$2.3 million cash received on acquisition. A further \$5.0 million was also paid during the period in respect of certain performance milestones to PriceSpective. In addition, a number of payments were made by the company during the period in respect of prior year acquisitions, CHF 0.3 million (\$0.3 million) in respect of curtailed performance milestones for Timaq Medical Imaging, \$4.5 million in respect of certain performance milestones and working capital targets for Oxford Outcomes and \$17.0 million in respect of certain performance milestones and working capital targets for Firecrest. Additional amounts payable at December 31, 2012 in relation to acquisitions include \$45.9 million potentially payable contingent upon the results of acquired businesses; including PriceSpective (\$10.0 million); BeijingWits Medical (\$7.0 million); Firecrest (\$25.8 million) and Oxford Outcomes (\$3.1 million). (See note 4 Goodwill for further information relating to acquisitions and amounts potentially payable contingent upon the future results of acquired businesses).

Capital expenditure for the year ended December 31, 2012 amounted to \$30.8 million, and comprised mainly of expenditure on global infrastructure and information technology systems to support the Company's growth. During the year ended December 31, 2012 the Company invested a net \$20.4 million in short-term investments.

Net cash used by financing activities during the year ended December 31, 2012 amounted to \$1.2 million compared with net cash used by financing activities of \$3.8 million for the year ended December 31, 2011. Net cash used by financing activities during the year ended December 31, 2012 arose primarily from cash paid to repurchase ordinary shares under the Company's share repurchase program. During the year ended December 31, 2012 the Company repurchased 738,341 ordinary shares for a total consideration of \$15.6 million. As at December 31, 2012 1,283,938 ordinary shares have been repurchased by the Company for a total consideration of \$24.6 million. (see Note 12 Share Capital for further information). During the year ended December 31, 2012 the Company received \$13.0 million from the exercise of share options compared to \$4.7 million from the exercise of share options during the year ended December 31, 2011.

As a result of these cash flows, cash and cash equivalents decreased by \$5.2 million for the year ended December 31, 2012 compared to a decrease of \$136.5 million for the year ended December 31, 2011.

## Contractual obligations table

The following table represents our contractual obligations and commercial commitments as of December 31, 2012:

	Total	Payments due by period			
		Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Operating lease obligations	163.9	40.4	56.0	35.2	32.3
Non-current tax liabilities	7.2	4.6	1.9	0.5	0.2
Acquisition contingent consideration	45.9	45.9	-	-	-
Total (U.S.\$ in millions)	\$ 217.0	\$ 90.9	\$ 57.9	\$ 35.7	\$ 32.5

We expect to spend approximately \$30 million in the next twelve months on further investments in information technology, the expansion of existing facilities and the addition of new offices. We believe that we will be able to fund our additional foreseeable cash needs for the next twelve months from cash flow from operations, existing cash balances and funds available under negotiated facilities. In the future, we may consider acquiring businesses to enhance our service offerings and global presence. Any such acquisitions could require additional external financing and we may from time to time seek to obtain funds from public or private issues of equity or debt securities. There can be no assurance that such financing will be available on terms acceptable to us.

## Critical Accounting Policies

The preparation of consolidated financial statements in accordance with generally accepted accounting principles in the United States requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

We base our estimates and judgments on historical experience and on the other factors that we believe are reasonable under current circumstances. Actual results may differ from these estimates if these assumptions prove to be incorrect or if conditions develop other than as assumed for the purposes of such estimates. The following is a discussion of the accounting policies used by us, which we believe are critical in that they require estimates and judgments by management.

### Goodwill

We review our goodwill for impairment annually, or more frequently if facts or circumstances warrant such a review. We evaluate goodwill for impairment by firstly comparing the fair value of each reporting segment to its carrying value. Fair value is determined using the market approach, by assessing the market value of each reporting unit. If the carrying amount exceeds the fair value then a second step is completed which involves the fair value of the reporting unit being allocated to each asset and liability with the excess being implied goodwill. If the implied goodwill is lower than its carrying amount, goodwill is impaired and written down to its implied fair value.

Significant estimates and judgments are required in allocating the fair value of the reporting unit to each asset and liability. If we were to use different estimates or judgments a material impairment charge to the statement of operations could arise. We believe that we have used reasonable estimates and judgments in assessing the carrying value of our goodwill.

## **Revenue Recognition**

Significant management judgments and estimates must be made and used in connection with the recognition of revenue in any accounting period. Material differences in the amount of revenue in any given period may result if these judgments or estimates prove to be incorrect or if management's estimates change on the basis of development of the business or market conditions. To date there have been no material differences arising from these judgments and estimates.

We earn revenues by providing a number of different services to our clients. These services include clinical trials management, biometric activities, consulting, imaging, contract staffing and laboratory services. Revenue for services, as rendered, are recognized only after persuasive evidence of an arrangement exists, the sales price is fixed or determinable and collectability is reasonably assured.

Clinical trials management revenue is recognized on a proportional performance method. Depending on the contractual terms, revenue is either recognized on the percentage of completion method, based on the relationship between hours incurred and the total estimated hours of the trial, or on the unit of delivery method. Contract costs equate to the product of labor hours incurred and compensation rates. For the percentage of completion method, the input (effort expended) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. Contract revenue is the product of the aggregated labor hours required to complete the specified contract tasks at the agreed contract rates. Where revenue is recognized on the unit of delivery method, the basis applied is the number of units completed as a percentage of the total number of contractual units.

We recognize biometric revenues on a fee-for-service basis as each unit of data is prepared. Imaging revenue is recognized on a fee-for-service basis recognizing revenue for each image completed. Consulting revenue is recognized on a fee-for-service basis recognizing revenue as each hour of the related service is performed. Contract staffing revenue is recognized on a fee-for-service basis, over the time the related service is performed, or in the case of permanent placement, once the candidate has been placed with the client. Informatics revenue is recognized on a fee-for-service basis. Informatics contracts are treated as multiple element arrangements, with contractual elements comprising licence fee revenue, support fee revenue and revenue from software services, each of which can be sold separately. Sales prices for contractual elements are determined by reference to objective and reliable evidence of their sales price. Licence and support fee revenues are recognized rateably over the period of the related agreement. Revenue from software services is recognized using the percentage of completion method based on the relationship between hours incurred and the total estimated hours required to perform the service.

Laboratory service revenue is recognised on a fee-for-service basis. The Company accounts for laboratory service contracts as multiple element arrangements, with contractual elements comprising laboratory kits and laboratory testing, each of which can be sold separately. Sales prices for contractual elements are determined by reference to objective and reliable evidence of their sales price. Revenues for contractual elements are recognised on the basis of the number of deliverable units completed in the period.

We invoice our customers upon achievement of specified contractual milestones. This mechanism, which allows us to receive payment from our customers throughout the duration of the contract, is not reflective of revenue earned. We recognize revenues over the period from the awarding of the customer's contract to study completion and acceptance. This requires us to estimate total expected revenue, time inputs, contract costs, profitability and expected duration of the clinical trial. The Company regularly reviews the estimate of total contract time to ensure such estimates remain appropriate taking into account actual contract stage of completion, remaining time to complete and any identified changes to the contract scope. Remaining time to complete depends on the specific contract tasks and the complexity of the contract and can include geographical site selection and initiation, patient enrolment, patient testing and level of results analysis required. While we may routinely adjust time estimates, estimates and assumptions historically have been accurate in all material respects in the aggregate.

If we do not accurately estimate the resources required or the scope of the work to be performed, or do not manage our projects properly within the planned cost or satisfy our obligations under the contracts, then future results may be significantly and negatively affected.

## ***Taxation***

Given the global nature of our business and the multiple taxing jurisdictions in which we operate, the determination of the Company's provision for income taxes requires significant judgments and estimates, the ultimate tax outcome of which may not be certain. Although we believe our estimates are reasonable, the final outcome of these matters may be different than those reflected in our historical income tax provisions and accruals. Such differences could have a material effect on our income tax provision and results in the period during which such determination is made.

Deferred tax assets and liabilities are determined using enacted tax rates for the effects of net operating losses and temporary differences between the book and tax bases of assets and liabilities. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. While management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment, there can be no assurance that these deferred tax assets may be realizable.

In addition, we may also be subject to audits in the multiple taxing jurisdictions in which we operate. These audits can involve complex issues which may require an extended period of time for resolution. Management believe that adequate provisions for income taxes have been made in the financial statements.

## ***Business Combinations***

The Group has concluded a number of business combinations in recent years. The cost of a business combination is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control. The cost of a business combination may include a portion which is contingent upon the achievement of certain future events, such as the achievement of a particular revenue or earnings target. Where a business combination agreement provides for such additional consideration, the amount of the estimated adjustment is recognised on the acquisition date fair value. Any changes to the estimate in subsequent periods will depend on the classification of the contingent consideration. If the contingent consideration is classified as equity it shall not be re-measured and the settlement shall be accounted for within equity. If the contingent consideration is classified as an asset or liability any adjustments will be accounted for through the Consolidated Statement of Operations or other comprehensive income depending on whether the asset or liability is considered a financial instrument.

Significant management judgments and estimates are required in estimating the acquisition date fair value of the additional consideration. Changes in business conditions or the performance of the acquired business could lead to a significant change between our estimate of the acquisition date fair value and amounts payable, which could have a material impact on our results of operations.



## Impact of New Accounting Pronouncements

In July 2012, the FASB issued ASU No. 2012-02, Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment. ASU 2012-02 allows an organization to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test for indefinite-lived intangible assets. An organization that elects to perform a qualitative assessment is required to perform the quantitative test for indefinite-lived intangible asset if it is more likely than not that the asset is impaired. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Company does not expect the adoption of ASU 2012-02 to have a material impact on the financial statements.

In December 2011, the FASB issued ASU No. 2011-11, Balance Sheet (Topic 210): *Disclosures about Offsetting Assets and Liabilities*. ASU 2011-11 requires an entity to disclose information about offsetting and related arrangements to enable users of financial statements to understand the effect of those arrangements on its financial position, and to allow investors to better compare financial statements prepared under U.S. GAAP with financial statements prepared under International Financial Reporting Standards (IFRS). ASU 2011-11 is effective retrospectively for fiscal years beginning after January 1, 2013. The Company does not expect the adoption of ASU 2011-11 to have a material impact on the financial statements.

In September 2011, the FASB issued ASU No. 2011-08 Intangibles - Goodwill and Other (Topic 350): *Testing Goodwill for Impairment*. ASU 2011-08 permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If an entity concludes it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, it need not perform the two-step impairment test. ASU 2011-08 is effective for fiscal years beginning after December 15, 2011. The Company does not expect the adoption of ASU 2011-08 to have a material impact on the financial statements.

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income (Topic 220): *Presentation of Comprehensive Income*. ASU 2011-05 permits an entity to present the components of net income and comprehensive income in either one or two consecutive financial statements. The ASU eliminates the option in U.S. GAAP to present other comprehensive income in the statement of changes in equity. An entity should apply the ASU retrospectively. ASU 2011-05 is effective for fiscal years ending after December 15, 2012. In December 2011, the FASB decided to defer the effective date of those changes in ASU 2011-05 that relate only to the presentation of reclassification adjustments in the statement of income by issuing ASU 2011-12, Comprehensive Income (Topic 220): *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update 2011-05*. The Company does not expect the adoption of ASU 2011-05 to have a material impact on the financial statements.

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement (Topic 820): *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. ASU 2011-04 provides guidance about how fair value should be applied where it already is required or permitted under IFRS or U.S. GAAP. For U.S. GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS. ASU 2011-04 is effective prospectively for interim and annual periods beginning after December 15, 2011. The Company does not expect the adoption of ASU 2011-04 to have a material impact on the financial statements.

## Inflation

We believe that the effects of inflation generally do not have a material adverse impact on our operations or financial conditions.

## Item 6. Directors, Senior Management and Employees.

### Directors and Senior Management

The following table and accompanying biographies set forth certain information concerning each of ICON plc's directors, officers and other key employees as of March 6, 2013.

Name	Age	Position
Thomas Lynch (2) (3) (4) (5)	56	Chairman of the Board, Director
Ciaran Murray (1) (5)	50	Chief Executive Officer, Director
Brendan Brennan (1) (5)	34	Chief Financial Officer
Dr. John Climax (6)	60	Director
Dr. Ronan Lambe (6)	73	Director
Dr. Bruce Given (2) (4)	58	Director
Professor Dermot Kelleher (3) (6)	57	Director
Declan McKeon (3) (4)	61	Director
Cathrin Petty (2) (4)	39	Director
Professor William Hall (2) (3) (6)	63	Director
Dr. Steven Cutler	52	Group President Clinical Research Services
Diarmaid Cunningham	38	General Counsel & Company Secretary

- (1) Executive Officer of the Company.
- (2) Member of Compensation and Organization Committee.
- (3) Member of Audit Committee.
- (4) Member of Nominating and Governance Committee.
- (5) Member of Execution Committee.
- (6) Member of Quality Committee.

*Thomas Lynch* was appointed Chairman of Board of the Company in January 2013. He has served as an outside director of the Company since January 1996. Mr. Lynch served as Chairman and Chief Executive Officer of Amarin Corporation from December 2007 to December 2009, during which time he re-purposed and refinanced the company towards the development of Vascepa for hypertriglyceridemia and dislipidemia. Mr Lynch retired from the Board of Amarin in October 2010 but continues to serve as Chairman of Amarin Pharmaceuticals Ireland Ltd. Mr. Lynch served in a variety of senior roles in Elan Corporation plc from 1993 to 2004. He was a director of IDA Ireland from 2001 to 2010 and of the Royal Opera House (Covent Garden) from 2001 to 2010. He currently serves as a director of GW Pharmaceuticals plc, is Chairman of Dublin Academic Medical Centre and the Queens University of Belfast Foundation. He also serves as a board member of a number of public and privately held pharmaceutical companies.

*Ciaran Murray* was appointed Chief Executive Officer of the Company in October 2011. Mr. Murray joined ICON in 2005 as Chief Financial Officer, a position he held until his appointment as Chief Executive Officer. Prior to joining the Company he held a number of senior financial positions in global organisations including Kraft Foods, Novell Inc, Northern Foods and Codec Systems. Mr Murray graduated with a Bachelor of Commerce degree from the University College Dublin and qualified as a Chartered Accountant with PricewaterhouseCoopers in 1988.

*Brendan Brennan* has served as Chief Financial Officer since February 2012 having previously served as Acting Chief Financial Officer since October 2011. Prior to this appointment he served in a number of senior finance roles in the Company including the role of Senior Vice President of Corporate Finance. Mr. Brennan has been a senior member of the Company's finance team since January 2006. Prior to this he developed his corporate finance experience in Cement Roadstone Holdings, a major Irish building materials organization. Mr. Brennan qualified as a chartered accountant with PricewaterhouseCoopers and obtained a bachelors degree in Accounting and Finance from Dublin City University.

*Dr. John Climax*, one of the Company's co-founders, served as Chairman of the Board of the Company from November 2002 to December 2009, and Chief Executive Officer from June 1990 to October 2002. From January 2010 he has held a position as an outside director of the Company. Dr. Climax has over 25 years of experience in the contract research industry. Dr. Climax received his primary degree in pharmacy in 1977 from the University of Singapore, his masters in applied pharmacology in 1979 from the University of Wales and his Ph.D. in pharmacology from the National University of Ireland in 1982. He has authored a significant number of papers and presentations, and holds adjunct professorship at the Royal College of Surgeons of Ireland.

*Dr. Ronan Lambe*, one of the Company's co-founders, served as Chairman of the Board of the Company from June 1990 to November 2002. He has served as an outside director of the Company since January 2008. Dr. Lambe has over 30 years of experience in the contract research industry. Dr. Lambe attended the National University of Ireland where he received his Bachelor of Science degree in chemistry in 1959, his masters in biochemistry in 1962 and his Ph.D. in pharmacology in 1976.

*Dr. Bruce Given* has served as an outside director of the Company since September 2004. He served as Chairman of the Board of the Company from January 2010 to December 2012. In October 2011, he was appointed to the position of Chief Operating Officer of Arrowhead Research Corporation. From March 2002 until June 2007 he served as President and Chief Executive Officer of Encysive Pharmaceuticals Inc. Dr. Given previously held various positions in Johnson & Johnson group companies. Dr. Given obtained his doctorate from the University of Chicago in 1980.

*Professor Dermot Kelleher* has served as an outside director of the Company since May 2008. Professor Kelleher is currently Principal at the Faculty of Medicine at Imperial College London and Dean of the Lee Kong Chian School of Medicine Singapore, a partnership between Imperial College London and Nanyang Technological University (NTU), which was formed in 2010. From 2004 to 2012 he was Head of the School of Medicine and Vice Provost for Medical Affairs at Trinity College, Dublin, Ireland. His research interests are broad ranging in the fields of Gastroenterology, Immunology and Molecular Biology and over a distinguished thirty year career he has led significant research projects in this field. Alongside his notable academic appointments he has served as a visiting research scientist with a major pharmaceutical company and has been a founder of a number of biotechnology companies.

*Declan McKeon* has served as an outside director of the Company since April 2010. Mr. McKeon was a partner in PricewaterhouseCoopers from 1986 to 2007. His roles included leadership of the audit and business advisory team for PricewaterhouseCoopers Ireland, membership on the PwC Europe audit and business advisory services executive and market sector lead for consumer and industrial products. Mr. McKeon is a non-executive director of Ryanair plc, remains a consultant to PricewaterhouseCoopers and sits on the audit committee of the Royal College of Surgeons in Ireland. Mr. McKeon holds a Bachelor of Commerce and Masters in Business Studies from University College Dublin and is a Fellow of The Institute of Chartered Accountants in Ireland.

*Cathrin Petty* has served as an outside director of the Company since October 2010. Ms. Petty is a Special Partner at Vitruvian Partners LLP and is an outside director for Healthcare at Home Ltd and Circassia Ltd. Ms. Petty is an advisor to the pharmaceutical industry and formerly served as an outside director for the NHS (Strategic Health Authority for Greater London). Between 2000 and 2010, Ms. Petty was a Healthcare Partner in Apax Partners LLP with responsibility for originating, executing, monitoring and exiting healthcare private equity investments. Her early career included Senior Associate and Research Analyst roles at Schroder Ventures Life Sciences and Schroders Investment Management.

*Professor William Hall* has served as an outside Director of the Company since February 2013. He is a renowned expert in infectious diseases and virology, is Chair of Medical Microbiology and Director of the Centre for Research in Infectious Diseases at University College Dublin's (UCD) School of Medicine and Medical Science. He is also a director of UCD's National Virus Reference Laboratory and is a consultant microbiologist at St. Vincent's University Hospital Dublin. Professor Hall also serves as a consultant to the Minister of Health and Children in the Republic of Ireland, providing input on a number of topics including influenza pandemic preparedness and bioterrorism. Prior to his tenure at UCD, Professor Hall was Professor and Head of the Laboratory of Medical Virology, Senior Physician and Director of the Clinical Research Centre at the Rockefeller University in New York. He previously served as an Assistant and Associate Professor of Medicine at Cornell University. Professor Hall is a board member of The Atlantic Philanthropies and is a co-founder of the Global Virus Network.

*Dr. Steven Cutler* was appointed Group President Clinical Research Services in November 2011. Prior to joining the Company Dr. Cutler held the position of Chief Executive Officer of Kendle, having previously served as Chief Operating Officer. Prior to Kendle, Dr. Cutler spent 14 years with Quintiles where he served as Senior Vice President, Global Project Management; Senior Vice President, Clinical, Medical and Regulatory; Senior Vice President, Project Management - Europe; and Vice President, Oncology - Europe as well as regional leadership positions in South Africa and Australia. Prior to joining Quintiles Dr. Cutler held positions with Sandoz (now Novartis) in Australia and Europe. He holds a B.Sc. and a Ph.D from the University of Sydney and a Masters of Business Administration from the University of Birmingham (UK).

*Diarmaid Cunningham* is the Company's General Counsel and Company Secretary. Mr. Cunningham joined the Company in November 2009 and was appointed Company Secretary in October 2011. Mr Cunningham spent 10 years with A&L Goodbody, one of Ireland's premier corporate law firms prior to joining the Company. Mr. Cunningham graduated with a Bachelor of Business and Legal Studies from University College Dublin in 1997 and qualified as a Solicitor with A&L Goodbody in 2001.

## **Board Practices**

### *Board of Directors*

The business of the Company is managed by the directors who may exercise all the powers of the Company which are not required by the Companies Acts 1963 to 2012 of Ireland or by the Articles of Association of the Company to be exercised by the Company in general meeting. A meeting of directors at which a quorum is present may exercise all powers exercisable by the directors. The directors may delegate (with power to sub-delegate) to any director holding any executive office and to any Committee consisting of one or more directors, together with such other persons as may be appointed to such Committee by the directors, provided that a majority of the members of each Committee appointed by the directors shall at all times consist of directors and that no resolution of any such Committee shall be effective unless a majority of the members of the Committee present at the meeting at which it was passed are directors.

The Board comprises one executive and eight outside-directors at the date of this report. The outside-directors bring independent judgment to bear on issues of strategy, performance, resources, key appointments and standards. The Company considers all of its outside-directors to be of complementary skills, experience and knowledge and each outside-director has specific skills, experience and knowledge that are valuable to the Company. Board members between them have very strong financial, pharmaceutical, CRO, scientific, medical and other skills and knowledge which are harnessed to address the challenges facing the Group. The Board meets regularly throughout the year and all Directors have full and timely access to the information necessary for them to discharge their duties. There is a formal schedule of matters reserved to the Board for consideration and decision including approval of strategic plans, financial statements, acquisitions, material capital expenditures and review of the effectiveness of the Company's system of internal controls, thereby maintaining control of the Company and its future direction. The Directors have access to the advice and services of the Company Secretary and may seek external independent professional advice where required. The Board considers its current size (9 directors) to be adequate but continues to look for suitable qualified potential candidates to join the Board.

As detailed below, certain other matters are delegated to Board Committees and all Board Committees report to the Board. The Company maintains what it considers an appropriate level of insurance cover in respect of legal action against its Directors. The Board, through the Compensation and Organization Committee, engages in succession planning for the Board and in so doing considers the strength and depth of the Board and the levels of knowledge, skills and experience of the directors necessary for the Company to achieve its objectives. The Board normally meets at least four times each year. During the year ended December 31, 2012 the Board met on four occasions. Additional Board updates were held on 7 occasions, to consider specific issues and provide updates to the Board on various items. All directors allocated sufficient time to the Company during the year ended December 31, 2012 to effectively discharge their responsibilities to the Company.

### *Directors' retirement and re-election*

The Company's Articles of Association provide that, unless otherwise determined by the Company at a general meeting, the number of directors shall not be more than 15 nor less than 3. At each annual general meeting, one third of the directors who are subject to retirement by rotation, rounded down to the next whole number if it is a fractional number, shall retire from office. The directors to retire shall be those who have been longest in office, but as between persons who became or were last re-appointed on the same day, those to retire shall be determined, unless otherwise agreed, by lot. Any additional director appointed by the Company shall hold office until the next annual general meeting and will be subject to re-election at that meeting. Accordingly, at the annual general meeting of the Company to be held in 2013, it is anticipated that two directors will retire by rotation and offer themselves for re-election. In addition, Professor William Hall, having been appointed a Director by the Company in February 2013, will also offer himself for re-election.

### *Board committees*

The Board has delegated some of its responsibilities to Board Committees. There are five permanent Committees. These are the Audit Committee, the Compensation and Organization Committee, the Nominating and Governance Committee, the Execution Committee and the Quality Committee. Each Committee has been charged with specific responsibilities and each has written terms of reference that are reviewed periodically. Minutes of Committee meetings are available to all members of the Board. The Company Secretary is available to act as secretary to each of the Board Committees if required. Appropriate key executives are regularly invited to attend meetings of the Board committees. Each committee Chairman informally evaluated the contribution of each Committee member during the year ended December 31, 2012 and was satisfied with each director's contribution.

### *Audit Committee*

The Audit Committee meets a minimum of four times a year. It reviews the quarterly and annual financial statements, the effectiveness of the system of internal control (including the arrangement for the Company's employees to raise concerns in confidence about financial inappropriateness) and recommends the appointment and removal of the external auditors. It monitors the adequacy of internal accounting practices and addresses all issues raised and recommendations made by the external auditors. It pre-approves on an annual basis, the audit and non-audit services provided to the Company by its external auditors. Such annual pre-approval is given with respect to particular services. The Audit Committee, on a case by case basis, may approve additional services not covered by the annual pre-approval, as the need for such services arises. The Audit Committee reviews all services which are provided by the external auditors regularly to review the independence and objectivity of the external auditors taking into consideration relevant professional and regulatory requirements so that these are not impaired by the provisions of permissible non-audit services. The Chief Executive Officer, Chief Financial Officer, the Head of Internal Audit, the General Counsel and the external auditors normally attend all meetings of the Audit Committee and have direct access to the Committee Chairman at all times. During 2012, the Audit Committee comprised Declan McKeon (Chairman), Thomas Lynch and Professor Dermot Kelleher. In February 2013, composition of the Audit Committee was amended to comprise Declan McKeon (Chairman), Thomas Lynch, Professor Dermot Kelleher and Professor William Hall.

### *Compensation and Organization Committee*

The Compensation and Organization Committee is responsible for senior executive remuneration. The committee aims to ensure that remuneration packages are competitive so that individuals are appropriately rewarded relative to their responsibility, experience and value to the Company. Annual bonuses for the executive directors and senior executive management are determined by the committee based on the achievement of the Company's objectives. The Committee also oversees succession planning for the Company's senior management.

During 2012, the Compensation and Organization Committee comprised Thomas Lynch (Chairman), Dr. Bruce Given, and Declan McKeon. In February 2013, composition of the Compensation and Organization Committee was amended to comprise Cathrin Petty (Chairperson), Thomas Lynch, Dr. Bruce Given and Professor William Hall.

### *Nominating and Governance Committee*

The Nominating and Governance Committee reviews the membership of the Board of the Company and Board committees on an ongoing basis. As part of this it regularly evaluates the balance of skills, knowledge and experience on the Board and then based on this evaluation, identifies and, if appropriate, recommends individuals to join the Board of the Company. The Committee used in 2012 an external search consultant to assist it in identifying potential new outside directors. Once potential suitable candidates are identified either by the external search consultants or by members of the Nominating Committee, the Committee then discusses and considers the skills, knowledge and experience of the potential candidate. The Committee will assess if the Board of the Company requires and would benefit from the potential candidate's skills knowledge and experience and if it decides the potential candidate is suitable and would add relevant skills, knowledge and experience to the Board of the Company, the Committee recommends to the Board of the Company that the potential candidate be appointed. The Board of the Company then decides whether or not to appoint the candidate. The Committee considers diversity of the Board members when making recommendations to the Board of the Company. The Committee also reviews and recommends the corporate governance principles of the Company.

During 2012 the Nominating and Governance Committee comprised Dr. Bruce Given (Chairman), Thomas Lynch and Cathrin Petty. In February 2013, composition of the Nomination and Governance Committee was amended to comprise Thomas Lynch (Chairman), Cathrin Petty, Dr. Bruce Given and Declan McKeon.

#### *Execution Committee*

The primary function of the Execution Committee is to exercise the powers and authority of the board in intervals between meetings of the board within the limits set out in the Charter of the Execution Committee. The Execution Committee exercises business judgment to act in what the committee members reasonably believe to be in the best interest of the Company and its shareholders. All powers exercised by the Execution Committee are ratified at board meetings. This Committee convenes as often as it determines to be necessary or appropriate. During 2012, the Execution Committee comprised Ciaran Murray (Chairman), Dr. Bruce Given and Brendan Brennan. In February 2013, composition of the Execution Committee was amended to comprise Ciaran Murray (Chairman), Thomas Lynch and Brendan Brennan.

#### *Quality Committee*

The purpose of the Quality Committee is to provide oversight of the quality strategy and initiatives in place within the Company. As part of this the Committee is required to review the Company's strategy in relation to quality and quality management systems and to review continuous improvement initiatives and activities in place within the Company. The Committee is also responsible for reviewing reports and recommendations issued to the Company by such third party consultants and/or auditors retained to evaluate the Company's quality systems and initiatives and to review reports and results of inspections and/or audits by internal and external auditors or regulatory agencies (including the FDA and European Medicines Agency). During 2012 the Quality Committee comprised Professor Dermot Kelleher (Chairman), Dr. Ronan Lambe and Dr. John Climax. In February 2013, composition of the Quality Committee was amended to comprise Professor Dermot Kelleher (Chairman), Dr. Ronan Lambe, Dr. John Climax and Professor William Hall.

## **Executive Officers and Directors Remuneration Compensation Discussion & Analysis**

### *Remuneration policy*

The Compensation and Organization Committee seeks to achieve the following goals with the Company's executive compensation programs: to attract, motivate and retain key executives and to reward executives for value creation. The Committee seeks to foster a performance-oriented environment by ensuring that a significant portion of each executive's cash and equity compensation is based on the achievement of performance targets that are important to the Company and its shareholders.

The Company's executive compensation program has three elements: base salary, a bonus plan and equity incentives in the form of share related awards granted under the Company's equity incentive plans. All elements of key executives compensation are determined by the Committee based on the achievement of the Group's objectives.

### *Outside Directors' remuneration*

Outside Directors are remunerated by way of Directors' fees and are also eligible for participation in the share option scheme. Outside Directors are not eligible for performance related bonuses and no pension contributions are made on their behalf. The Board of Directors as a whole, taking into account input from the Execution Committee of the Board of Directors, sets non-Executive remuneration.

### *Executive Directors' and Key Executive Officers' remuneration*

Total cash compensation is divided into a base salary portion and a bonus incentive portion. Base salary is established based on peer group and is adjusted based on individual performance and experience. The Committee targets total cash compensation at the peer group median of comparable Irish companies and peer CRO companies, adjusted upward or downward based on individual performance and experience. The Committee believes that the higher the executive's level of responsibility within the Company, the greater the percentage of the executive's compensation that should be tied to the Company's performance. Target bonus incentive for executive officers range between 60% and 125% of base salary.

An additional bonus was also awarded by the Committee in respect of 2012 to certain key executive officers to reflect their contribution in the successful turnaround in the performance of the Company during the year and the creation of a platform to allow for the delivery of long-term sustainable returns to the Company's shareholders. This bonus will be payable in either cash or ordinary shares of the Company (at the discretion of the Committee) over the period up to December 31, 2015.

The Company's executives are eligible to receive equity incentives, including stock options and restricted share units, granted under the Company's equity incentive plans. If executives receive equity incentive grants, they are normally approved annually at the first regularly scheduled meeting of the Committee in the fiscal year and awarded at the closing price on the second full day following the release of the Company's prior year results. Newly hired executives may receive sign-on grants, if approved by the Committee. In addition, the Committee may, in its discretion, issue additional equity incentive awards to executives if the Committee determines such awards are necessary to ensure appropriate incentives are in place. The number of equity awards granted to each participant is determined primarily based on an award range determined by the Committee at the start of each year. The extent of existing options is not generally considered in granting equity awards, except that the Company occasionally grants an initial round of equity awards to newly recruited executives to provide them a stake in the Company's success from the commencement of their employment. The Company granted equity incentive awards to executive officers in its fiscal years ended December 31, 2010, December 31, 2011 and December 31, 2012 (*see Share Ownership section for further information*).

All executive officers are eligible to participate in a defined contribution pension plan. The Company's contributions are generally a fixed percentage of their annual compensation, supplementing contributions by the executive. The Company has the discretion to make additional contributions if deemed appropriate by the Committee. The Company's contributions are determined at the peer group median of comparable Irish companies and peer CRO companies. Contributions to this plan are recorded as an expense in the Consolidated Statement of Operations.

**Executive Compensation**
**Summary compensation table - Year ended December 31, 2012**

Name & principal position	Year	Salary		Pension contribution		All other compensation		Subtotal		Share-based compensation	Director's Fees	Total compensation
		€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	\$ '000			
Peter Gray, Vice Chairman of the Board *	2012	402	194	50	27	673	862	1,029	-	1,891		
Ciaran Murray, Chief Executive Officer	2012	606	4,230***	863	28	5,727	7,374	1,942	-	9,316		
Brendan Brennan, Chief Financial Officer**	2012	262	1,416****	32	20	1,730	2,228	174	-	2,402		
<b>Total</b>	<b>2012</b>	<b>1,270</b>	<b>5,840</b>	<b>945</b>	<b>75</b>	<b>8,130</b>	<b>10,464</b>	<b>3,145</b>	<b>-</b>	<b>13,609</b>		

\* Retired on July 19, 2012.

\*\* Appointed Chief Financial Officer on February 13, 2012.

\*\*\* €4.2 million (\$5.5 million) payable up to December 31, 2015 in cash or ordinary shares. The timing and form of the bonus is at the discretion of the Compensation and Organization Committee.

\*\*\*\* €1.2 million (\$1.5 million) payable up to December 31, 2015 in cash or ordinary shares. The timing and form of the bonus is at the discretion of the Compensation and Organization Committee.

**Summary compensation table - Year ended December 31, 2011**

Name & principal position	Year	Salary		Pension contribution		All other compensation		Subtotal		Share-based compensation	Director's Fees	Total compensation
		€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	\$ '000			
Peter Gray, Vice Chairman of the Board *	2011	533	187	57	37	814	1,139	586	-	1,725		
Ciaran Murray, Chief Executive Officer *	2011	458	150	196	22	826	1,155	564	-	1,719		
<b>Total</b>	<b>2011</b>	<b>991</b>	<b>337</b>	<b>253</b>	<b>59</b>	<b>1,640</b>	<b>2,294</b>	<b>1,150</b>	<b>-</b>	<b>3,444</b>		

\* Appointed Vice Chairman and Chief Executive Officer respectively on October 1, 2011.

\*\* The above table does not include Brendan Brennan who assumed the role of Acting CFO on October 1, 2011 and was appointed CFO on February 13, 2012.



## Director Compensation

### Summary compensation table - Year ended December 31, 2012

Name	Year	Company pension			Subtotal	Subtotal	Share-based compensation	Director's fees	Total Compensation
		Salary	contribution	All other compensation					
		€ '000	€ '000	€ '000	€ '000	\$ '000	\$ '000	\$ '000	
Bruce Given*	2012	-	-	-	-	-	29	317	346
Peter Gray**	2012	402	50	221	673	862	1,029	-	1,891
Ciaran Murray	2012	606	863	4,258***	5,727	7,374	1,942	-	9,316
John Climax	2012	-	-	-	-	-	10	52	62
Ronan Lambe	2012	-	-	-	-	-	19	53	72
Thomas Lynch	2012	-	-	-	-	-	19	78	97
Dermot Kelleher	2012	-	-	-	-	-	21	73	94
Declan McKeon	2012	-	-	-	-	-	13	73	86
Cathrin Petty	2012	-	-	-	-	-	10	51	61
<b>Total</b>	<b>2012</b>	<b>1,008</b>	<b>913</b>	<b>4,479</b>	<b>6,400</b>	<b>8,236</b>	<b>3,092</b>	<b>697</b>	<b>12,025</b>

\* Retired as Chairman on December 31, 2012

\*\* Retired on July 19, 2012

\*\*\* €4.2 million (\$5.5 million) payable up to December 31, 2015 in cash or ordinary shares. The timing and form of the bonus is at the discretion of the Compensation and Organization Committee

### Summary compensation table - Year ended December 31, 2011

Name	Year	Company pension			Subtotal	Subtotal	Share-based compensation	Director's fees	Total compensation
		Salary	contribution	All other compensation					
		€ '000	€ '000	€ '000	€ '000	\$ '000	\$ '000	\$ '000	
Bruce Given	2011	-	-	-	-	-	29	317	346
Peter Gray	2011	533	57	224	814	1,139	586	-	1,725
Ciaran Murray*	2011	134	42	57	233	321	273	-	594
John Climax	2011	-	-	-	-	-	6	48	54
Ronan Lambe	2011	-	-	-	-	-	19	53	72
Thomas Lynch	2011	-	-	-	-	-	23	71	94
Dermot Kelleher	2011	-	-	-	-	-	28	73	101
Anthony Murphy**	2011	-	-	-	-	-	10	78	88
Declan McKeon	2011	-	-	-	-	-	9	61	70
Cathrin Petty	2011	-	-	-	-	-	7	59	66
<b>Total</b>	<b>2011</b>	<b>667</b>	<b>99</b>	<b>281</b>	<b>1,047</b>	<b>1,460</b>	<b>990</b>	<b>760</b>	<b>3,210</b>

\* Appointed Director of the Company on October 1, 2011 \*\* Retired on December 31, 2011

## Disclosure of Compensation Agreements

### *Employment Contracts, Termination of Employment and Change in Control Arrangements*

The Company does not have any termination or change of control agreements with its named executive officers other than as set out below.

### *Directors' and Executive Officers' service agreements and letters of engagement*

#### *Mr. Thomas Lynch*

Mr. Thomas Lynch has served as Chairman of the Board of the Company since January 2013 and has served as an outside director of the Company since January 1996. The arrangements with Mr. Lynch provide for the payment to him of director fees of \$330,000 per annum (pre January 1, 2013: \$78,000 per annum) plus reasonable expenses properly incurred in carrying out his duties for the Company. He was previously granted and held at December 31, 2012 17,200 ordinary share options at exercise prices ranging from \$11.00 to \$35.33 per share.

#### *Mr. Ciaran Murray*

Mr. Ciaran Murray is currently Chief Executive Officer of the Company, a position he has held since October 2011. He has served as an Executive Director of the Company since October 2011. He previously served as Chief Financial Officer of the Company from October 2005 until October 2011. The service agreement with Mr. Murray is terminable on 12 months notice by either party. Under the terms of this agreement Mr. Murray is entitled to receive an annual salary of €630,000 (\$830,000) and a bonus to be agreed by the Compensation and Organization Committee. He is also entitled to receive a pension contribution, a company car and medical insurance coverage for himself and his dependants. He was previously granted and held at December 31, 2012 345,000 ordinary share options at exercise prices ranging from \$10.42 to \$35.33 per share and 200,000 Restricted Share Units which vest on various dates between April 2013 and February 2016. His service agreement requires him to devote his full time and attention to his duties for the Company excepting certain outside director positions authorized by the Board. The agreement with Mr. Murray includes termination and change of control provisions and also includes certain post-termination clauses including non-disclosure, non-competition and non-solicitation provisions.

#### *Mr Brendan Brennan*

Brendan Brennan has served as Chief Financial Officer since February 2012 having previously served as acting Chief Financial Officer since October 2011. Prior to this appointment he served in a number of senior finance roles in the Company including the role of Senior Vice President of Corporate Finance. The service agreement with Mr. Brennan is terminable on 12 months notice by either party. Under the terms of this agreement Mr. Brennan is entitled to receive an annual salary of €300,000 (\$396,000) and a bonus to be agreed by the Compensation and Organization Committee. He is also entitled to receive a pension contribution, a company car and medical insurance coverage for himself and his dependants. He was previously granted and held at December 31, 2012 29,840 ordinary share options at exercise prices ranging from \$20.28 to \$35.33 per share and 20,000 Restricted Share Units, which vest on February 21, 2015, the third anniversary of date of grant. His service agreement requires him to devote his full time and attention to his duties for the Company excepting certain outside director positions authorized by the Board. The agreement with Mr. Brennan includes termination and change of control provisions and also includes certain post-termination clauses including non-disclosure, non-competition and non-solicitation provisions.

*Dr. John Climax*

Dr. John Climax, one of the Company's co-founders, served as Chairman of the Board of the Company from November 2002 to December 2009. He also served as Chief Executive Officer of the Company from June 1990 to October 2002 and is currently an outside director of the Company. The arrangements with Dr. Climax provide for the payment to him of director fees of \$53,000 per annum (pre: February 15, 2013: \$53,000 per annum) plus reasonable expenses properly incurred in carrying out his duties for the Company. He was previously granted and held at December 31, 2012 90,000 ordinary share options at exercise prices ranging from \$11.00 to \$35.33 per share.

Following Dr. Climax's retirement as Chairman in December 2009, the Company entered a three year agreement with Rotrua Limited, a company controlled by Dr. Climax, for the provision of consultancy services at an agreed fee of €262,500 (\$346,000) per annum. Pursuant to the consultancy agreement, Dr. Climax also agreed to certain restrictions that will apply to him after the termination of the consultancy agreement including non-disclosure, non-competition and non-solicitation. The consultancy agreement provided that the Company would provide, during the term of the agreement, permanent disability and life insurance coverage for Dr. Climax and medical insurance coverage for himself and his dependants. The term of the consultancy agreement expired in December 2012.

*Dr. Ronan Lambe*

Dr. Ronan Lambe, one of the Company's co-founders, served as Chairman of the Board of the Company from June 1990 to November 2002 and is currently an outside director of the Company. The arrangements with Dr. Lambe provide for the payment to him of director fees of \$53,000 per annum (pre: February 15, 2013: \$53,000 per annum) plus reasonable expenses properly incurred in carrying out his duties for the Company. He was previously granted and held at December 31, 2012 16,000 ordinary share options at exercise prices ranging from \$11.00 to \$35.33 per share.

*Dr. Bruce Given*

Dr. Bruce Given is an outside director of the Company. He served as Chairman of the Board of the Company from January 2009 to December 2012 and has served as an outside director of the Company since September 2004. The arrangements with Dr. Given provide for the payment to him of annual fees of \$58,000 per annum (pre January 1, 2013: \$316,932 per annum) plus reasonable expenses properly incurred in carrying out his duties for the Company. He was previously granted and held at December 31, 2012 24,000 ordinary share options at exercise prices ranging from \$11.00 to \$35.33.

*Professor Dermot Kelleher*

Professor Dermot Kelleher has served as an outside director of the Company since May 2008. The arrangements with Professor Kelleher provide for the payment to him of director fees of \$73,000 per annum (pre: February 15, 2013: \$73,000 per annum). He was previously granted and held at December 31, 2012 14,000 ordinary share options at an exercise price ranging from \$20.28 to \$36.04.

*Mr. Declan McKeon*

Mr. Declan McKeon has served as an outside director of the Company since April 2010. The arrangements with Mr. McKeon provide for the payment to him of directors fees of \$73,000 per annum (pre: February 15, 2013: \$73,000 per annum). He was previously granted and held at December 31, 2012 7,000 ordinary share options at exercise prices ranging from \$20.28 to \$29.45.

*Ms Cathrin Petty*

Ms. Cathrin Petty has served as an outside director of the Company since October 2010. The arrangements with Ms. Petty provide for the payment to her of directors fees of \$73,000 per annum (pre: February 15, 2013: \$53,000 per annum). She was previously granted and held at December 31, 2012 7,000 ordinary share options at exercise prices ranging from \$19.45 to \$22.30.

*Professor William Hall*

Professor William Hall has served as an outside director of the Company since February 2013. The arrangements with Professor Hall provide for the payment to him of directors fees of \$63,000 per annum.

*Mr. Peter Gray*

Mr. Peter Gray served as an Executive Director of the Company from June 1997 until his retirement in July 2012. From November 2002 to September 2011 he served as Chief Executive Officer of the Company, having previously served as Chief Operating Officer from June 2001 until November 2002 and as Chief Financial Officer from June 1997 to June 2001. In September 2011 Mr. Gray announced his intention to retire as Chief Executive Officer of the Company in accordance with the terms of his service agreement which was terminable on 12 months' notice by either party. Following this announcement, Mr. Gray served as Vice Chairman of the Board until his retirement in July 2012.

Under the terms of Mr. Gray's service agreement he was entitled to receive an annual salary of €535,500 (\$695,000) and a bonus to be agreed by the Compensation and Organization Committee. He was also entitled to receive a pension contribution, company car and medical insurance coverage for himself and his dependants. Mr. Gray's notice period was due to expire on September, 30 2012 during which time his service agreement continued to apply.

In June 2012 the Company entered into an agreement with Mr. Gray whereby he would retire from the Company on July 19, 2012. Under the terms of this agreement Mr. Gray would retire as both an employee and as a Director of the Company and would be entitled to be paid €160,000 (\$200,000) in lieu of the balance of his notice period and to receive a discretionary bonus of €194,000 (\$243,000) in respect of 2012. In addition, under the terms of the agreement, Mr. Gray's unvested share options would vest on the date of his retirement. He had previously been granted and held at July 19, 2012 288,000 ordinary share options at exercise prices ranging from \$11.00 to \$35.33 per share. The Company recognized a share-based compensation charge of \$738,000 in respect of the acceleration of vesting on these options during the year ended December 31, 2012.

Following Mr. Gray's retirement in July 2012, the Company also entered into an agreement with Integritum Limited, a company controlled by Mr. Gray, for the provision of consultancy services for a period of two years from August 1, 2012, at an agreed fee of €265,000 (\$350,000) per annum. Mr. Gray also agreed to certain restrictions that will apply to him during the period of the consultancy agreement including non-disclosure, non-competition and non-solicitation.

**Employees**

We employed approximately 9,500, 8,470 and 7,735 people for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 respectively. Our employees are not unionized and we believe we have a satisfactory relationship with our employees.

## Share Ownership

### Shares and Restricted Share Units

The following table sets forth certain information as of March 6, 2013 regarding beneficial ownership of our ordinary shares and restricted share units (“RSU’s”) by all of our current directors and executive officers. Unless otherwise indicated below, to our knowledge, all persons listed below have sole voting and investment power with respect to their ordinary shares, except to the extent authority is shared by spouses under applicable law.

Name of Owner or Identity of Group	No. of Shares (1)	% of total Shares	No. of RSU’s (1)	Vesting Date
Dr. Bruce Given	500	-	-	
Mr. Ciaran Murray	-	-	50,000	April 27, 2013
			100,000	October 1, 2014
			50,000	February 10, 2016
Mr. Brendan Brennan	-	-	20,000	February 21, 2015
Dr. John Climax	1,607,568	2.7%	-	
Dr. Ronan Lambe	400	-	-	
Mr. Thomas Lynch	3,604	-	-	
Professor Dermot Kelleher	-	-	-	
Mr. Declan McKeon	-	-	-	
Ms. Cathrin Petty	-	-	-	
Professor William Hall	-	-	-	

- (1) As used in these tables, each person has the sole or shared power to vote or direct the voting of a security, or the sole or shared investment power with respect to a security (*i.e.* the power to dispose, or direct the disposition, of a security). A person is deemed as of any date to have "beneficial ownership" of any security if that such person has the right to acquire such security within 60 days after such date.

### Share Options

The following table sets forth certain information as of March 6, 2013 regarding options to acquire ordinary shares of the Company by all of our current directors and executive officers.

Name of Owner or Identity of Group	No. of Options (1)	Exercise price	Expiration Date
Mr. Thomas Lynch	3,200	\$ 11.00	February 3, 2014
	4,000	\$ 21.25	February 16, 2015
	2,000	\$ 35.33	February 26, 2016
	2,000	\$ 22.26	February 25, 2017
	2,000	\$ 24.46	March 4, 2018
	2,000	\$ 20.28	March 3, 2019
	2,000	\$ 22.30	April 27, 2020
Mr. Ciaran Murray	20,000	\$ 10.42	January 17, 2014
	18,000	\$ 11.00	February 3, 2014
	16,000	\$ 21.25	February 16, 2015
	14,000	\$ 35.33	February 26, 2016
	17,000	\$ 22.26	February 25, 2017
	30,000	\$ 24.46	March 4, 2018
	30,000	\$ 20.28	March 3, 2019
	150,000	\$ 16.80	October 31, 2019
	50,000	\$ 22.30	April 27, 2020

Name of Owner or Identity of Group	No. of Options (1)	Exercise price	Expiration Date
Mr. Brendan Brennan	2,000	\$ 35.33	February 26, 2016
	840	\$ 22.26	February 25, 2017
	3,000	\$ 24.46	March 4, 2018
	4,000	\$ 20.28	March 3, 2019
	20,000	\$ 20.59	February 22, 2020
Dr. John Climax	12,000	\$ 11.00	February 3, 2014
	12,000	\$ 21.25	February 16, 2015
	10,000	\$ 35.33	February 26, 2016
	50,000	\$ 15.84	April 30, 2017
	2,000	\$ 24.46	March 4, 2018
	2,000	\$ 20.28	March 3, 2019
	2,000	\$ 22.30	April 27, 2020
Dr. Ronan Lambe	4,000	\$ 11.00	February 3, 2014
	2,000	\$ 21.25	February 16, 2015
	2,000	\$ 35.33	February 26, 2016
	2,000	\$ 22.26	February 25, 2017
	2,000	\$ 24.46	March 4, 2018
	2,000	\$ 20.28	March 3, 2019
	2,000	\$ 22.30	April 27, 2020
Dr. Bruce Given	4,000	\$ 11.00	February 3, 2014
	4,000	\$ 21.25	February 16, 2015
	2,000	\$ 35.33	February 26, 2016
	2,000	\$ 22.26	February 25, 2017
	4,000	\$ 24.46	March 4, 2018
	4,000	\$ 20.28	March 3, 2019
	4,000	\$ 22.30	April 27, 2020
Professor Dermot Kelleher	6,000	\$ 36.04	May 27, 2016
	2,000	\$ 22.26	February 25, 2017
	2,000	\$ 24.46	March 4, 2018
	2,000	\$ 20.28	March 3, 2019
	2,000	\$ 22.30	April 27, 2020
Mr. Declan McKeon	3,000	\$ 29.45	April 29, 2018
	2,000	\$ 20.28	March 3, 2019
	2,000	\$ 22.30	April 27, 2020
Ms. Cathrin Petty	3,000	\$ 19.45	October 26, 2018
	2,000	\$ 20.28	March 3, 2019
	2,000	\$ 22.30	April 27, 2020

(1) The title of securities covered by all of the above options are non-revenue qualified.

## Equity Incentive Schemes

On July 21, 2008 the Company adopted the Employee Share Option Plan 2008 (the “2008 Employee Plan”) pursuant to which the Compensation and Organization Committee of the Company’s Board of Directors may grant options to any employee, or any director holding a salaried office or employment with the Company or a Subsidiary for the purchase of ordinary shares. On the same date, the Company also adopted the Consultants Share Option Plan 2008 (the “2008 Consultants Plan”), pursuant to which the Compensation and Organization Committee of the Company’s Board of Directors may grant options to any consultant, adviser or non-executive director retained by the Company or any Subsidiary for the purchase of ordinary shares.

Each option granted under the 2008 Employee Plan or the 2008 Consultants Plan (together the “2008 Option Plans”) will be an employee stock option, or NSO, as described in Section 422 or 423 of the Internal Revenue Code. Each grant of an option under the 2008 Options Plans will be evidenced by a Stock Option Agreement between the optionee and the Company. The exercise price will be specified in each Stock Option Agreement, however option prices will not be less than 100% of the fair market value of an ordinary share on the date the option is granted.

An aggregate of 6.0 million ordinary shares have been reserved under the 2008 Employee Plan as reduced by any shares issued or to be issued pursuant to options granted under the 2008 Consultants Plan, under which a limit of 400,000 shares applies. Further, the maximum number of ordinary shares with respect to which options may be granted under the 2008 Employee Option Plan, during any calendar year to any employee shall be 400,000 ordinary shares. There is no individual limit under the 2008 Consultants Plan. No options may be granted under the 2008 Option Plans after July 21, 2018.

On July 21, 2008 the Company adopted the 2008 Employees Restricted Share Unit Plan (the “2008 RSU Plan”) pursuant to which the Compensation and Organization Committee of the Company’s Board of Directors may select any employee, or any director holding a salaried office or employment with the Company or a Subsidiary to receive an award under the plan. An aggregate of 1.0 million ordinary shares have been reserved for issuance under the 2008 RSU Plan.

On January 17, 2003 the Company adopted the Share Option Plan 2003 (the “2003 Share Option Plan”) pursuant to which the Compensation and Organization Committee of the Board may grant options to officers and other employees of the Company or its subsidiaries for the purchase of ordinary shares. Each grant of an option under the 2003 Share Option Plan will be evidenced by a Stock Option Agreement between the employee and the Company. The exercise price will be specified in each Stock Option Agreement.

An aggregate of 6.0 million ordinary shares have been reserved under the 2003 Share Option Plan; and, in no event will the number of ordinary shares that may be issued pursuant to options awarded under the 2003 Share Option Plan exceed 10% of the outstanding shares, as defined in the 2003 Share Option Plan, at the time of the grant, unless the Board expressly determines otherwise. Further, the maximum number of ordinary shares with respect to which options may be granted under the 2003 Share Option Plan during any calendar year to any employee shall be 400,000 ordinary shares. No options can be granted after January 17, 2013.

Share option awards are granted with an exercise price equal to the market price of the Company’s shares at date of grant. Share options typically vest over a period of five years from date of grant and expire eight years from date of grant. The maximum contractual term of options outstanding at December 31, 2012 is eight years.

## Item 7. Major Shareholders and Related Party Transactions.

The following table sets forth certain information regarding beneficial ownership of ICON's ordinary shares as of March 6, 2013 (i) by each person that beneficially owns more than 5% of the outstanding ordinary shares, based upon publicly available information; and (ii) by all of our current directors, officers and other key employees as a group. Unless otherwise indicated below, to our knowledge, all persons listed below have sole voting and investment power with respect to their ordinary shares, except to the extent authority is shared by spouses under applicable law.

<b>Name of Owner or Identity of Group</b>	<b>No. of Shares (1)</b>	<b>Percent of Class</b>
Artisan Partners Limited Partnership (2)	5,799,717	9.6%
EARNEST Partners, LLC (2)	5,391,736	8.9%
Neuberger Berman, LLC (2)	5,280,353	8.7%
Wellington Management Company, LLP (2)	3,158,246	5.2%
Wasatch Advisors, Inc. (2)	3,107,163	5.1%
All directors, officers and other key employees as a group (3)	2,534,112	4.2%

- (1) As used in this table, each person has the sole or shared power to vote or direct the voting of a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose, or direct the disposition, of a security). A person is deemed as of any date to have "beneficial ownership" of any security if that such person has the right to acquire such security within 60 days after such date.
- (2) Neither the Company nor any of its officers, directors or affiliates holds any voting power in this entity.
- (3) Includes 632,040 ordinary shares issuable upon the exercise of stock options granted by the Company and 290,000 RSUs awarded by the Company to directors, officers and other key employees.

ICON plc, is not directly or indirectly, owned or controlled by another corporation or by any government.

### Related Party Transactions

On July 19, 2012, Mr. Peter Gray retired as a Director and employee of the Company. The Company subsequently entered into an agreement with Integritum Limited, a company controlled by Mr. Gray, for the provision of consultancy services for a period of two years from August 1, 2012, at an agreed fee of €265,000 (\$350,000) per annum.

On December 31, 2009, Dr. John Climax retired as Chairman of the Board of the Company. From January 2010 he has held the position as an outside director of the Company. The Company has entered into an agreement with Rotrua Limited, a company controlled by Dr. Climax, for the provision of consultancy services for a period of three years from January 1, 2010, at an agreed fee of €262,500 (\$346,000) per annum. The consultancy agreement has expired but it did provide that the Company would during its term provide permanent disability and life insurance coverage for Dr. Climax and medical insurance cover for himself and his dependants.



**Item 8. Financial Information.****Financial Statements**

See Item 18.

**Legal Proceedings**

ICON is not party to any litigation or other legal proceedings that we believe could reasonably be expected to have a material adverse effect on our business, results of operations and financial condition.

**Dividends**

We have not paid cash dividends on our ordinary shares and do not intend to pay cash dividends on our ordinary shares in the foreseeable future.

**Item 9. The Offer and Listing**

ICON's ordinary shares are traded on the NASDAQ Global Select Market under the symbol "ICLR". The following table sets forth the trading price for the dates indicated for ICON plc's ADSs as reported by NASDAQ, prior to the termination of ICON plc's ADR Program. ICON plc's ADR program was terminated on January 31, 2013 and ICON plc's ordinary shares began directly trading on NASDAQ on February 4, 2013. Prior to that date, ICON plc's ADSs were traded on NASDAQ and ICON plc's Depository for the ADSs was The Bank of New York Mellon.

<b>Year Ending</b>	<b>High Sales Price During Period</b>	<b>Low Sales Price During Period</b>
December 31, 2008	\$ 44.78	\$ 15.64
December 31, 2009	\$ 26.85	\$ 12.17
December 31, 2010	\$ 30.31	\$ 18.93
December 31, 2011	\$ 26.22	\$ 15.03
December 31, 2012	\$ 28.93	\$ 16.73

  

<b>Quarter Ending</b>	<b>High Sales Price During Period</b>	<b>Low Sales Price During Period</b>
Mar 31, 2011	\$ 24.26	\$ 19.61
June 30, 2011	\$ 26.22	\$ 21.03
Sept 30, 2011	\$ 25.50	\$ 15.98
Dec 31, 2011	\$ 18.28	\$ 15.03
Mar 31, 2012	\$ 22.33	\$ 16.73
June 30, 2012	\$ 23.81	\$ 20.02
Sept 30, 2012	\$ 25.21	\$ 21.71
Dec 31, 2012	\$ 28.93	\$ 23.05

  

<b>Month Ending</b>	<b>High Sales Price During Period</b>	<b>Low Sales Price During Period</b>
July 31, 2012	\$ 24.81	\$ 21.71
Aug 31, 2012	\$ 25.03	\$ 22.50
Sept 30, 2012	\$ 25.21	\$ 22.43
Oct 31, 2012	\$ 25.16	\$ 23.05
Nov 30, 2012	\$ 28.06	\$ 23.97
Dec 31, 2012	\$ 28.93	\$ 26.96

## Item 10. Additional Information

### Memorandum and Articles of Association

We hereby incorporate by reference our Memorandum and Articles of Association, as amended, located under the heading "Memorandum and Articles of Association of the Company" in exhibit 3.1.

On December 17, 2012 at an Extraordinary General Meeting of the Company, in order to facilitate the conversion to a Direct Listing for the ICON Shares on NASDAQ, the Articles of Association of the Company were amended as follows:

- to amend the transfer provisions with respect to the form of instrument of transfer required for the transfer of an ICON Share;
- to set out the necessary mechanics for stamp duty with respect to any chargeable transfers of ICON Shares;
- to remove provisions relating to the Irish Stock Exchange which were redundant following the cancellation of the secondary listing from the Irish Stock Exchange;
- to insert provisions to facilitate future share buy-backs by the Company (including an ability to effect such buy backs by way of redemption);
- to insert administrative provisions with regard to holding and maintaining share registers; and
- to update legislative citations and cross-references.

The following is a summary of certain provisions of the current Articles of Association of the Company. This summary does not purport to be complete and is qualified in its entirety by reference to the complete text of the Articles of Association of the Company, which are included as an exhibit to this annual report.

#### *Objects*

The Company is incorporated under the name ICON plc, and is registered in Ireland under registered number 145835. The Company's objects, which are detailed in the Memorandum of Association of the Company, are broad and include, but are not limited to, the carrying on the business of an investment holding company.

#### *Directors*

Subject to certain exceptions, directors may not vote on matters in which they have a material interest. Any director who holds any executive office, serves on any committee or otherwise performs services, which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration as the directors may determine. The directors may exercise all the powers of the Company to borrow money. These powers may be amended by special resolution of the shareholders. The directors are not required to retire at any particular age. One-third of the directors retire and offer themselves for re-election at each Annual General Meeting ("AGM") of the Company. The directors to retire by rotation are those who have been longest in office since their last appointment or reappointment. As between persons who became or were appointed directors on the same date, those to retire are determined by agreement between them or, otherwise, by lot. All of the shareholders entitled to attend and vote at the AGM may vote on the re-election of directors. There is no requirement for directors to hold shares.

#### *Rights, Preferences and Dividends Attaching to Shares*

The Company has only one class of shares, Ordinary Shares with a par value of €0.06 per share. All such Ordinary Shares rank equally with respect to voting, payment of dividends and on any winding-up of the Company. Any dividend, interest or other sum payable to a shareholder that remains unclaimed for one year after having been declared may be invested by the directors for the benefit of the Company until claimed. If the directors so resolve, any dividend which has remained unclaimed for 12 years from the date of its declaration shall be forfeited and cease to remain owing by the Company. In the event of the Company being wound up, if the assets available for distribution among the Members shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among the Members in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said Ordinary Shares held by them respectively. An Ordinary Share shall be deemed to be a redeemable share in certain circumstances. The liability of shareholders to invest additional capital is limited to the amounts remaining unpaid on the shares held by them.

#### *Action Necessary to Change the Rights of Shareholders*

The rights attaching to shares in the Company may be varied by special resolutions passed at class meetings of that class of shareholders of the Company.

#### *Annual and General Meetings*

The AGM shall be held in such place and at such time as shall be determined by the board, but no more than 15 months shall pass between the dates of consecutive AGMs. Directors may call an Extraordinary General Meeting (“EGM”) at any time. The members, in accordance with the Articles of Association of the Company and Irish company law, may also requisition EGM’s. Notice of the AGM or an EGM passing any special resolution must be given at least 21 clear days prior to the scheduled date and, in the case of any other general meeting, not less than 14 clear days’ notice. All holders of Ordinary Shares are entitled to attend, speak at and vote at general meetings of the Company.

#### *Limitations on the Right to Own Shares*

There are no limitations on the right to own shares in the Memorandum and Articles of Association of the Company.

#### *Disclosure of Share Ownership*

Under Irish law, the Company can require parties to disclose their interests in shares. The Articles of Association of the Company entitle the directors to require parties to provide details regarding their identity and the nature and extent of any interest which such parties hold in Ordinary Shares. Under Irish law, if a party acquires or disposes of Ordinary Shares so as to bring his interest above or below 5% of the total issued share capital of the Company, he must notify the Company of that. The Company would also need to be notified of the acquisition by an existing substantial (i.e. 5% plus) shareholder, of every movement of one whole percentage integer (e.g. 5.9% to 6.1% but not 6.1% to 6.9%) or more.

#### *Other Provisions of the Articles of Association*

There are no provisions in the Articles of Association of the Company:

- (i) delaying or prohibiting a change in the control of the Company, but which operate only with respect to a merger, acquisition or corporate restructuring;
- (ii) discriminating against any existing or prospective holder of shares as a result of such shareholder owning a substantial number of shares; or
- (iii) governing changes in capital,

in each case, where such provisions are more stringent than those required by law.

## **Material Contracts**

On November 20, 2012 the Company's subsidiary ICON Clinical Research SARL, entered into a lease agreement with MS Capitole SCI. The lease is for office space at an initial annual rate of of €918,000 per annum, subject to annual inflation adjustments and a statutory revision every 3 years. The term of the lease is 9 years.

## **Exchange Controls and Other Limitations Affecting Security Holders**

Irish exchange control regulations ceased to apply from and after December 31, 1992. Except as indicated below, there are no restrictions on non-residents of Ireland dealing in domestic securities, which includes shares or depository receipts of Irish companies. Except as indicated below, dividends and redemption proceeds also continue to be freely transferable to non-resident holders of such securities.

The Financial Transfers Act, 1992 gives power to the Minister for Finance of Ireland to make provision for the restriction of financial transfers between Ireland and other countries and persons. Financial transfers are broadly defined, and include all transfers which would be movements of capital or payments within the meaning of the treaties governing the European Communities. The acquisition or disposal of shares issued by an Irish incorporated company and associated payments may fall within this definition. In addition, dividends or payments on redemption or purchase of shares and payments on a liquidation of an Irish incorporated company would fall within this definition. At present, the Financial Transfers Act, 1992 prohibits financial transfers involving certain persons connected with the former regime in Iraq, certain persons indicted by the International Criminal Tribunal for the former Yugoslavia and certain associated persons, Zimbabwe, the Islamic Republic of Iran, the Democratic Peoples Republic of Korea, the Republic of Lebanon, the Taliban of Afghanistan, certain persons previously connected with the deceased Osama bin Laden and Al-Qaeda, Liberia, Burma/Myanmar, Uzbekistan, Sudan, Somalia, Cote D'Ivoire, the Democratic Republic of Congo, President Lukashenko and certain other officials of Belarus, and countries that harbor certain terrorist groups, without the prior permission of the Central Bank of Ireland.

Any transfer of, or payment in respect of shares involving the government of any country or any person which is currently the subject of United Nations sanctions, any person or body controlled by any of the foregoing, or by any person acting on behalf of the foregoing, may be subject to restrictions pursuant to such sanctions as implemented into Irish law. The following countries and persons are currently the subject of such sanctions: Somalia, Sierra Leone, Sudan, Cote D'Ivoire, Democratic Republic of Congo, Liberia, individuals designated by the international independent investigation Commission or the Government of Lebanon, Democratic Peoples Republic of Korea, the Islamic Republic of Iran, Iraq, the Taliban of Afghanistan and Al-Qaeda. There are no restrictions under the Company's Articles of Association or under Irish Law that limit the right of non-residents or foreign owners to hold the Company's ordinary shares or vote at general meetings of the Company.

## Taxation

### General

The following discussion is based on existing Irish tax law, Irish court decisions and the practice of the Revenue Commissioners of Ireland, and the convention between the United States and Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to income and capital gains (the "Treaty"). This discussion does not purport to deal with the tax consequences of owning the ordinary shares for all categories of investors, some of which may be subject to special rules. Prospective purchasers of ordinary shares are advised to consult their own tax advisors concerning the overall tax consequences arising in their own particular situations under Irish law. Each prospective investor should understand that future legislative, administrative and judicial changes could modify the tax consequences described below, possibly with retroactive effect.

As used herein, the term "U.S. Holder" means a beneficial owner of ordinary shares that (i) owns the ordinary shares as capital assets; (ii) is a U.S. citizen or resident, a U.S. corporation, an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust that meets the following two tests: (A) a U.S. court is able to exercise primary supervision over the administration of the trust, and (B) one or more U.S. persons have the authority to control all substantial decisions of the trust; and for the purpose of the discussion under Irish Taxation of U.S. Holders (A) is not a resident of, or ordinarily resident in, Ireland for the purposes of Irish tax; and (B) is not engaged in trade or business in Ireland through a permanent establishment.

AS USED HEREIN, REFERENCES TO THE ORDINARY SHARES SHALL INCLUDE SHARES HELD IN THE ACCOUNTS OF PARTICIPANTS THROUGH THE DEPOSITARY TRUST COMPANY ("THE DTC").

### Irish Taxation

#### *Irish corporation tax on income*

ICON is a public limited company incorporated and resident for tax purposes in Ireland.

For Irish tax purposes, the residence of a company is generally in the jurisdiction where the place of central management and control of the company is located. Subject to certain exceptions, all Irish incorporated companies are deemed to be Irish tax resident. Companies which are resident in the Republic of Ireland are subject to Irish corporation tax on their total profits (wherever arising and, generally, whether or not remitted to the Republic of Ireland). The question of residence, by virtue of management and control, is essentially one of fact. It is the present intention of the Company's management to continue to manage and control the Company from the Republic of Ireland, so that the Company will continue to be resident in the Republic of Ireland.

The standard rate of Irish corporation tax on trading income (with certain exceptions) is currently 12.5%.

A research and development tax credit is available in Ireland where an Irish resident company incurs qualifying expenditure on research and development activities. Qualifying expenditure incurred in a particular account period, which exceeds the qualifying expenditure incurred by the company in 2003 results in a tax credit of 25% of that expenditure. With effect from 1 January 2012 the incremental test does not apply to the first €100,000 of qualifying expenditure as such expenditure automatically qualifies for a tax credit of 25%. It is expected that legislative changes will be enacted in March 2013 which will provide that the incremental test will no longer apply to the first €200,000 of qualifying expenditure. These proposed legislation changes will likely apply retrospectively from 1 January 2013.

Corporation tax is charged at the rate of 25% on a company's non-trading income and certain types of trading income not eligible for the lower rate of 12.5% referred to above.

Capital gains arising to an Irish resident company are liable to tax at 33% (30% for disposals made on or before 5 December 2012). However, a capital gains tax exemption is available in Ireland for qualifying Irish resident companies in respect of disposals of certain qualifying shareholdings.

The exemption from capital gains tax on the disposal of shares by an Irish resident company will apply where certain conditions are met. These conditions principally are:

- The company claiming the exemption must hold (directly or indirectly) at least 5% of the ordinary share capital of the company in which the interest is being disposed of, throughout the period of at least 12 months, within the two year period prior to disposal
- The shares being disposed of must be in a company, which at the date of disposal, is resident in a Member State of the European Communities or in a country with which Ireland has signed or made specific arrangements to sign a double tax agreement (together a “Relevant Territory”)
- The shares must be in a company which is primarily a trading company or the company making the disposal together with its “5% plus subsidiaries” should be primarily a trading group
- The shares must not derive the greater part of their value from land or mineral rights in the State.

#### *Irish withholding tax on dividends*

Unless specifically exempted, all dividends paid by the Company, will be subject to Irish withholding tax at the standard rate of income tax in force at the time the dividend is paid, which is currently 20%.

An individual shareholder who is neither resident nor ordinarily resident for tax purposes in Ireland, but is resident in a country with which Ireland has a double tax treaty, or in a member state of the European Union, other than Ireland (together, a Relevant Territory), will be exempt from withholding tax provided he or she makes the requisite declaration.

Non-Irish resident corporate shareholders that:

- are resident in a Relevant Territory and are not controlled (directly or indirectly) by Irish residents
- are ultimately controlled (directly or indirectly) by residents of a Relevant Territory or
- have the principal class of their shares, or shares of a 75% parent, substantially and regularly traded on one or more recognized stock exchanges in a Relevant Territory (including Ireland) or Territories; or
- are wholly owned by two or more companies, each of whose principal class of shares is substantially and regularly traded on one or more recognized stock exchanges in a Relevant Territory (including Ireland) or Territories

will be exempt from withholding tax on the production of the appropriate certificates and declarations.

U.S. Holders of ordinary shares should note, however, that detailed documentation requirements may need to be complied with. Special arrangements are available in the case of an interest in shares held in Irish companies through a depositary or in accounts of participants through the DTC. In certain cases the depositary or the DTC can receive and pass on a dividend from an Irish company without deducting withholding tax, provided the depositary or the DTC is a qualifying intermediary, and provided the person beneficially entitled to the distribution would meet the same conditions outlined above for the withholding tax exemption to apply and has provided the qualifying intermediary with the appropriate declarations. The depositary or the DTC shall be regarded as a qualifying intermediary provided the following conditions are met:

- the depositary or the DTC is resident in a Relevant Territory and
- the depositary or the DTC have entered into a qualifying intermediary agreement with the Irish tax authorities and
- the depositary or the DTC have been authorized by the Irish Revenue Commissioners as a qualifying intermediary and such authorization has not expired or been revoked;

#### *Irish income tax on dividends*

Irish resident or ordinarily resident shareholders will generally be liable to Irish income tax on dividend income at their marginal rate of tax. This income may also be liable to Pay Related Social Insurance (“PRSI”) of up to 4% and the Universal Social Charge (“USC”) of up to 10% (up to 14% in total).

Under certain circumstances, non-Irish resident shareholders will be subject to Irish income tax on dividend income. This liability is limited to tax at the standard rate of 20% and therefore, where withholding tax has been deducted, this will satisfy the tax liability. No PRSI or USC should apply in these circumstances.

However, a non-Irish resident shareholder will not have an Irish income tax liability on dividends from the Company if the holder is neither resident nor ordinarily resident in the Republic of Ireland and the holder is

- an individual resident in the U.S. or in a Relevant Territory;
- a corporation that is ultimately controlled by persons resident in the U.S. or in a Relevant Territory;
- a corporation whose principal class of shares (or its 75% or greater parent’s principal class of shares) is substantially and regularly traded on a recognized stock exchange in an EU country or in a Relevant Territory;
- a corporation resident in another EU member state or in a Relevant Territory, which is not controlled directly or indirectly by Irish residents; or
- a corporation that is wholly owned by two or more corporations each of whose principal class of shares is substantially and regularly traded on a recognized stock exchange in an EU country or in a Relevant Territory.

U.S. Holders who do not qualify for the above income tax exemption may be able to obtain treaty benefits under the double tax treaty.

#### *Irish domicile levy*

Certain non-Irish resident individuals that are domiciled in Ireland will be subject to an annual levy of €200,000 if their Irish-located property exceeds €5,000,000, their worldwide annual income exceeds €1,000,000 and their liability to Irish Income Tax in that year is less than €200,000.

#### *Irish capital gains tax on disposal of shares*

Irish resident or ordinarily resident shareholders will be liable to capital gains tax at 33% (30% in respect of disposals made up to 5 December 2012) on gains arising from the disposal or part disposal of their shareholding.

A person who is not resident or ordinarily resident in Ireland, who has not been an Irish resident within the past five years and who does not carry on a trade in Ireland through a branch or agency will not be subject to Irish capital gains tax on the disposal of ordinary shares or shares held in accounts of participants through the DTC, so long as the shares are either quoted on a stock exchange or do not derive the greater part of their value from Irish land or mineral rights.

There are provisions to subject a person who disposes of an interest in a company while temporarily being non-Irish resident, to Irish capital gains tax. This treatment will apply to Irish domiciled individuals -:

- who cease to be Irish resident;
- who beneficially own the shares when they cease to be resident;
- if there are not more than 5 years of assessment between the last year of Irish tax residence prior to becoming temporarily non-resident and the tax year that he/she resumes Irish tax residency;
- who dispose of an interest in a company during this temporary non-residence; and
- the interest disposed of represents 5% or greater of the issued share capital of the company or is worth at least €500,000.

In these circumstances the person will be deemed, for Irish capital gains tax purposes, to have sold and immediately reacquired the interest in the company on the date of his or her departure and will be subject to tax at 33% (30% up to 5 December 2012) of the taxable gain.

#### *Irish capital acquisitions tax*

Irish capital acquisitions tax (referred to as CAT) applies to gifts and inheritances. Subject to certain tax – free thresholds, gifts and inheritances are liable to tax at 33% (30% up to 6 December 2012).

Where a gift or inheritance is taken under a disposition made after December 1, 1999, it will be within the charge to CAT:

- to the extent that the property of which the gift or inheritance consists is situated in the Republic of Ireland at the date of the gift or inheritance;
- where the person making the gift or inheritance is or was resident or ordinarily resident in the Republic of Ireland at the date of the disposition under which the gift or inheritance is taken;
- in the case of a gift taken under a discretionary trust where the person from whom the gift is taken was resident or ordinarily resident in the Republic of Ireland at the date he made the settlement, or at the date of the gift or, if he is dead at the date of the gift, at the date of his death; or
- where the person receiving the gift or inheritance is resident or ordinarily resident in the Republic of Ireland at the date of the gift or inheritance.

For these purposes a non-Irish domiciled individual will not be regarded as resident or ordinarily resident in the Republic of Ireland on a particular date unless they are resident or ordinarily resident in the Republic of Ireland on that date and have been resident for the 5 consecutive tax years immediately preceding the year of assessment in which the date falls.

The person who receives the gift or inheritance (“the beneficiary”) is primarily liable for CAT. In the case of an inheritance, where a beneficiary and personal representative of the deceased are both non-residents, a solicitor must be appointed to be responsible for paying inheritance tax. Taxable gifts or inheritances received by an individual since December 5, 1991 from donors in the same threshold class are aggregated and only the excess over a specified tax-free threshold is taxed. The tax-free threshold is dependent on the relationship between the donor and the donees and the aggregation since December 5, 1991 of all previous gifts and inheritances, within the same tax threshold.



The tax-free threshold amounts that apply with effect from 5 December 2012 are:

- €15,075 (€16,750 pre December 6, 2012) in the case of persons who are not related to one another;
- €30,150 (€33,500 pre December 6, 2012) in the case of gifts or inheritances received from inter alia a brother or sister or from a brother or sister of a parent or from a grandparent; and
- €225,000 (€250,000 pre December 5, 2012) in the case of gifts and inheritances received from a parent (or from a grandparent by a minor child of a deceased child) and specified inheritances received by a parent from a child.

Gifts and inheritances passing between spouses are exempt from CAT.

A gift or inheritance of ordinary shares or ADSs will be within the charge to Irish capital acquisitions tax, notwithstanding that the person from whom or by whom the gift or inheritance is received is domiciled or resident outside Ireland.

The Estate Tax Convention between Ireland and the United States generally provides for Irish capital acquisitions tax paid on inheritances in Ireland to be credited against U.S. Federal Estate tax payable in the United States and for tax paid in the United States to be credited against tax payable in Ireland, based on priority rules set forth in the Estate Tax Convention. The Estate Tax Convention does not apply to Irish capital acquisitions tax paid on gifts.

#### *Irish stamp duty*

Irish stamp duty, which is a tax on certain documents, is payable on all transfers of ordinary shares (other than between spouses) whenever a document of transfer is executed. Where the transfer is attributable to a sale, stamp duty will be charged at a rate of 1%, rounded to the nearest Euro. The stamp duty is calculated on the amount or value of the consideration (i.e. purchase price) or, if the transfer is by way of a gift (subject to certain exceptions) or for consideration less than the market value, on the market value of the shares. Where the consideration for the sale is expressed in a currency other than Euro, the duty will be charged on the Euro equivalent calculated at the rate of exchange prevailing on the date of the transfer.

Transfers through the DTC of book entry interests in shares are not subject to Irish stamp duty.

A transfer of ordinary shares by a shareholder to a depositary or custodian for deposit and a transfer of ordinary shares from the depositary or the custodian for the purposes of the withdrawal of the underlying ordinary shares in accordance with the terms of a deposit agreement will be stampable at the ad valorem rate if the transfer relates to a sale, a contemplated sale, a gift or any other change in the beneficial ownership of such ordinary shares. However transfers of ordinary shares into or out of the DTC are not be subject to Irish stamp duty provided that no change in beneficial ownership of the shares has occurred and provided a contract for sale in respect of the transferring shares is not in place.

The person accountable for payment of stamp duty is normally the transferee or, in the case of a transfer by way of gift, or for a consideration less than the market value, all parties to the transfer.

Transfers of ordinary shares between associated companies (broadly, companies within a 90% group relationship and subject to the satisfaction of certain conditions) are exempt from stamp duty in the Republic of Ireland. In the case of transfers of ordinary shares where no beneficial interest passes (e.g. a transfer of shares from a beneficial owner to his nominee), no stamp duty arises.

No stamp duty shall arise on the transfer of ordinary shares where the consideration for the transfer does not exceed €1,000, provided the instrument contains a statement certifying that the transaction does not form part of a larger transaction or a series of larger transactions, in respect of which the amount of the total consideration attributable to the shares would exceed €1,000.

## **Documents on Display**

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and file reports and other information with the SEC. The SEC maintains a web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC at <http://www.sec.gov>.

We “incorporate by reference” information that we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this report and more recent information automatically updates and supersedes more dated information contained or incorporated by reference in this report. Our SEC file number for Exchange Act reports is 333-08704.

As a foreign private issuer, we are exempt from certain rules under the Exchange Act, prescribing the furnishing and content of proxy statements to shareholders.

We will provide without charge to each person, including any beneficial owner, on the written or oral request of such person, a copy of any or all documents referred to above which have been or may be incorporated by reference in this report (not including exhibits to such incorporated information that are not specifically incorporated by reference into such information). Requests for such copies should be directed to us at the following address: ICON plc, South County Business Park, Leopardstown, Dublin 18, Ireland, Attention: Sam Farthing, telephone number: (353) 1 291 2000.

## **Exemptions From Corporate Governance Listing Requirements Under the NASDAQ Marketplace Rules**

NASDAQ may provide exemptions from certain NASDAQ corporate governance standards to a foreign private issuer if, among other reasons those standards are contrary to a law, rule or regulation of a public authority exercising jurisdiction over such issuer or contrary to generally accepted business practices in the issuer’s home country of domicile, provided, that, the foreign private issuer properly notifies NASDAQ and makes the required disclosure except to the extent that such exemptions would be contrary to United States federal securities laws. The Company, as a foreign private issuer, was granted an exemption in 1998 from provisions set forth in NASDAQ Rule 4350(f), which requires each issuer to provide for a quorum in its by-laws for any meeting of the holders of common stock, which shall in no case be less than 33.33% of the outstanding shares of the issuer’s outstanding voting stock. The Company’s Articles of Association require that only 3 members be present, in person or by proxy, at a shareholder meeting to constitute a quorum. This quorum requirement is in accordance with Irish law and generally accepted business practices in Ireland.

## Item 11. Quantitative and Qualitative Disclosures about Market Risk

The principal market risks (i.e. risk of loss arising from adverse changes in market rates and prices) to which we are exposed include foreign currency risk and interest rate risk.

### Foreign Currency Exchange Risk

We are subject to a number of foreign currency risks given the global nature of our operations. The principal foreign currency risks to which the business is subject to includes both foreign currency translation risk and foreign currency transaction risk.

Although domiciled in Ireland, we report our results in U.S. dollars. As a consequence the results of our non-U.S. based operations, when translated into U.S. dollars, could be affected by fluctuations in exchange rates between the U.S. dollar and the currencies of those operations.

We are also subject to foreign currency transaction exposures as the currency in which our contracts are priced can be different from the currencies in which costs relating to those contracts are incurred. Our operations in the United States are not materially exposed to such currency differences as the majority of revenues and costs are in U.S. dollars. However, outside the United States the multinational nature of our activities means that contracts are usually priced in a single currency, most often U.S. dollars, or Euros, while costs arise in a number of currencies, depending, among other things, on which of our offices provide staff for the contract, and the location of investigator sites. Although many such contracts benefit from some degree of natural hedging due to the matching of contract revenues and costs in the same currency, where costs are incurred in currencies other than those in which contracts are priced, fluctuations in the relative value of those currencies could have a material effect on our results of operations. We regularly review our foreign currency exposures and usually negotiate currency fluctuation clauses in our contracts which allow for price negotiation if certain exchange rate triggers occur.

The following significant exchange rates applied during the year:

	<b>Average Rate</b>		<b>Closing Rate</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
Euro:USD	<b>1.2876</b>	1.3991	<b>1.3193</b>	1.2961
Pound Sterling:USD	<b>1.5832</b>	1.6050	<b>1.6255</b>	1.5413

### Interest Rate Risk

We are exposed to interest rate risk in respect of our cash and cash equivalents and short term investments – available for sale. Our treasury function actively manages our available cash resources and invests significant cash balances in various financial instruments to try to ensure optimum returns for the Company's surplus cash balances. Financial instruments are classified either as cash and cash equivalents or short term investments –available for sale depending upon the maturity of the related investment. Funds may be invested in the form of floating rate notes and medium term minimum "A" rated corporate securities. We may be subject to interest rate risk in respect of interest rate changes on amounts invested. Our treasury function manages interest rate risk in respect of these balances by monitoring the composition of the Company's investment portfolio on an ongoing basis having regard to current market interest rates and future trends.

The sensitivity analysis below represents the hypothetical change in our interest income based on an immediate 1% movement in market interest rates.

	<b>Interest Income for the year ended December 31, 2012 (in thousands)</b>	<b>Interest Income Change 1% increase in market interest rate (in thousands)</b>	<b>Interest Income Change 1% decrease in market interest rate (in thousands)</b>
Interest Income	\$ 1,151	\$ 2,987	\$ -

**Item 12. Description of Securities Other than Equity Securities**

Not applicable.

**Part II**

**Item 13. Defaults, Dividend Arrearages and Delinquencies**

None.

**Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds**

None.

**Item 15. Controls and Procedures**

**(a) Disclosure controls and procedures**

An evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), of the effectiveness of our disclosure controls and procedures as at December 31, 2012. Based on that evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

**(b) Management's Annual Report on Internal Accounting Control over Financial Reporting**

Reference is made to page 71 of this Form 20-F.

**(c) Attestation Report of Independent Registered Public Accounting Firm**

Reference is made to page 73 of this Form 20-F.

**(d) Changes in Internal Controls over Financial Reporting**

There were no changes in our internal controls over financial reporting that occurred during the period covered by this Form 20-F that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

**Item 16. Reserved.**

**Item 16A. Audit Committee Financial Expert**

Mr. Declan McKeon acts as the Audit Committee financial expert serving on our Audit Committee and Board of Directors. Mr. McKeon is an independent Board member and serves as one of our non-executive directors.

**Item 16B. Code of Ethics**

Our Board of Directors adopted a new code of ethics on March 22, 2011, which replaced our previous Code of Ethics. The new Code of Ethics applies to all ICON employees.

There are no material modifications to, or waivers from, the provisions of such code, which are required to be disclosed.

This code is available on our website at the following address:

<http://investor.iconplc.com/governance.cfm>

**Item 16C. Principal Accountant Fees and Services**

Our principal accountants for the years ended December 31, 2012 and December 31, 2011, were KPMG.

The table below summarizes the fees for professional services rendered by KPMG for the audit of our annual financial statements for the years ended December 31, 2012 and December 31, 2011 and fees billed for other services rendered by KPMG.

	12 month period ended December 31, 2012 (in thousands)		12 month period ended December 31, 2011 (in thousands)	
Audit fees (1)	\$ 1,597	73%	\$ 1,629	66%
Audit related fees (2)	23	1%	160	7%
Tax fees (3)	570	26%	662	27%
<b>Total</b>	<b>\$ 2,190</b>	<b>100%</b>	<b>\$ 2,451</b>	<b>100%</b>

(1) Audit fees include annual audit fees for the Company and its subsidiaries.

(2) Audit related fees principally consisted of fees for financial due diligence services and fees for audit of the financial statements of employee benefit plans.

(3) Tax fees are fees for tax compliance and tax consultation services.

The Audit Committee pre-approves on an annual basis the audit and non-audit services provided to the Company by its auditors.

Such annual pre-approval is given with respect to particular services. The Audit Committee, on a case-by-case basis, may approve additional services not covered by the annual pre-approval, as the need for such services arises.

**Item 16D. Exemptions from the Listing Standards for Audit Committees**

Not applicable.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

	Total Number of Shares (incl. ADS's) Purchased	Average Price Paid per Share (in thousands, except per share data)	Total Number of Shares (incl. ADS's) Purchased as Part of a Publicly Announced Plan	Total Price Paid for shares purchased (incl. ADS's) Purchased as Part of a Publicly Announced Plan	Maximum Approximate Value of Shares that may yet be purchased under the Plans
January 1/1 - 1/31	82,100	\$ 17.25	82,100	\$ 1,417	\$ 8,583
February 2/1 - 2/29	-	-	-	-	\$ 20,000
March 3/1 - 3/31	-	-	-	-	\$ 20,000
April 4/1 - 4/30	40,700	\$ 22.00	40,700	895	\$ 19,105
May 5/1 - 5/31	300,838	\$ 21.80	300,838	6,559	\$ 12,546
June 6/1 - 6/30	314,703	\$ 21.42	314,703	6,734	\$ 5,805
July 7/1 - 7/31	-	-	-	-	\$ 10,000
August 8/1 - 8/31	-	-	-	-	\$ 10,000
September 9/1 - 9/30	-	-	-	-	\$ 10,000
October 10/1 - 10/26	-	-	-	-	-
	738,341	\$ 21.14	738,341	\$ 15,605	-

On October 27, 2011 the Company announced its intention to commence a share repurchase program of up to \$50 million. On November 22, 2011 the Company entered into two separate share repurchase plans of up to \$10 million each, covering the periods November 23, 2011 to December 31, 2011 and January 1, 2012 to February 20, 2012 respectively. On February 21, 2012 the Company entered into a further share repurchase plan of up to \$20 million, covering the period February 22, 2012 to April 22, 2012. On April 27, 2012 the Company entered into a fourth share repurchase plan of up to \$20 million, covering the period April 27, 2012 to July 18, 2012. On July 30, 2012 the Company entered into a fifth share repurchase plan of up to \$10 million, covering the period July 30, 2012 to October 26, 2012.

Under the repurchase program, a broker purchased the Company's shares from time to time on the open market or in privately negotiated transactions in accordance with agreed terms and limitations. The program was designed to allow share repurchases during periods when the Company would ordinarily not be permitted to do so because it may be in possession of material non-public or price-sensitive information, applicable insider trading laws or self-imposed trading blackout periods. The Company's instructions to the broker were irrevocable and the trading decisions in respect of the repurchase program were made independently of and uninfluenced by the Company. The Company confirms that on entering the share repurchase plans it had no material non-public, price-sensitive or inside information regarding the Company or its securities. Furthermore, the Company will not enter into additional plans whilst in possession of such information.

**Item 16F. Changes in Registrant's Certifying Accountant**

Not applicable.

**Item 16G. Corporate Governance**

See Item 10 "Exemptions from Corporate Governance Listing Requirements under the NASDAQ Marketplace Rules".

**Item 16H. Mine Safety Disclosure**

Not applicable.

**Part III**

**Item 17. Financial Statements**

See item 18.

**Item 18. Financial Statements**

Reference is made to pages 71 to 122 of this Form 20-F.

**Item 19. Financial Statements and Exhibits**

**Financial statements of ICON plc and subsidiaries**

Management's Report on Internal Control over Financial Reporting

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as at December 31, 2012 and December 31, 2011

Consolidated Statements of Operations for the years ended December 31, 2012, December 31, 2011 and December 31, 2010

Consolidated Statements of Comprehensive Income for the years ended December 31, 2012, December 31, 2011 and December 31, 2010

Consolidated Statements of Shareholders' Equity and Comprehensive Income for the years ended December 31, 2012, December 31, 2011 and December 31, 2010

Consolidated Statements of Cash Flows for the years ended December 31, 2012, December 31, 2011 and December 31, 2010

Notes to the Consolidated Financial Statements

## Exhibits of ICON plc and subsidiaries

Exhibit Number	Title
3.1*	Description of the Memorandum and Articles of Association of the Company (Amended as of December 17, 2012).
10.1*	Office Space Lease, dated November 20, 2012, between ICON Clinical Research SARL and MS Capitale SCI.
12.1*	Section 302 certifications.
12.2*	Section 906 certifications.
21.1	List of Subsidiaries (incorporated by reference to Item 4 of Form 20-F filed herewith).
23.1*	Consent of KPMG, Independent Registered Public Accounting Firm
101.1*	Interactive Data Files (XBRL – Related Documents)

\* Filed herewith



## Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934.

The Company's internal control over financial reporting is a process designed by, or under the supervision of, the Company's executive and financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitation due to, for example, the potential for human error or circumvention of control, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2012. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework. Based upon the assessment performed, we determined that, as of December 31, 2012 the Company's internal control over financial reporting was effective. In addition, there have been no changes in the Company's internal control over financial reporting during 2012 that have materially affected, or are reasonably likely to affect materially, the Group's internal control over financial reporting.

KPMG, which has audited the consolidated financial statements of the Company for the year ended December 31, 2012, has also audited the effectiveness of the Company's internal control over financial reporting under Auditing Standard No. 5 of the Public Company Accounting Oversight Board (United States) and their report is included at page 73.

The Directors and Shareholders of ICON plc:

We have audited the accompanying consolidated balance sheets of ICON plc and subsidiaries (“the Company”) as of December 31, 2012 and 2011 and the related consolidated statements of operations, shareholders’ equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ICON plc and subsidiaries as of December 31, 2012 and 2011 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), ICON plc’s internal control over financial reporting as of December 31, 2012 based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 6, 2013 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

KPMG

Dublin, Ireland  
March 6, 2013

The Directors and Shareholders of ICON plc:

We have audited ICON plc's internal control over financial reporting as of December 31, 2012 based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). ICON plc's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, ICON plc maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012 based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of ICON plc and subsidiaries as of December 31, 2012 and 2011 and the related consolidated statements of operations, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2012 and our report dated March 6, 2013 expressed an unqualified opinion on those consolidated financial statements.

KPMG

Dublin, Ireland  
March 6, 2013

**ICON plc**  
**CONSOLIDATED BALANCE SHEETS**

	December 31, 2012	December 31, 2011
	(in thousands)	
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 114,047	\$ 119,237
Short term investments - available for sale (Note 3)	76,183	54,940
Accounts receivable, net	285,419	201,338
Unbilled revenue	112,483	126,850
Other receivables	13,387	13,788
Deferred tax asset (Note 13)	20,574	13,812
Prepayments and other current assets	23,155	21,424
Income taxes receivable (Note 13)	18,500	8,183
<b>Total current assets</b>	<b>663,748</b>	<b>559,572</b>
Other Assets:		
Property, plant and equipment, net (Note 6)	168,373	168,461
Goodwill (Note 4)	315,441	253,393
Non-current other assets	5,584	4,583
Non-current income taxes receivable (Note 13)	9,506	10,272
Non-current deferred tax asset (Note 13)	5,009	2,976
Intangible assets (Note 5)	34,447	28,260
<b>Total Assets</b>	<b>\$ 1,202,108</b>	<b>\$ 1,027,517</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 8,149	\$ 5,340
Payments on account	219,467	150,792
Other liabilities (Note 7)	181,092	145,963
Deferred tax liability (Note 13)	144	333
Income taxes payable (Note 13)	4,570	3,630
<b>Total current liabilities</b>	<b>413,422</b>	<b>306,058</b>
Other Liabilities:		
Non-current other liabilities (Note 8)	14,312	20,038
Non-current government grants (Note 11)	1,427	1,351
Non-current income taxes payable (Note 13)	5,650	5,231
Non-current deferred tax liability (Note 13)	12,722	13,295
Shareholders' Equity:		
Ordinary shares, par value 6 euro cents per share; 100,000,000 shares authorized, (Note 12)		
60,287,498 shares issued and outstanding at December 31, 2012 and 60,135,603 shares issued and outstanding at December 31, 2011.	5,067	5,055
Additional paid-in capital	237,217	211,549
Capital redemption reserve (Note 12)	100	44
Accumulated other comprehensive income (Note 19)	(8,776)	(16,446)
Retained earnings	520,967	481,342
<b>Total Shareholders' Equity</b>	<b>754,575</b>	<b>681,544</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,202,108</b>	<b>\$ 1,027,517</b>

The accompanying notes are an integral part of these consolidated financial statements.

**ICON plc**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Year Ended</b>		
	<b>December 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>(in thousands, except share and per share data)</b>		
<b>Revenue:</b>			
Gross revenue	\$ 1,503,993	\$ 1,296,509	\$ 1,263,147
Reimbursable expenses	(388,987)	(350,780)	(363,103)
Net revenue	1,115,006	945,729	900,044
<b>Costs and expenses:</b>			
Direct costs	717,750	611,923	541,388
Selling, general and administrative	280,780	255,864	232,688
Depreciation and amortization	42,823	38,682	33,873
Restructuring and other items, net (Note 14)	5,636	9,817	-
Total costs and expenses	1,046,989	916,286	807,949
Income from operations	68,017	29,443	92,095
Interest income	1,151	1,194	1,761
Interest expense	(1,947)	(1,642)	(1,132)
Income before provision for income taxes	67,221	28,995	92,724
Provision for income taxes (Note 13)	(11,801)	(6,115)	(5,653)
Net income	\$ 55,420	\$ 22,880	\$ 87,071
<b>Net income per ordinary share:</b>			
Basic	\$ 0.92	\$ 0.38	\$ 1.46
Diluted	\$ 0.92	\$ 0.37	\$ 1.44
<b>Weighted average number of ordinary shares outstanding:</b>			
Basic (Note 2)	59,968,174	60,379,338	59,718,934
Diluted (Note 2)	60,450,706	61,070,686	60,637,103

The accompanying notes are an integral part of these consolidated financial statements.

**ICON plc**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Year Ended December 31,		
	2012	2011	2010
	<b>(in thousands, except share and per share data)</b>		
Net income	\$ 55,420	\$ 22,880	\$ 87,071
Currency translation adjustment	4,494	(11,347)	(9,701)
Currency impact on long-term funding	1,982	(802)	(1,080)
Tax on currency impact of long term funding	(356)	294	(198)
Unrealized capital gain/(loss) – investments	861	(622)	-
Actuarial gain/(loss) on defined benefit pension plan	689	(4,365)	(1,209)
<b>Total comprehensive income</b>	<b>\$ 63,090</b>	<b>\$ 6,038</b>	<b>\$ 74,883</b>

The accompanying notes are an integral part of these consolidated financial statements.

**ICON plc**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME**  
(in thousands, except share and per share data)

	Shares	Amount	Additional Paid-in Capital	Capital Redemption Reserve	Accumulated Other Comprehensive Income	Retained Earnings	Total
<b>Balance at December 31, 2009</b>	59,007,565	\$ 4,965	\$ 174,188	\$ -	\$ 12,584	\$ 380,509	\$ 572,246
Comprehensive Income:							
Net income	-	-	-	-	-	\$ 87,071	\$ 87,071
Currency translation adjustment	-	-	-	-	(9,701)	-	(9,701)
Currency impact on long-term funding	-	-	-	-	(1,080)	-	(1,080)
Tax on currency impact of long term funding	-	-	-	-	(198)	-	(198)
Actuarial loss on defined benefit pension plan	-	-	-	-	(1,209)	-	(1,209)
Total comprehensive income							74,883
Exercise of share options	1,237,015	98	13,070	-	-	-	13,168
Issue of restricted share units	2,512	-	-	-	-	-	-
Share based compensation expense	-	-	7,408	-	-	-	7,408
Share issue costs	-	-	(51)	-	-	-	(51)
Excess tax benefit on exercise of options	-	-	2,345	-	-	-	2,345
<b>Balance at December 31, 2010</b>	60,247,092	\$ 5,063	\$ 196,960	\$ -	\$ 396	\$ 467,580	\$ 669,999
Comprehensive Income:							
Net income	-	-	-	-	-	\$ 22,880	\$ 22,880
Currency translation adjustment	-	-	-	-	(11,347)	-	(11,347)
Currency impact on long-term funding	-	-	-	-	(802)	-	(802)
Tax on currency impact of long term funding	-	-	-	-	294	-	294
Unrealized capital gain/loss - investments	-	-	-	-	(622)	-	(622)
Actuarial loss on defined benefit pension plan	-	-	-	-	(4,365)	-	(4,365)
Total comprehensive income							6,038
Exercise of share options	430,340	36	4,629	-	-	-	4,665
Issue of restricted share units	3,768	-	-	-	-	-	-
Share based compensation expense	-	-	9,355	-	-	-	9,355
Share issue costs	-	-	(76)	-	-	-	(76)
Repurchase of ordinary shares	(545,597)	(44)	-	44	-	(9,005)	(9,005)
Share repurchase costs	-	-	-	-	-	(113)	(113)
Excess tax benefit on exercise of options	-	-	681	-	-	-	681
<b>Balance at December 31, 2011</b>	60,135,603	\$ 5,055	\$ 211,549	\$ 44	\$ (16,446)	\$ 481,342	\$ 681,544

**ICON plc**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME**  
(in thousands, except share and per share data)

	Shares	Amount	Additional Paid-in Capital	Capital Redemption Reserve	Accumulated Other Comprehensive Income	Retained Earnings	Total
<b>Balance at December 31, 2011</b>	60,135,603	\$ 5,055	\$ 211,549	\$ 44	\$ (16,446)	\$ 481,342	\$ 681,544
Comprehensive Income:							
Net income	-	-	-	-	-	\$ 55,420	\$ 55,420
Currency translation adjustment	-	-	-	-	4,494	-	4,494
Currency impact on long-term funding	-	-	-	-	1,982	-	1,982
Tax on currency impact of long term funding	-	-	-	-	(356)	-	(356)
Unrealized capital loss - investments	-	-	-	-	861	-	861
Actuarial gain on defined benefit pension plan	-	-	-	-	689	-	689
<b>Total comprehensive income</b>							<b>63,090</b>
Exercise of share options	890,236	68	12,947	-	-	-	13,015
Share based compensation expense	-	-	11,521	-	-	-	11,521
Share issue costs	-	-	(74)	-	-	-	(74)
Repurchase of ordinary shares	(738,341)	(56)	-	56	-	(15,605)	(15,605)
Share repurchase costs	-	-	-	-	-	(190)	(190)
Excess tax benefit on exercise of options	-	-	1,274	-	-	-	1,274
<b>Balance at December 31, 2012</b>	60,287,498	\$ 5,067	\$ 237,217	\$ 100	\$ (8,776)	\$ 520,967	\$ 754,575

The accompanying notes are an integral part of these consolidated financial statements.



**ICON plc**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
<b>Cash flows from operating activities:</b>			
Net income	\$ 55,420	\$ 22,880	\$ 87,071
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on disposal of property, plant and equipment	233	136	136
Depreciation expense	35,210	34,030	31,425
Amortization of intangibles	7,613	4,652	2,448
Amortization of government grants	(154)	(115)	(220)
Stock compensation expense	11,521	9,355	7,408
Deferred taxes	(10,430)	(6,121)	2,334
Changes in assets and liabilities:			
(Increase)/decrease in accounts receivable	(79,155)	(32,081)	18,267
Decrease/(increase) in unbilled revenue	13,227	(27,164)	(4,887)
Decrease/(increase) in other receivables	1,125	(1,669)	469
(Increase)/decrease in prepayments and other current assets	682	(1,345)	(783)
Increase in other non current assets	(861)	(233)	(1,271)
Increase/(decrease) in payments on account	68,654	9,494	(29,191)
Increase/(decrease) in other current liabilities	17,035	20,390	(13,848)
Increase/(decrease) in other non current liabilities	189	(613)	999
Decrease in income taxes payable	(7,916)	(2,753)	(13,576)
Increase/(decrease) increase in accounts payable	1,038	(8,652)	647
Net cash provided by operating activities	113,431	20,191	87,428
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(30,791)	(35,284)	(30,952)
Purchase of subsidiary undertakings and acquisition costs	(72,508)	(69,836)	(3,693)
Cash acquired with subsidiary undertaking	2,572	8,300	-
Sale of short term investments	82,193	438	79,487
Purchase of short term investments	(102,575)	(56,000)	(30,260)
Net cash (used in)/provided by investing activities	(121,109)	(152,382)	14,582
<b>Cash flows from financing activities:</b>			
Drawdown of credit lines and facilities	20,000	-	-
Repayment of credit lines and facilities	(20,000)	-	-
Proceeds from the exercise of share options	13,015	4,665	13,168
Share issuance costs	(74)	(76)	(51)
Excess tax benefit from the exercise of share options	1,274	681	2,345
Repurchase of ordinary shares	(15,605)	(9,005)	-
Share repurchase costs	(190)	(113)	-
Receipt of government grant	340	-	-
Repayment of other liabilities and finance lease obligations	-	-	(166)
Net cash (used in)/provided by financing activities	(1,240)	(3,848)	15,296
Effect of exchange rate movements on cash	3,728	(430)	(6,401)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,190)</b>	<b>(136,469)</b>	<b>110,905</b>
Cash and cash equivalents at beginning of year	119,237	255,706	144,801
<b>Cash and cash equivalents at end of year</b>	<b>\$ 114,047</b>	<b>\$ 119,237</b>	<b>\$ 255,706</b>

**ICON plc**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. Description of business**

ICON plc and its subsidiaries (“the Company” or “ICON”) is a contract research organization (“CRO”), providing outsourced development services on a global basis to the pharmaceutical, biotechnology and medical device industries. We specialize in the strategic development, management and analysis of programs that support all stages of the clinical development process from compound selection to Phase I-IV clinical studies. Our vision is to be the Global CRO partner of choice for the Biopharma industry by delivering best in class information, solutions and performance in clinical and outcomes research.

We believe that we are one of a select group of CRO’s with the expertise and capability to conduct clinical trials in most major therapeutic areas on a global basis and have the operational flexibility to provide development services on a stand-alone basis or as part of an integrated “full service” solution. At December 31, 2012 we had approximately 9,500 employees, in 82 locations in 40 countries. During the year ended December 31, 2012, we derived approximately 42.3%, 45.8% and 11.9% of our net revenue in the United States, Europe and Rest of World, respectively.

We began operations in 1990 and have expanded our business predominately through internal growth, together with a number of strategic acquisitions to enhance our capabilities and expertise in certain areas of the clinical development process. We are incorporated in Ireland and our principal executive office is located at: South County Business Park, Leopardstown, Dublin 18, Republic of Ireland. The contact telephone number of this office is 353 (1) 291 2000.

**2. Significant Accounting Policies**

The accounting policies noted below were applied in the preparation of the accompanying financial statements of the Company and are in conformity with accounting principles generally accepted in the United States.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries. All significant intercompany profits, transactions and account balances have been eliminated. The results of subsidiary undertakings acquired in the period are included in the consolidated statement of operations from the date of acquisition.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. The principle management estimates and judgements used in preparing the financial statements relate to revenue recognition, taxation, goodwill and business combinations.

(c) Revenue recognition

The Company primarily earns revenues by providing a number of different services to its customers. These services, which are integral elements of the clinical development process, include clinical trials management, biometric activities, consulting, imaging, contract staffing, informatics and laboratory services. Contracts range in duration from a number of months to several years. Revenue for services, as rendered, is recognized only after persuasive evidence of an arrangement exists, the sales price is fixed or determinable and collectability is reasonably assured.

Clinical trials management revenue is recognized on a proportional performance method. Depending on the contractual terms revenue is either recognized on the percentage of completion method based on the relationship between hours incurred and the total estimated hours of the trial or on the unit of delivery method. Contract costs equate to the product of labor hours incurred and compensation rates. For the percentage of completion method, the input (effort expended) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. Contract revenue is the product of the aggregated labor hours required to complete the specified contract tasks at the agreed contract rates. The Company regularly reviews the estimate of total contract time to ensure such estimates remain appropriate taking into account actual contract stage of completion, remaining time to complete and any identified changes to the contract scope. Remaining time to complete depends on the specific contract tasks and the complexity of the contract and can include geographical site selection and initiation, patient enrolment, patient testing and level of results analysis required. While the Company may routinely adjust time estimates, the Company's estimates and assumptions historically have been accurate in all material respects in the aggregate. Where revenue is recognized on the unit of delivery method, the basis applied is the number of units completed as a percentage of the total number of contractual units.

Biometrics revenue is recognized on a fee-for-service method as each unit of data is prepared on the basis of the number of units completed in a period as a percentage of the total number of contracted units. Imaging revenue is recognized on a fee-for-service basis recognizing revenue for each image completed. Consulting revenue is recognized on a fee-for-service basis as each hour of the related service is performed. Contract staffing revenue is recognized on a fee-for-service basis, over the time the related service is performed, or in the case of permanent placement, once the candidate has been placed with the client. Informatics revenue is recognized on a fee-for-service basis. Informatics contracts are treated as multiple element arrangements, with contractual elements comprising licence fee revenue, support fee revenue and revenue from software services, each of which can be sold separately. Sales prices for contractual elements are determined by reference to objective and reliable evidence of their sales price. Licence and support fee revenues are recognized rateably over the period of the related agreement. Revenue from software services is recognized using the percentage of completion method based on the relationship between hours incurred and the total estimated hours required to perform the service.

Laboratory service revenue is recognized on a fee-for-service basis. The Company accounts for laboratory service contracts as multiple element arrangements, with contractual elements comprising laboratory kits and laboratory testing, each of which can be sold separately. Sales prices for contractual elements are determined by reference to objective and reliable evidence of their sales price. Revenues for contractual elements are recognised on the basis of the number of deliverable units completed in the period.

Contracts generally contain provisions for renegotiation in the event of changes in the scope, nature, duration, or volume of services of the contract. Renegotiated amounts are recognised as revenue by revision to the total contract value arising as a result of an authorised customer change order.

The difference between the amount of revenue recognized and the amount billed on a particular contract is included in the balance sheet as unbilled revenue or payments on account. Normally, amounts become billable upon the achievement of certain milestones, for example, target patient enrollment rates, clinical testing sites initiated or case report forms completed. Once the milestone target is reached, amounts become billable in accordance with pre-agreed payment schedules included in the contract or on submission of appropriate billing detail. Such cash payments are not representative of revenue earned on the contract as revenues are recognized over the period in which the specified contractual obligations are fulfilled. Amounts included in unbilled revenue are expected to be collected within one year and are included within current assets. Advance billings to customers, for which revenue has not been recognized, are recognized as payments on account within current liabilities.

In the event of contract termination, if the value of work performed and recognized as revenue is greater than aggregate milestone billings at the date of termination, cancellation clauses ensure that the Company is paid for all work performed to the termination date.

(d) Reimbursable expenses

Reimbursable expenses comprise investigator payments and certain other costs which are reimbursed by clients under terms specific to each contract and are deducted from gross revenue in arriving at net revenue. Investigator payments are accrued based on patient enrollment over the life of the contract. Investigator payments are made based on predetermined contractual arrangements, which may differ from the accrual of the expense.

(e) Direct costs

Direct costs consist of compensation, associated employee benefits and share-based payments for project-related employees and other direct project-related costs.

(f) Advertising costs

All costs associated with advertising and promotion are expensed as incurred. The advertising and promotion expense was \$3,679,000, \$2,905,000 and \$3,431,000 for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 respectively.

(g) Foreign currencies and translation of subsidiaries

The Company's financial statements are prepared in United States dollars. Transactions in currencies other than United States dollars are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in currencies other than United States dollars are translated into United States dollars at exchange rates prevailing at the balance sheet date. Adjustments resulting from these translations are charged or credited to income. Amounts credited or charged to the statement of operations for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 were as follows:

	Year ended December 31, (in thousands)		
	2012	2011	2010
Amounts (credited)/charged	\$ (1,231)	\$ 391	\$ 3,731

The financial statements of subsidiaries with other functional currencies are translated at period end rates for the balance sheet and average rates for the statement of operations. Translation gains and losses arising are reported as a movement on accumulated other comprehensive income.

(h) Disclosure about fair value of financial instruments

The following methods and assumptions were used to estimate the fair value of each material class of financial instrument:

Cash, cash equivalents, unbilled revenue, other receivables, short term investments, prepayments and other current assets, accounts receivable, accounts payable, investigator payments, payments on account, accrued liabilities, accrued bonuses and income taxes payable have carrying amounts that approximate fair value due to the short term maturities of these instruments. Other liabilities' carrying amounts approximate fair value based on net present value of estimated future cash flows.

(i) Business combinations

The cost of a business combination is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control. Where a business combination agreement provides for an adjustment to the cost of the acquisition which is contingent upon future events, the amount of the estimated adjustment is recognised on the acquisition date at the acquisition date fair value of this contingent consideration. Any changes to this estimate in subsequent periods will depend on the classification of the contingent consideration. If the contingent consideration is classified as equity it shall not be re-measured and the settlement shall be accounted for within equity. If the contingent consideration is classified as an asset or liability any adjustments will be accounted for through the Consolidated Statement of Operations or other comprehensive income depending on whether the asset or liability is considered a financial instrument.

The assets, liabilities and contingent liabilities of businesses acquired are measured at their fair values at the date of acquisition. In the case of a business combination which is completed in stages, the fair values of the identifiable assets, liabilities and contingent liabilities are determined at the date of each exchange transaction. When the initial accounting for a business combination is determined provisionally, any subsequent adjustments to the provisional values allocated to the identifiable assets, liabilities and contingent liabilities are made within twelve months of the acquisition date and presented as adjustments to the original acquisition accounting.

(j) Goodwill and Impairment

Goodwill represents the excess of the cost of acquired entities over the net amounts assigned to assets acquired and liabilities assumed. Goodwill primarily comprises acquired workforce in place which does not qualify for recognition as an asset apart from goodwill. Goodwill is stated net of any provision for impairment. The Company tests goodwill annually for any impairments or whenever events occur which may indicate impairment. The first step is to compare the carrying amount of the reporting unit's assets to the fair value of the reporting unit. If the carrying amount exceeds the fair value then a second step is completed which involves the fair value of the reporting unit being allocated to each asset and liability with the excess being implied goodwill. The impairment loss is the amount by which the recorded goodwill exceeds the implied goodwill. No impairment was recognized as a result of the impairment testing carried out for the years ended December 31, 2012, December 31, 2011 and December 31, 2010.

(k) Intangible assets

Intangible assets are amortized on a straight line basis over their estimated useful life.

(l) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with initial maturities of three months or less and are stated at cost, which approximates market value.

(m) Short term investments - available for sale

The Company classifies short-term investments as available for sale in accordance with the terms of FASB ASC 320, *Investments – Debt and Equity Securities*. Realized gains and losses are determined using specific identification. The investments are reported at fair value, with unrealized gains or losses reported in a separate component of shareholders' equity. Any differences between the cost and fair value of the investments are represented by accrued interest.

(n) Inventory

Inventory is valued at the lower of cost and net market value and after provisions for obsolescence. Cost of inventories comprises the purchase price and attributable costs, less trade discounts. At December 31, 2012 the carrying value of inventory, included within prepayments and other current assets on the balance sheet, was \$3.0 million (2011: \$2.8 million).

(o) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation of property, plant and equipment is computed using the straight line method based on the estimated useful lives of the assets as listed below:

	<u>Years</u>
Building	40
Office furniture and fixtures	8
Laboratory equipment	5
Motor vehicles	5
Computer equipment and software	2-8

Leasehold improvements are amortized using the straight-line method over the estimated useful life of the asset or the lease term, whichever is shorter.

(p) Leased assets

Costs in respect of operating leases are charged to the statement of operations on a straight line basis over the lease term.

Assets acquired under capital finance leases are included in the balance sheet at the present value of the future minimum lease payments and are depreciated over the shorter of the lease term and their remaining useful lives. The corresponding liabilities are recorded in the balance sheet and the interest element of the capital lease rental is charged to interest expense.

(q) Income taxes

The Company applies FASB ASC 740, *Income Taxes* ("ASC 740"), which requires the asset and liability method of accounting for income taxes. Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. ASC 740 requires that the Company recognizes the largest amount of tax benefit that is greater than 50% likely of being realized upon effective settlement when considering uncertain tax positions.

(r) Government grants

Government grants received relating to capital expenditure are shown as deferred income and credited to income on a basis consistent with the depreciation policy of the relevant assets. Grants relating to categories of operating expenditures are credited to income in the period in which the expenditure to which they relate is charged.

Under the grant agreements amounts received may become repayable in full should certain circumstances specified within the grant agreements occur, including downsizing by the Company, disposing of the related assets, ceasing to carry on its business or the appointment of a receiver over any of its assets. The Company has not recognized any loss contingency having assessed as remote the likelihood of these events arising.

(s) Research and development credits

Research and development credits are available to the Company under the tax laws in certain jurisdictions, based on qualifying research and development spend as defined under those tax laws. Research and development credits are generally recognized as a reduction of income tax expense. However, certain tax jurisdictions provide refundable credits that are not wholly dependent on the Company's ongoing income tax status or income tax position. In these circumstances the benefit of these credits is not recorded as a reduction to income tax expense, but rather as a reduction of the operating expenditure to which the credits relate.

(t) Pension costs

The Company contributes to defined contribution plans covering all eligible employees. The Company contributes to these plans based upon various fixed percentages of employee compensation and such contributions are expensed as incurred.

The Company operates, through a subsidiary, a defined benefit plan for certain of its United Kingdom employees. The Company accounts for the costs of this plan using actuarial models required by FASB ASC 715-30 and the plan is presented in accordance with the requirements of FASB ASC 715-60 *Defined Benefit Plans – Other Postretirement*.

(u) Net income per ordinary share

Basic net income per ordinary share has been computed by dividing net income available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted net income per ordinary share is computed by adjusting the weighted average number of ordinary shares outstanding during the period for all potentially dilutive ordinary shares outstanding during the period and adjusting net income for any changes in income or loss that would result from the conversion of such potential ordinary shares.

There is no difference in net income used for basic and diluted net income per ordinary share. The reconciliation of the number of shares used in the computation of basic and diluted net income per ordinary share is as follows:

	Year Ended December 31,		
	2012	2011	2010
Weighted average number of ordinary shares outstanding for basic net income per ordinary share	59,968,174	60,379,338	59,718,934
Effect of dilutive share options outstanding	482,532	691,348	918,169
Weighted average number of ordinary shares outstanding for diluted net income per ordinary share	60,450,706	61,070,686	60,637,103

(v) Share-based compensation

The Company accounts for its share options and restricted share units (“RSU’s”) in accordance with the provisions of FASB ASC 718, *Compensation – Stock Compensation*. Share-based compensation expense for equity-settled awards made to employees and directors is measured and recognized based on estimated grant date fair values. These awards include employee stock options and RSU’s.

Share-based compensation expense for stock options awarded to employees and directors is estimated at the grant date based on each option’s fair value as calculated using the Black-Scholes option-pricing model. Share-based compensation for RSU’s awarded to employees and directors is calculated based on the market value of the Company’s shares on the date of award of the RSU’s. The value of awards expected to vest is recognized as an expense over the requisite service periods.

Estimating the fair value of share-based awards as of the grant date using an option-pricing model, such as the Black-Scholes model, is affected by the Company’s share price as well as assumptions regarding a number of complex variables. These variables include, but are not limited to, the expected share price volatility over the term of the awards, risk-free interest rates, and the expected term of the awards.

(w) Impairment of long-lived assets

Long lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less selling costs.

(x) Reclassifications

Certain amounts in the consolidated financial statements have been reclassified where necessary to conform to the current year presentation.

**3. Short term investments - available for sale**

	December 31, 2012	December 31, 2011
	(in thousands)	
At start of year	\$ 54,940	\$ -
Additions	102,575	56,000
Disposals	(82,193)	(438)
Unrealized capital gain/(loss) - investments	861	(622)
At end of year	\$ 76,183	\$ 54,940

The Company classifies its short term investments as available for sale. Short term investments comprise highly liquid investments with maturities of greater than three months and minimum “A” rated fixed and floating rate securities. The investments are reported at fair value with unrealized gains or losses reported in a separate component of shareholders’ equity. Any differences between the cost and fair value of investments are represented by accrued interest. The fair value of short term investments are represented by level 1 fair value measurements – quoted prices in active markets for identical assets.



#### 4. Goodwill

	December 31, 2012	December 31, 2011
	(in thousands)	
Opening goodwill	\$ 253,393	\$ 175,860
Current year acquisitions	55,759	83,656
Prior year acquisitions	1,382	-
Foreign exchange movement	4,907	(6,123)
<b>Closing goodwill</b>	<b>\$ 315,441</b>	<b>\$ 253,393</b>

The Company has made a number of strategic acquisitions since its inception to enhance its capabilities and experience in certain areas of the clinical development process. Goodwill arising on acquisition represents the excess of the cost of acquired entities over the net amounts assigned to assets acquired and liabilities assumed. Goodwill primarily comprises acquired workforce in place which does not qualify for recognition as an asset apart from goodwill.

The Company tests goodwill annually for any impairments or whenever events occur which may indicate impairment. The results of the Company's goodwill impairment testing during the year ended December 31, 2012, indicated the existence of sufficient headroom such that a reasonably possible change to the key assumptions used would be unlikely to result in an impairment of the related goodwill.

##### (a) Acquisition of PriceSpective

On February 28, 2012 the Company acquired 100% of the common stock of PriceSpective LLC (PriceSpective) strategy consulting company for an initial cash consideration of \$37.1 million. Headquartered in Philadelphia, and with offices in London, Los Angeles, San Diego, Raleigh and Boston, PriceSpective is a premier consultancy that has a strong reputation for excellence in strategic pricing, market access, Health Economics and Outcomes Research ("HEOR"), due diligence support and payer engagement services. Since PriceSpective's incorporation in 2003, it has developed strategies for dozens of new product launches, and hundreds of development and in-market products, across 40+ disease areas. Further consideration of up to \$15.0 million was payable if certain performance milestones were achieved in respect of periods up to December 31, 2012. On August 13, 2012 the Company paid \$5.0 million in relation to performance milestones for the year ended December 31, 2011. At December 31, 2012 the Company has recorded a liability of \$10.0 million in respect of the milestones for the year ended December 31, 2012.

The following table summarizes the Company's estimates of the fair values of assets acquired and the liabilities assumed:

	February 28 2012
	(in thousands)
Property, plant and equipment	\$ 256
Goodwill*	42,247
Intangible asset – customer relationships	10,237
Intangible asset – order backlog	405
Intangible asset – non-compete arrangements	392
Cash and cash equivalents	2,311
Accounts receivable	2,662
Unbilled revenue	1,140
Other current assets	236
Current liabilities	(7,788)
Liability arising from contingent consideration arrangement	(15,000)
<b>Net assets acquired</b>	<b>\$ 37,098</b>

Cash consideration	\$ 37,199
Working capital adjustment	(101)
Contingent consideration	15,000
Amount of total consideration	52,098
Liabilities included in preliminary purchase price allocation re contingent consideration	(15,000)
Net assets acquired	\$ 37,098

\* Goodwill represents the acquisition of an established workforce with experience in strategic pricing, market access, HEOR, due diligence support and payer engagement services. Goodwill related to the US portion of the business acquired is tax deductible.

The proforma effect of the PriceSpective acquisition if completed on January 1, 2011 would have resulted in net revenue, net income and earnings per share for the fiscal years ended December 31, 2011 and December 31, 2012 as follows:

	<b>Year Ended December 31, 2012</b>		<b>2011</b>
	<b>(in thousands)</b>		
Net revenue	\$ 1,118,410	\$	964,388
Net income	\$ 55,931	\$	25,363
Basic earnings per share	\$ 0.93	\$	0.42
Diluted earnings per share	\$ 0.93	\$	0.42

(b) Acquisition of BeijingWits Medical

On February 15, 2012 the Company acquired 100% of the common stock of BeijingWits Medical Consulting Co. Limited (BeijingWits Medical), a leading Chinese CRO, for an initial cash consideration of \$9.0 million. BeijingWits Medical offers full-service clinical development capabilities and has a strong track record in clinical trial execution in China. It is a renowned expert in Chinese regulatory processes and a leading advocate of International Conference on Harmonisation Good Clinical Practice (“ICH GCP”) in China. In addition to boosting the Company’s service capabilities in the region, BeijingWits Medical will also strengthen the Company’s presence through the addition of over 100 highly qualified and experienced professionals in Beijing, Shanghai, Chengdu, Guangzhou, Wuhan and Hong Kong. Further consideration of up to \$7.0 million may become payable if certain performance milestones are achieved in respect of periods up to December 31, 2013. At December 31, 2012 the Company has recorded a liability of \$7.0 million in respect of the additional consideration.

The following table summarizes the Company’s estimates of the fair values of assets acquired and the liabilities assumed:

	<b>February 15 2012 (in thousands)</b>
Property, plant and equipment	\$ 172
Goodwill*	13,512
Intangible asset – customer relationships	1,761
Intangible asset – order backlog	376
Intangible asset – non-compete arrangements	97
Cash and cash equivalents	587
Accounts receivable	657
Unbilled revenue	176
Other current assets	228
Deferred tax liability	(559)
Current liabilities	(1,007)
Liability arising from contingent consideration arrangement	(7,000)
<b>Net assets acquired</b>	<b>\$ 9,000</b>
<hr/>	
Cash consideration	\$ 9,000
Contingent consideration	7,000
<b>Amount of total consideration</b>	<b>16,000</b>
Liabilities included in preliminary purchase price allocation re contingent consideration	(7,000)
<b>Net assets acquired</b>	<b>\$ 9,000</b>

\* Goodwill represents the acquisition of an established workforce with experience in clinical trial execution and regulatory processes in China and is not tax deductible.

The proforma effect of the BeijingWits acquisition if completed on January 1, 2011 would have resulted in net revenue, net income and earnings per share for the fiscal years ended December 31, 2011 and December 31, 2012 as follows:

	<b>Year Ended December 31, 2012</b>		<b>2011</b>
	<b>(in thousands)</b>		
Net revenue	\$	1,115,355	\$ 989,942
Net income	\$	55,349	\$ 22,549
Basic earnings per share	\$	0.92	\$ 0.37
Diluted earnings per share	\$	0.92	\$ 0.37

*(c) Acquisition of Firecrest Clinical*

On July 14, 2011 the Company acquired 100% of the common stock of Firecrest Clinical Limited (“Firecrest”), a market leading provider of technology solutions that boost investigator site performance and study management, for an initial cash consideration of €17.0 million (\$24.5 million). Headquartered in Limerick, Ireland, Firecrest Clinical provides a comprehensive site performance management system that is used to improve compliance consistency and execution of activities at investigative sites. The acquisition agreement provided that further consideration of up to €33.0 million (\$46.8 million) may become payable if certain performance milestones are achieved in respect of periods up to June 30, 2013. At the date of acquisition the Company recorded a liability of €31.3 million (\$44.0 million) in relation to these performance milestones. In March 2012 €3.0 million (\$4.0million) was paid by the Company in relation to performance milestones for the six months ended June 30, 2011 and in July 2012 a further €10 million (\$12.5 million) was paid by the Company in relation to performance milestones for the year ended December 31, 2011, both amounts representing the full amount of additional consideration potentially payable. At December 31, 2012 the Company has recorded a liability of €19.5 million (\$25.8 million) in relation to the remaining performance milestones.

The acquisition agreement also provided for certain working capital targets to be achieved by Firecrest Clinical on completion. In March 2012 the Company paid €0.4 million (\$0.5 million) on completion of this review.

The acquisition of Firecrest has been accounted for as a business combination in accordance with FASB ASC 805 Business Combinations. The following table summarizes the estimated fair values of the assets acquired and the liabilities assumed:

	<b>July 14 2011</b>
	<b>(in thousands)</b>
Property, plant and equipment	\$ 687
Goodwill*	48,073
Intangible asset – technology asset	11,169
Intangible asset – customer relationships	5,243
Intangible asset – order backlog	1,172
Intangible asset - trade name	1,357
Cash and cash equivalents	1,965
Other current assets	3,713
Deferred tax liability	(2,367)
Other liabilities	(2,521)
Liability arising from contingent consideration arrangement	(44,028)
<b>Net assets acquired</b>	<b>\$ 24,463</b>

Cash consideration	\$	24,463
Contingent consideration		44,028
Amount of total consideration		68,491
Liabilities included in preliminary purchase price allocation re contingent consideration		(44,028)
Net assets acquired	\$	24,463

\* Goodwill represents the cost of an established workforce with experience in the development of site performance and study management systems and process related efficiencies expected to be generated from the use of the Firecrest site performance management system and is not tax deductible.

The proforma effect of the Firecrest acquisition if completed on January 1, 2010 would have resulted in net revenue, net income and earnings per share for the fiscal years ended December 31, 2010 and December 31, 2011 as follows:

	<b>Year Ended December 31, 2011</b>		<b>2010</b>
	<b>(in thousands)</b>		
Net revenue	\$	952,729	\$ 906,311
Net income	\$	25,851	\$ 86,127
Basic earnings per share	\$	0.43	\$ 1.44
Diluted earnings per share	\$	0.42	\$ 1.42

*(d) Acquisition of Oxford Outcomes*

On January 14, 2011 the Company acquired approximately 80% of the common stock of Oxford Outcomes Limited (“Oxford Outcomes”), an international health outcomes consultancy business, for an initial cash consideration of £18.1 million (\$28.1 million). Headquartered in Oxford, United Kingdom, and with offices in the USA and Canada, Oxford Outcomes provides specialist services in the areas of patient reported outcomes (PRO), health economics, epidemiology and translation and linguistic validation. On the same day a put and call option was agreed between the Company and the selling shareholders for the acquisition of the remaining common stock of Oxford Outcomes during the year ended December 31, 2011 for cash consideration of £3.8 million (\$6.0 million). This option was exercised in October 2011.

Additional consideration of up to £8.0 million (\$12.6 million) was potentially payable if certain performance milestones were achieved by Oxford Outcomes in respect of periods up to March 31, 2012; £4.0 million (\$6.3 million) in respect of the year ended March 31, 2011 and £4.0 million (\$6.3 million) in respect of the year ended March 31, 2012. Performance milestones in respect of both periods have been achieved. £4.0 million (\$6.3 million) was paid during the year ended December 31, 2011 in respect of the milestone for the year ended March 31, 2011. A part payment of £2.0 million (\$3.3 million) in respect of March 31, 2012 milestone was made by the Company in October 2012. At December 31, 2012, the Company has recorded a liability of £2.0 million (\$3.1 million) in relation to the milestone for the year ended March 31, 2012.

The acquisition agreement also provided for certain working capital targets to be achieved by Oxford Outcomes on completion. In May 2011 the Company paid an additional £3.3 million (\$5.1 million) in respect of certain elements of this review and in March 2012 paid a further £0.8 million (\$1.2 million) on completion of the review.

The acquisition of Oxford Outcomes has been accounted for as a business combination in accordance with FASB ASC 805 *Business Combinations*. The following table summarizes the estimated fair values of the assets acquired and the liabilities assumed:

	<b>January 14 2011</b>	
	<b>(in thousands)</b>	
Property, plant and equipment	\$	490
Goodwill*		36,432
Intangible asset – customer relationships		6,648
Intangible asset – order backlog		618
Cash and cash equivalents		6,015
Other current assets		6,792
Deferred tax liability		(2,003)
Other liabilities		(2,128)
Liability arising from contingent consideration arrangement		(12,474)
<b>Net assets acquired</b>	<b>\$</b>	<b>40,390</b>
Cash consideration	\$	28,114
Working capital adjustment		6,383
Put and call option		5,893
Contingent consideration		12,474
<b>Amount of total consideration</b>		<b>52,864</b>
Liabilities included in preliminary purchase price allocation re contingent consideration		(12,474)
<b>Net assets acquired</b>	<b>\$</b>	<b>40,390</b>

\* Goodwill represents the cost of established workforce with experience in specialist services in the areas of patient reported outcomes (PRO), health economics, epidemiology and translation and linguistic validation and is not tax deductible.

The proforma effect of the Oxford Outcomes acquisition if completed on January 1, 2010 would have resulted in net revenue, net income and earnings per share for the fiscal years ended December 31, 2010 and December 31, 2011 as follows:

	<b>Year Ended December 31,</b>		
	<b>2011</b>		<b>2010</b>
	<b>(in thousands)</b>		
Net revenue	\$	945,729	\$ 919,524
Net income	\$	22,880	\$ 91,524
Basic earnings per share	\$	0.38	\$ 1.53
Diluted earnings per share	\$	0.37	\$ 1.51

## 5. Intangible Assets

	December 31, 2012	December 31, 2011
	(in thousands)	
<b>Cost</b>		
Customer relationships acquired	\$ 33,951	\$ 22,193
Technology asset acquired	11,169	11,169
Order backlog	2,571	3,260
Tradenames acquired	1,357	1,357
Volunteer list acquired	1,325	1,325
Non-compete arrangements	489	-
Foreign exchange movement	(1,001)	(1,728)
<b>Total cost</b>	<b>49,861</b>	<b>37,576</b>
Accumulated amortization	(15,363)	(9,467)
Foreign exchange movement	(51)	151
<b>Net book value</b>	<b>\$ 34,447</b>	<b>\$ 28,260</b>

On February 28, 2012 the Company acquired PriceSpective a strategy consulting company. The value of certain customer relationships identified of \$10.2 million is being amortized over approximately 10 years, the estimated period of benefit. The value of order backlog and certain non-compete arrangements identified of \$0.4 million and \$0.4 million respectively are being amortized over approximately 0.8 and 3 years, the estimated period of benefit. \$1,367,000 has been amortized in the period since the date of acquisition.

On February 15, 2012 the Company acquired BeijingWits Medical, a Chinese CRO. The value of certain customer relationships and order backlog identified of \$1.8 million and \$0.4 million respectively are being amortized over approximately 10 and 4 years, the estimated period of benefit. The value of certain non-compete arrangements identified of \$0.01 million are being amortized over approximately 5 years, the estimated period of benefit. \$253,000 has been amortized in the period since the date of acquisition.

On July 14, 2011 the Company acquired Firecrest Clinical Limited, a provider of technology solutions that boost investigator site performance and study management. The value of certain technology assets and customer relationships identified of \$11.2 million and \$5.2 million respectively are being amortized over approximately 7.5 years, the estimated period of benefit. The value of the Firecrest tradename and order backlog identified of \$1.4 million and \$1.2 million respectively are being amortized over approximately 4.5 and 1.2 years, the estimated period of benefit. \$4,482,000 has been amortized in the period since the date of acquisition.

On January 14, 2011 the Company acquired Oxford Outcomes Limited, an international health outcomes consultancy business. The value of certain customer relationships and order backlog identified of \$6.6 million and \$0.6 million respectively are being amortized over approximately 6.5 and 2 years, the estimated period of benefit. \$2,666,000 has been amortized in the period since the date of acquisition. A put and call option was also agreed between the Company and the selling shareholders for the acquisition of the remaining common stock of Oxford Outcomes Limited. This option was exercised in October 2011.

On May 17, 2010 the Company acquired Timaq Medical Imaging, a European provider of advanced imaging services. The value of certain client relationships identified of \$0.8 million is being amortized over approximately 3 years, the estimated period of benefit. \$674,000 has been amortized in the period since the date of acquisition.

During the year ended December 31, 2009 the Company completed the acquisitions of Qualia Clinical Services, Inc, a US provider of Phase I clinical trial services and Veeda Laboratories Limited, a specialist provider of biomarker laboratory services. The value of certain client relationships identified of \$0.4 million is being amortized over 3 years, the estimated period of benefit. \$352,000 has been amortized in the period since the date of acquisition.

On November 14, 2008 the Company acquired Prevalere Life Sciences, a US provider of bioanalytical and immunoassay laboratory services. The value of certain customer relationships identified of \$7.4 million is being amortized over periods ranging from approximately 7 to 11 years, the estimated period of the benefit. \$3,347,000 has been amortized in the period since the date of acquisition.

On February 11, 2008 the Company acquired Healthcare Discoveries, a US provider of Phase I clinical trial services. The value of certain client relationships identified of \$1.6 million is being amortized over periods ranging from approximately 2 to 9 years, the estimated periods of benefit. The value of certain volunteer lists identified of \$1.3 million is being amortized over approximately 6 years, the estimated period of benefit. \$2,222,000 has been amortized in the period since the date of acquisition.

Future intangible asset amortization expense for the years ended December 31, 2013 to December 31, 2017 is as follows:

	<b>Year ended December 31 (in thousands)</b>
2013	\$ 6,078
2014	5,800
2015	5,642
2016	5,048
2017	4,182
	<b>\$ 26,750</b>

#### 6. Property, Plant and Equipment, net

	<b>December 31, 2012 (in thousands)</b>	<b>December 31, 2011</b>
<b>Cost</b>		
Land	\$ 3,325	\$ 3,323
Building	94,395	92,859
Computer equipment and software	189,455	179,850
Office furniture and fixtures	66,351	62,458
Laboratory equipment	32,724	32,156
Leasehold improvements	10,482	9,462
Motor vehicles	69	70
	396,801	380,178
Less accumulated depreciation and asset write off	(228,428)	(211,717)
<b>Property, plant and equipment (net)</b>	<b>\$ 168,373</b>	<b>\$ 168,461</b>



## 7. Other Liabilities

	December 31, 2012	December 31, 2011
	(in thousands)	
Personnel related liabilities	\$ 90,902	\$ 62,017
Facility related liabilities	15,393	14,776
General overhead liabilities	22,776	24,520
Other liabilities	5,010	1,823
Short term government grants (note 11)	235	79
Restructuring and other items (note 14)	926	3,874
Acquisition consideration payable	45,850	37,615
Share repurchase program	-	1,259
	\$ 181,092	\$ 145,963

## 8. Other Non-Current Liabilities

	December 31, 2012	December 31, 2011
	(in thousands)	
Personnel related liabilities	\$ 6,920	\$ -
Defined benefit pension obligations, net (note 9)	\$ 4,720	\$ 4,903
Acquisition consideration payable	-	11,903
Other non-current liabilities	2,672	3,232
	\$ 14,312	\$ 20,038

## 9. Employee Benefits

Certain Company employees are eligible to participate in a defined contribution plan (the "Plan"). Participants in the Plan may elect to defer a portion of their pre-tax earnings into a pension plan, which is run by an independent party. The Company matches participant's contributions typically at 6% of the participant's annual compensation. Contributions to this plan are recorded, as an expense in the Consolidated Statement of Operations. Contributions for the years ended December 31, 2010, December 31, 2011 and December 31, 2012 were \$14,206,000, \$16,644,000 and \$18,187,000 respectively.

The Company's United States operations maintain a retirement plan (the "U.S. Plan") that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Participants in the U.S. Plan may elect to defer a portion of their pre-tax earnings, up to the Internal Revenue Service annual contribution limit. The Company matches 50% of each participant's contributions; each participant can contribute up to 6% of their annual compensation. Contributions to this U.S. Plan are recorded, in the year contributed, as an expense in the Consolidated Statement of Operations. Contributions for the years ended December 31, 2010, December 31, 2011 and December 31, 2012 were \$6,603,000, \$7,064,000 and \$8,442,000 respectively.

One of the Company's subsidiaries which was acquired during the 2003 fiscal year, ICON Development Solutions Limited, operates a defined benefit pension plan in the United Kingdom for its employees. The plan is managed externally and the related pension costs and liabilities are assessed in accordance with the advice of a professionally qualified actuary. Plan assets at December 31, 2012, December 31, 2011 and December 31, 2010, consist of units held in independently administered funds. The pension costs of this plan are presented in the following tables in accordance with the requirements of ASC 715-60, *Defined Benefit Plans – Other Postretirement*. The plan has been closed to new entrants with effect from July 1, 2003.

<b>Change in benefit obligation</b>	<b>December 31, 2012</b>	<b>December 31, 2011</b>
	<b>(in thousands)</b>	
Benefit obligation at beginning of year	\$ 19,924	\$ 16,482
Service cost	242	212
Interest cost	964	931
Plan participants' contributions	101	134
Benefits paid	(237)	(109)
Actuarial loss	405	2,621
Foreign currency exchange rate changes	1,128	(347)
<b>Benefit obligation at end of year</b>	<b>\$ 22,527</b>	<b>\$ 19,924</b>

<b>Change in plan assets</b>	<b>December 31, 2012</b>	<b>December 31, 2011</b>
	<b>(in thousands)</b>	
Fair value of plan assets at beginning of year	\$ 15,021	\$ 15,499
Actual return on plan assets	1,810	(604)
Employer contributions	239	273
Plan participants' contributions	101	135
Benefits paid	(237)	(109)
Foreign currency exchange rate changes	873	(173)
<b>Fair value of plan assets at end of year</b>	<b>\$ 17,807</b>	<b>\$ 15,021</b>

The fair values of the assets above do not include any of the Company's own financial instruments, property occupied by, or other assets used by, the Company.

<b>Funded status</b>	<b>December 31, 2012</b>	<b>December 31, 2011</b>
	<b>(in thousands)</b>	
Projected benefit obligation	\$ (22,527)	\$ (19,924)
Fair value of plan assets	17,807	15,021
<b>Funded status</b>	<b>\$ (4,720)</b>	<b>\$ (4,903)</b>
<b>Non-current other liabilities</b>	<b>\$ (4,720)</b>	<b>\$ (4,903)</b>

The following amounts were recorded in the consolidated statement of operations as components of the net periodic benefit cost/(credit)

	<b>December 31, 2012</b>	<b>December 31, 2011</b>	<b>December 31, 2010</b>
	<b>(in thousands)</b>		
Service cost	\$ 242	\$ 212	\$ 184
Interest cost	964	931	746
Expected return on plan assets	(895)	(1,141)	(980)
Amortization of net (gain)/loss	179	-	-
<b>Net periodic benefit (credit)/cost</b>	<b>\$ 490</b>	<b>\$ 2</b>	<b>\$ (50)</b>

The following assumptions were used at the commencement of the year in determining the net periodic pension benefit cost/(credit) for the years ended December 31, 2010, December 31, 2011 and December 31, 2012:

	<b>December 31, 2012</b>	<b>Year ended December 31, 2011</b>	<b>December 31, 2010</b>
Discount rate	4.7%	5.4%	5.7%
Rate of compensation increase	3.5%	4.0%	4.0%
Expected rate of return on plan assets	5.8%	7.1%	7.4%

<b>Accumulated other comprehensive income</b>	<b>December 31, 2012</b>	<b>December 31, 2011</b>	<b>December 31, 2010</b>
	<b>(in thousands)</b>		
Actuarial loss - benefit obligation	\$ 405	\$ 2,621	\$ 2,232
Actuarial (gain)/loss – plan assets	(915)	1,744	(1,023)
Actuarial loss recognized in net periodic benefit cost	(179)	-	-
<b>Total</b>	<b>\$ (689)</b>	<b>\$ 4,365</b>	<b>\$ 1,209</b>

The estimated net gain and prior service cost for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next year are \$135,000 and \$nil respectively.

Amounts recognized in accumulated other comprehensive income that has not yet been recognized as components of net periodic benefit cost are as follows:

	December 31, 2012	December 31, 2011	December 31, 2010
	(in thousands)		
Net actuarial (gain)/loss	\$ 3,371	\$ 4,060	\$ (305)
Total	\$ 3,371	\$ 4,060	\$ (305)

### Benefit Obligation

The following assumptions were used in determining the benefit obligation at December 31, 2012:

	December 31, 2012	December 31, 2011
Discount rate	4.6%	4.7%
Rate of compensation increase	3.4%	3.5%

The discount rate is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. This is represented by the iboxx corporate bond over 15 year index plus 50 basis points. At December 31, 2012 the Company, with input from its actuarial advisors, refined its estimate of the discount rate used in calculating the benefit obligation and applied an additional 50 basis points to the iboxx corporate bond over 15 year index to reflect the long term nature of the benefit obligation. Had this not been applied and a discount rate of 4.1% used, the benefit obligation at December 31, 2012 would have been \$25,577,000.

### Plan Assets

The assets of the scheme are invested in the Legal and General Global Equity and Fixed Index Fund. The aim of this fund is to capture the returns on UK and overseas equity markets with a more even investment in UK and overseas equities than would be provided by reference to market capitalization or consensus weights. The expected long-term rate of return on assets at December 31, 2012 of 5.7% was calculated as the value of the fund after application of a market value reduction factor. The expected long term rates of return on different asset classes over the long term are as follows:

Asset Category	Expected long-term return per annum
Equity	5.8%
Bonds	4.6%

At December 31, 2012 UK gilts were yielding around 2.7% per annum. This is often referred to as the risk free rate of return as UK gilts have a negligible risk of default and the income payments and capital on redemption are guaranteed by the UK Government. The long-term expected return on equities has been determined by setting appropriate risk premiums above the yield on UK gilts. A long term equity "risk-premium" of 3.1% per annum has been assumed, this being the expected long-term out-performance of equities over UK gilts. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. This is represented by the iboxx AA 15 index plus 50 basis points.

The underlying asset split of the fund is shown below.

Asset Category	December 31, 2012	December 31, 2011
Equity	90%	90%
Bonds	10%	10%
	100%	100%

Applying the above expected long term rates of return to the asset distribution at December 31, 2012, gives rise to an expected overall rate of return of scheme assets of approximately 5.7% per annum.

**Plan Asset Fair Value Measurements**

**Quoted Prices in  
Active  
Markets for Identical  
Assets  
Level 1  
(in thousands)**

<u>Cash</u>	\$ 13
<u>Equity Securities</u>	
Legal and General UK Equity Index	6,404
Legal and General North America Equity Index	3,082
Legal and General Europe (ex UK) Equity Index	3,303
Legal and General Japan Equity Index	1,637
Legal and General Asia Pac (ex Japan) Equity Index	1,630
<u>Fixed Income Securities</u>	
Legal and General over 15 year Gilts Index	564
Legal and General AAA-AA-A Bonds Over 15 year Index	597
Legal and General over 5 year Index-Linked Gilts Index	577
	<b>\$ 17,807</b>

**Cash Flows**

The Company expects to contribute \$0.3 million to its pension fund in the year ending December 31, 2013.

The following annual benefit payments, which reflect expected future service as appropriate, are expected to be paid.

	<b>(in thousands)</b>
2013	\$ 81
2014	81
2015	81
2016	81
2017	81
Years 2018 - 2022	\$ 406

The expected cash flows are estimated figures based on the members expected to retire over the next 10 years assuming no early retirements plus an additional amount in respect of recent average withdrawal experience. At the present time it is not clear whether annuities will be purchased when members reach retirement or whether pensions will be paid each month out of scheme assets. The cash flows above have been estimated on the assumption that pensions will be paid monthly out of scheme assets. If annuities are purchased, then the expected benefit payments will be significantly different from those shown above.

## 10. Equity Incentive Schemes and Stock Compensation Charges

### *Share Options*

On July 21, 2008 the Company adopted the Employee Share Option Plan 2008 (the “2008 Employee Plan”) pursuant to which the Compensation and Organization Committee of the Company’s Board of Directors may grant options to any employee, or any director holding a salaried office or employment with the Company or a Subsidiary for the purchase of ordinary shares. On the same date, the Company also adopted the Consultants Share Option Plan 2008 (the “2008 Consultants Plan”), pursuant to which the Compensation and Organization Committee of the Company’s Board of Directors may grant options to any consultant, adviser or non-executive director retained by the Company or any Subsidiary for the purchase of ordinary shares.

Each option granted under the 2008 Employee Plan or the 2008 Consultants Plan (together the “2008 Option Plans”) will be an employee stock option, or NSO, as described in Section 422 or 423 of the Internal Revenue Code. Each grant of an option under the 2008 Options Plans will be evidenced by a Stock Option Agreement between the optionee and the Company. The exercise price will be specified in each Stock Option Agreement, however option prices will not be less than 100% of the fair market value of an ordinary share on the date the option is granted.

An aggregate of 6.0 million ordinary shares have been reserved under the 2008 Employee Plan as reduced by any shares issued or to be issued pursuant to options granted under the 2008 Consultants Plan, under which a limit of 400,000 shares applies. Further, the maximum number of ordinary shares with respect to which options may be granted under the 2008 Employee Option Plan, during any calendar year to any employee shall be 400,000 ordinary shares. There is no individual limit under the 2008 Consultants Plan. No options may be granted under the 2008 Option Plans after July 21, 2018.

On January 17, 2003 the Company adopted the Share Option Plan 2003 (the “2003 Share Option Plan”) pursuant to which the Compensation and Organization Committee of the Board may grant options to officers and other employees of the Company or its subsidiaries for the purchase of ordinary shares. Each grant of an option under the 2003 Share Option Plan will be evidenced by a Stock Option Agreement between the employee and the Company. The exercise price will be specified in each Stock Option Agreement.

An aggregate of 6.0 million ordinary shares have been reserved under the 2003 Share Option Plan; and, in no event will the number of ordinary shares that may be issued pursuant to options awarded under the 2003 Share Option Plan exceed 10% of the outstanding shares, as defined in the 2003 Share Option Plan, at the time of the grant, unless the Board expressly determines otherwise. Further, the maximum number of ordinary shares with respect to which options may be granted under the 2003 Share Option Plan during any calendar year to any employee shall be 400,000 ordinary shares. No options can be granted after January 17, 2013.

Share option awards are granted with an exercise price equal to the market price of the Company’s shares at date of grant. Share options typically vest over a period of five years from date of grant and expire eight years from date of grant. The maximum contractual term of options outstanding at December 31, 2012 is eight years.

The following table summarizes the transactions for the Company's share option plans for the years ended December 31, 2012, December 31, 2011 and December 31, 2010:

	Options Granted Under Plans	Number of Shares	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2009	5,408,222	5,408,222	\$ 18.99	\$ 7.60
Granted	1,038,327	1,038,327	\$ 24.34	\$ 9.08
Exercised	(1,237,015)	(1,237,015)	\$ 10.64	\$ 4.69
Cancelled	(410,857)	(410,857)	\$ 25.86	\$ 9.91
Outstanding at December 31, 2010	4,798,677	4,798,677	\$ 21.71	\$ 8.47
Granted	989,449	989,449	\$ 19.66	\$ 8.20
Exercised	(430,340)	(430,340)	\$ 10.84	\$ 4.80
Cancelled	(454,968)	(454,968)	\$ 25.77	\$ 9.87
Outstanding at December 31, 2011	4,902,818	4,902,818	\$ 21.87	\$ 8.61
Granted	842,273	842,273	\$ 22.01	\$ 9.59
Exercised	(890,236)	(890,236)	\$ 14.62	\$ 6.16
Cancelled	(504,224)	(504,224)	\$ 25.14	\$ 9.76
Outstanding at December 31, 2012	4,350,631	4,350,631	\$ 23.01	\$ 9.17
Vested and exercisable at December 31, 2012	2,256,098	2,256,098	\$ 23.54	\$ 9.07

The weighted average remaining contractual life of options outstanding and options exercisable at December 31, 2012, was 4.67 years and 3.34 years respectively. 756,637 options are expected to vest during the year ended December 31, 2013.

The intrinsic value of options exercised during the year ended December 31, 2012 amounted to \$11.7 million. The intrinsic value of options outstanding and options exercisable at December 31, 2012 amounted to \$26.0 million and \$13.8 million respectively. Intrinsic value is calculated based on the market value of the Company's shares at December 31, 2012.

Non vested shares outstanding as at December 31, 2012 are as follows:

	Options Outstanding Number of Shares	Weighted Average Exercise Price	Weighted Average Fair Value
Non vested outstanding at December 31, 2011	2,534,310	\$ 23.30	\$ 9.11
Granted	842,273	22.01	9.59
Vested	(985,264)	23.95	9.04
Forfeited	(296,786)	23.60	9.17
Non vested outstanding at December 31, 2012	2,094,533	\$ 22.43	\$ 9.17

Outstanding and exercisable share options:

The following table summarizes information concerning outstanding and exercisable share options as of December 31, 2012:

Range Exercise Price	Options Outstanding			Options Exercisable		
	Number of Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	
\$8.60	12,940	0.13	\$ 8.60	12,940	\$ 8.60	
\$10.42	20,000	1.04	\$ 10.42	20,000	\$ 10.42	
\$11.00	274,767	1.09	\$ 11.00	274,767	\$ 11.00	
\$15.47	630	4.33	\$ 15.47	270	\$ 15.47	
\$15.84	103,000	4.33	\$ 15.84	81,800	\$ 15.84	
\$16.80	150,000	6.83	\$ 16.80	30,000	\$ 16.80	
\$17.17	30,000	6.85	\$ 17.17	6,000	\$ 17.17	
\$18.00	58,000	1.83	\$ 18.00	58,000	\$ 18.00	
\$18.98	9,000	3.87	\$ 18.98	7,200	\$ 18.98	
\$19.45	21,000	5.82	\$ 19.45	1,200	\$ 19.45	
\$20.16	2,000	5.87	\$ 20.16	800	\$ 20.16	
\$20.28	600,547	6.17	\$ 20.28	149,058	\$ 20.28	
\$20.59	185,000	7.14	\$ 20.59	-	\$ 20.59	
\$21.25	462,831	2.12	\$ 21.25	462,831	\$ 21.25	
\$21.76	1,000	2.31	\$ 21.76	1,000	\$ 21.76	
\$22.10	800	4.56	\$ 22.10	-	\$ 22.10	
\$22.26	415,953	4.15	\$ 22.26	229,621	\$ 22.26	
\$22.30	608,073	7.32	\$ 22.30	-	\$ 22.30	
\$22.60	2,000	2.65	\$ 22.60	2,000	\$ 22.60	
\$23.20	4,000	5.70	\$ 23.20	1,600	\$ 23.20	
\$23.66	9,580	7.57	\$ 23.66	-	\$ 23.66	
\$24.25	150,000	5.18	\$ 24.25	150,000	\$ 24.25	
\$24.46	507,728	5.17	\$ 24.46	196,667	\$ 24.46	
\$26.20	2,400	5.38	\$ 26.20	960	\$ 26.20	
\$26.27	2,000	3.81	\$ 26.27	1,600	\$ 26.27	
\$26.71	12,450	7.70	\$ 26.71	-	\$ 26.71	
\$27.91	2,000	5.41	\$ 27.91	800	\$ 27.91	
\$29.45	8,000	5.32	\$ 29.45	3,200	\$ 29.45	
\$35.33	685,932	3.15	\$ 35.33	555,384	\$ 35.33	
\$36.05	6,000	3.40	\$ 36.05	6,000	\$ 36.05	
\$36.20	2,000	3.33	\$ 36.20	1,600	\$ 36.20	
\$41.25	1,000	3.67	\$ 41.25	800	\$ 41.25	
<b>\$8.60 - \$41.25</b>	<b>4,350,631</b>	<b>4.67</b>	<b>\$ 23.01</b>	<b>2,256,098</b>	<b>\$ 23.54</b>	

Options outstanding include both vested and unvested options as at December 31, 2012. Options exercisable represent options which have vested at December 31, 2012. From the date of grant, substantially all options vest over a five year period at 20% per annum.



### Fair value of Stock Options Assumptions

The weighted average fair value of options granted during the years ended December 31, 2012, December 31, 2011 and December 31, 2010 was calculated using the Black-Scholes option pricing model. The weighted average fair values and assumptions were as follows:

	December 31, 2012	Year Ended December 31, 2011	December 31, 2010
Weighted average fair value	\$ 9.59	\$ 8.20	\$ 9.08
<b>Assumptions:</b>			
Expected volatility	50%	45%	45%
Dividend yield	0%	0%	0%
Risk-free interest rate	0.83%	1.4%	1.5%
Expected life	5.0 years	5.0 years	4.05 years

Expected volatility is based on the historical volatility of our common stock over a period equal to the expected term of the options; the expected life represents the weighted average period of time that options granted are expected to be outstanding given consideration to vesting schedules, and our historical experience of past vesting and termination patterns. The risk-free rate is based on the U.S. government zero-coupon bonds yield curve in effect at time of the grant for periods corresponding with the expected life of the option.

### Restricted Share Units

On July 21, 2008 the Company adopted the 2008 Employees Restricted Share Unit Plan (the "2008 RSU Plan") pursuant to which the Compensation and Organization Committee of the Company's Board of Directors may select any employee, or any director holding a salaried office or employment with the Company, or a Subsidiary to receive an award under the plan. An aggregate of 1.0 million ordinary shares have been reserved for issuance under the 2008 RSU Plan. Restricted Share Units ("RSU's") typically vest over periods ranging from one to five years. The Company issues new ordinary shares on the date of vesting of the RSU.

The Company has awarded RSU's to certain key executives of the Group. The following table summarizes RSU activity for the year ended December 31, 2012:

	RSU Outstanding Number of Shares	Weighted Average Fair Value	Weighted Average Remaining Contractual Life
Outstanding at December 31, 2011	365,000	\$ 19.46	
Awarded	281,000	\$ 21.64	
Ordinary shares issued	-	-	
Forfeited	(150,000)	\$ 20.89	
Outstanding at December 31, 2012	496,000	\$ 20.26	1.96

The fair value of RSU's vested for the year ended December 31, 2012 totaled \$0.0 million (2011: \$0.1 million).

### Non-cash stock compensation expense

Income from operations for the year ended December 31, 2012 is stated after charging \$11.5 million in respect of non-cash stock compensation expense. Non-cash stock compensation expense for the year ended December 31, 2012 has been allocated as follows:

	December 31, 2012	Year ended December 31, 2011 (in thousands)	December 31, 2010
Direct costs	\$ 6,007	\$ 5,155	\$ 4,049
Selling, general and administrative	\$ 4,894	\$ 4,200	\$ 3,359
Restructuring and other non-recurring items (note 14)	\$ 620	-	-
<b>Total compensation costs</b>	<b>\$ 11,521</b>	<b>\$ 9,355</b>	<b>\$ 7,408</b>

Total non-cash stock compensation expense not yet recognized at December 31, 2012 amounted to \$19.7 million. The weighted average period over which this is expected to be recognized is 2.87 years. Total tax benefit recognized in addition paid in capital related to the non-cash compensation expense amounted to \$1.3 million for the year ended December 31, 2012 (2011: \$0.7 million, 2010: \$2.3 million).

### 11. Government Grants

	December 31, 2012 (in thousands)	December 31, 2011
Received	\$ 3,473	\$ 3,133
Less accumulated amortization	(2,148)	(1,994)
Foreign exchange translation adjustment	337	291
	1,662	1,430
Less current portion	(235)	(79)
	<b>\$ 1,427</b>	<b>\$ 1,351</b>

Capital grants received may be refundable in full if certain events occur. Such events, as set out in the related grant agreements, include sale of the related asset, liquidation of the Company or failure to comply with other conditions of the grant agreements. No loss contingency has been recognized as the likelihood of such events arising has been assessed as remote. Government grants amortized to the profit and loss account amounted to \$154,000 and \$115,000 for the years ended December 31, 2012 and December 31, 2011 respectively. As at December 31, 2012 the Company had \$1.9 million in restricted retained earnings, pursuant to the terms of grant agreements.

## 12. Share Capital

Holders of ordinary shares will be entitled to receive such dividends as may be recommended by the board of directors of the Company and approved by the shareholders and/or such interim dividends as the board of directors of the Company may decide. On liquidation or a winding up of the Company, the par value of the ordinary shares will be repaid out of the assets available for distribution among the holders of the ordinary shares of the Company. Holders of ordinary shares have no conversion or redemption rights. On a show of hands, every holder of an ordinary share present in person or proxy at a general meeting of shareholders shall have one vote, for each ordinary share held with no individual having more than one vote.

During the year ended December 31, 2012, 890,236 options were exercised by employees at an average exercise price of \$14.62 per share for total proceeds of \$13.0 million.

During the year ended December 31, 2011, 430,340 options were exercised by employees at an average exercise price of \$10.84 per share for total proceeds of \$4.7 million. During the year ended December 31, 2011 3,768 ordinary shares were issued in respect of certain RSU's previously awarded by the Company.

During the year ended December 31, 2010, 1,237,015 options were exercised by employees at an average exercise price of \$10.64 per share for total proceeds of \$13.2 million. During the year ended December 31, 2010 2,512 ordinary shares were issued in respect of certain RSU's previously awarded by the Company.

### *Share Repurchase Program*

On October 27, 2011 the Company announced its intention to commence a share repurchase program of up to \$50 million. On November 22, 2011 the Company entered into two separate share repurchase plans of up to \$10 million each, covering the periods November 23, 2011 to December 31, 2011 and January 1, 2012 to February 20, 2012 respectively. On February 21, 2012 the Company entered into a further share repurchase plan of up to \$20 million, covering the period February 22, 2012 to April 22, 2012. On April 27, 2012 the Company entered into a fourth share repurchase plan of up to \$20 million, covering the period April 27, 2012 to July 18, 2012. On July 30, 2012 the Company entered into a fifth share repurchase plan of up to \$10 million, covering the period July 30, 2012 to October 26, 2012.

Under the repurchase program, a broker purchased the Company's shares from time to time on the open market or in privately negotiated transactions in accordance with agreed terms and limitations. The program was designed to allow share repurchases during periods when the Company would ordinarily not be permitted to do so because it may be in possession of material non-public or price-sensitive information, applicable insider trading laws or self-imposed trading blackout periods. The Company's instructions to the broker were irrevocable and the trading decisions in respect of the repurchase program were made independently of and uninfluenced by the Company. The Company confirms that on entering the share repurchase plans it had no material non-public, price-sensitive or inside information regarding the Company or its securities. Furthermore, the Company will not enter into additional plans whilst in possession of such information.

During the year ended December 31, 2012 738,341 ordinary shares were repurchased by the Company for a total consideration of \$15.6 million. During the year ended December 31, 2011 545,597 ordinary shares were repurchased by the Company for a total consideration of \$9.0 million. As at December 31, 2012 1,283,938 ordinary shares have been repurchased by the Company for a total consideration of \$24.6 million. All ordinary shares repurchased by the Company were cancelled, and the nominal value of these shares transferred to a capital redemption reserve fund as required under Irish Company Law.

### 13. Income Taxes

The Company's United States and Irish based subsidiaries file tax returns in the United States and Ireland respectively. Other foreign subsidiaries are taxed separately under the laws of their respective countries.

The components of income before provision for income tax expense are as follows:

	December 2012	Year ended December 2011 (in thousands)	December 2010
Ireland	\$ 12,157	\$ (33,732)	\$ 37,298
United States	11,371	13,317	12,276
Other	43,693	49,410	43,150
<b>Income before provision for income taxes</b>	<b>\$ 67,221</b>	<b>\$ 28,995</b>	<b>\$ 92,724</b>

The components of total income tax expense are as follows:

	December 2012	Year ended December 2011 (in thousands)	December 2010
<u>Provision for income taxes:</u>			
Current:			
Ireland	\$ 1,684	\$ 351	\$ 4,522
United States	12,290	6,367	(1,915)
Other	8,257	5,518	712
<b>Total current tax</b>	<b>22,231</b>	<b>12,236</b>	<b>3,319</b>
Deferred expense/(benefit):			
Ireland	(287)	(3,825)	788
United States	(9,715)	(1,711)	1,322
Other	(428)	(585)	224
<b>Total deferred tax expense/(benefit)</b>	<b>(10,430)</b>	<b>(6,121)</b>	<b>2,334</b>
<b>Provision for income taxes</b>	<b>11,801</b>	<b>6,115</b>	<b>5,653</b>
Impact on shareholders equity & OCI of the tax consequence of :			
Stock compensation expense	(1,274)	(681)	(2,345)
Currency impact of long term funding	356	(294)	198
<b>Total</b>	<b>\$ 10,883</b>	<b>\$ 5,140</b>	<b>\$ 3,506</b>

Ireland's statutory income tax rate is 12.5%. The Company's consolidated effective tax rate differed from the statutory rate as set forth below;

	December 2012	Year ended December 2011	December 2010
	(in thousands)		
Taxes at Irish statutory rate of 12.5% (2011:12.5%; 2012: 12.5%)	\$ 8,401	\$ 3,625	\$ 11,590
Foreign and other income taxed at higher/(reduced) rates	7,873	5,373	(4,765)
Research & development tax incentives	(4,954)	(6,341)	(1,927)
Movement in valuation allowance	1,557	4,362	822
Prior year over provision in respect of foreign taxes	(678)	(83)	(285)
Effects of permanent items	(26)	(615)	97
Other	(372)	(206)	121
	\$ 11,801	\$ 6,115	\$ 5,653

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities are presented below:

	December 2012	Year ended December 2011	December 2010
	(in thousands)		
Deferred tax liabilities:			
Property, plant and equipment	\$ 6,631	\$ 7,331	\$ 6,645
Goodwill	11,467	9,443	8,055
Other intangible assets	2,707	3,525	223
Accruals	77	1,185	149
Other	88	97	835
Unrealised FX	1,160	-	-
Total deferred tax liabilities recognized	22,130	21,581	15,907
Deferred tax assets:			
Net operating loss carry forwards	25,116	21,981	16,580
Property, plant and equipment	2,345	1,324	882
Accrued expenses and payments on account	19,382	11,652	6,607
Stock options	5,586	4,818	3,522
Deferred compensation expense	1,136	1,197	1,349
Other	-	214	90
Unrealised FX	98	-	-
Total deferred tax assets	53,663	41,186	29,030
Valuation allowance for deferred tax assets	(18,817)	(16,445)	(12,290)
Deferred tax assets recognized	\$ 34,846	\$ 24,741	\$ 16,740
Net deferred tax asset	\$ 12,716	\$ 3,160	\$ 833

\$13.1 million (2011:\$10.1 million) of the deferred tax asset of \$34.8 million (2011:\$24.7 million) above is non-current.

\$20.8 million (2011:\$20.4 million) of the deferred tax liability of \$22.1 million (2011:\$21.6 million) is non-current.

At December 31, 2012 non-U.S subsidiaries had operating loss carry forwards for income tax purposes that may be carried forward indefinitely, available to offset against future taxable income, if any, of approximately \$94.4 million (2011:\$83.1 million). At December 31, 2012 non-U.S. subsidiaries also had additional operating loss carry forwards of \$5.8 million which are due to expire between 2013 and 2015.

At December 31, 2012 U.S. subsidiaries, had U.S. Federal and State net operating loss (“NOL”) carry forwards of approximately \$9.6 million and \$17.9 million, respectively. These net operating losses are available for offset against future taxable income and expire between 2013 and 2032. Of the \$9.6 million U.S. Federal and \$17.9 million State net operating losses, approximately \$8.7 million and \$17.0 million are currently available for offset against future U.S. Federal and State taxable income respectively. Annual utilization of these state net operating losses may be limited by specific state rules. The subsidiary’s ability to use the remaining U.S. Federal and State net operating loss carry forwards of \$0.9 million and \$0.9 million, respectively is further limited to \$113,000 per year due to a change of ownership in 2000, as defined by Section 382 of the Internal Revenue Code of 1986, as amended.

The expected expiry dates of these losses are as follows:

	<b>Federal NOL's (in thousands)</b>	<b>State NOL's</b>
2013- 2015	\$ 113	\$ 113
2016- 2020	791	791
2021- 2032	8,742	16,940
	<b>\$ 9,646</b>	<b>\$ 17,844</b>

In addition US subsidiaries has alternative minimum tax credit carry forwards of approximately \$0.3 million that are available to reduce future U.S. federal regular income taxes, over an indefinite period. They also have general business credit carry forwards of approximately \$0.3 million that are available to offset future U.S. federal income taxes.

The valuation allowance at December 31, 2012 was approximately \$18.8 million. The valuation allowance for deferred tax assets as of December 31, 2011 and December 31, 2010 was \$16.4 million and \$12.3 million respectively. The net change in the total valuation allowance was an increase of \$2.4 million during 2012 and an increase of \$4.1 million during 2011.

The valuation allowances at December 31, 2012 and December 31, 2011 were primarily related to tax losses and tax credits carried forward that, in the judgment of management, are not more likely than not to be realized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

The Company has not recognized a deferred tax liability for the undistributed earnings of foreign subsidiaries that arose in 2012 and prior years as the Company considers these earnings to be indefinitely reinvested.

A reconciliation of the beginning and ending amount of total unrecognized tax benefits is as follows:

	December 31, 2012	December 31, 2011	December 31, 2010
	(in thousands)		
Gross amount of unrecognized tax benefits at start of year	\$ 6,543	\$ 8,566	\$ 15,855
Increase related to prior year tax positions	1,167	304	189
Decrease related to prior year tax positions	-	(36)	(3,861)
Increase related to current year tax positions	1,473	482	-
Settlements	(98)	-	(289)
Lapse of statute of limitations	(1,896)	(2,773)	(3,328)
Gross amount of unrecognized tax benefits at end of year	\$ 7,189	\$ 6,543	\$ 8,566

The relevant statute of limitations for gross unrealized tax benefits totaling \$3.5 million could potentially expire during 2013.

Included in the balance of total unrecognized tax benefits at December 31, 2012 there were net potential benefits of \$7.2 million, which if recognized, would affect the effective rate on income tax from continuing operations. The balance of total unrecognized tax benefits at December 31, 2011 and December 31, 2010 included net potential benefits which, if recognized, would affect the effective rate of income tax from continuing operations of \$6.5 million and \$8.1 million respectively.

Interest and penalties recognized as a net benefit during the year ended December 31, 2012 amounted to \$0.1 million (2011: \$0.4million) and are included within the provision for income taxes. Total accrued interest and penalties as of December 31, 2012 and December 31, 2011 were \$1.1 million and \$1.2 million respectively and are included in the closing income tax liabilities at those dates.

Our major tax jurisdictions are the United States and Ireland. We may potentially be subjected to tax audits in all our major jurisdictions. In the United States tax periods open to audit include the years December 31, 2009, December 31, 2010, December 31, 2011 and December 31, 2012. In Ireland tax periods open to audit include the years ended December 31, 2008, December 31, 2009, December 31, 2010, December 31, 2011 and December 31, 2012. During such audits, local tax authorities may challenge the positions taken by us in tax returns.

#### 14. Restructuring and other items

Restructuring and other items recognized during the year ended December 31, 2012 comprise:

	December 31, 2012	Year Ended December 31, 2011 (in thousands)	December 31, 2010
Restructuring charges	\$ 4,525	9,817	-
Other items	1,111	-	-
Net charge	\$ 5,636	\$ 9,817	-

##### *Restructuring Charges*

Restructuring charges of \$4.5 million were recorded during year ended December 31, 2012 (inclusive of the release of \$0.1 million relating to the 2011 Restructuring Plans). During the year ended December 31, 2012 the Company completed a review of its operations to improve resource utilization throughout the business. This review resulted in the adoption of a restructuring plan, to include resource rationalizations in certain areas of the business and a re-organization of available office space at the Company's Philadelphia facility. A restructuring charge of \$4.6 million was recognized during the year ended December 31, 2012; \$3.4 million in respect of resource rationalizations and \$1.2 million in respect of lease termination and exit costs.

Details of the movement in this Restructuring Plan recognized during the year ended December 31, 2012 are as follows:

	Workforce Reductions	Office Consolidations (in thousands)	Total
Initial provision recognized	\$ 3,394	\$ 1,250	\$ 4,644
Cash payments	(3,030)	(824)	(3,854)
Foreign exchange movement	(4)	-	(4)
Provision at December 31, 2012	\$ 360	\$ 426	\$ 786

##### *Prior Period Restructuring Charges*

During the three months ended March 31, 2011 the Company commenced a review of its operations to improve resource utilization within the business and better align resources to current and future growth opportunities of the business. This review resulted in the adoption of an initial restructuring plan (the "Q1 2011 Plan"), which resulted in the closure of the Company's facility in Edinburgh, United Kingdom and resource rationalizations in certain of the more mature markets in which it operates. A restructuring charge of \$5.0 million was recognized in respect of this plan during the three months ended March 31, 2011, \$1.0 million in respect of lease termination and exit costs associated with the closure of the Edinburgh facility and \$4.0 million in respect of workforce reductions. \$3.5 million of costs recognized under the Q1 2011 Plan related to the clinical research segment, while \$1.5 million related to the central laboratory business.

During the three months ended September 30, 2011 the Company implemented a further restructuring plan (the "Q3 2011 Plan") which resulted in the relocation of the Company's facility in Maryland, USA; and further resource rationalizations. A restructuring charge of \$4.8 million was recognized in respect of this plan during the three months ended September 30, 2011, \$0.9 million in respect of lease termination and exit costs associated with the closure of the existing Maryland facility and \$3.9 million in respect of workforce reductions. All costs recognized under the Q3 2011 Plan related to the clinical research segment.



Details of the movement in the 2011 Restructuring Plans recognized during the years ended December 31, 2011 and December 31, 2012 are as follows:

	<b>Workforce Reductions</b>	<b>Office Consolidations (in thousands)</b>	<b>Total</b>
Q1 Plan - initial provision recognized	\$ 3,956	\$ 1,046	\$ 5,002
Q3 Plan - initial provision recognized	3,880	935	4,815
<b>Total provision recognized</b>	<b>\$ 7,836</b>	<b>\$ 1,981</b>	<b>\$ 9,817</b>
Cash payments	(5,438)	(251)	(5,689)
Property, plant and equipment write-off	-	(55)	(55)
Foreign exchange movement	(164)	(35)	(199)
<b>Provision at December 31, 2011</b>	<b>\$ 2,234</b>	<b>\$ 1,640</b>	<b>\$ 3,874</b>
Cash payments	(2,146)	(1,203)	(3,349)
Amounts released	(32)	(95)	(127)
Property, plant and equipment write-off	-	(263)	(263)
Foreign exchange movement	(20)	25	5
<b>Provision at December 31, 2012</b>	<b>\$ 36</b>	<b>\$ 104</b>	<b>\$ 140</b>

#### *Other Items*

On September 30, 2011 Mr. Peter Gray, retired as Chief Executive Officer (“CEO”) of the Company, in accordance with the provisions of his service agreement, which was terminable on twelve months notice by either party. On October 1, 2011 Mr. Gray was appointed Vice Chairman of the Board. On June 11, 2012 the Company entered into an agreement with Mr. Gray whereby Mr. Gray’s employment and directorship of ICON plc and other ICON group companies would terminate on July 19, 2012. Under the terms of this agreement Mr. Gray would be entitled to be paid €160,000 (\$200,000) in lieu of the balance of his notice period and to receive a discretionary bonus of €194,000 (\$243,000) in respect of 2012. In addition, under the agreement Mr. Gray’s unvested share options would vest on the date of termination of his employment. The Company has recognized a share-based compensation charge of \$738,000 in respect of these options during the year ended December 31, 2012, \$620,000 of which was recognized within restructuring and other non-recurring items during the three months ended June 30, 2012.

#### **15. Provision for Doubtful Debts**

The Company does business with most major international pharmaceutical companies. Provision for doubtful debts at December 31, 2012 comprises:

	<b>December 31, 2012</b>	<b>December 31, 2011</b>
	<b>(in thousands)</b>	
Opening provision	\$ 5,526	\$ 3,284
Amounts used during the year	(756)	(945)
Amounts provided during the year	382	4,190
Amounts released during the year	(105)	(1,003)
<b>Closing provision</b>	<b>\$ 5,047</b>	<b>\$ 5,526</b>

## 16. Commitments and Contingencies

### *Litigation*

The Company is not party to any litigation or other legal proceedings that the Company believes could reasonably be expected to have a material adverse effect on the Company's business, results of operations and financial condition.

### *Operating Leases*

The Company has several non-cancelable operating leases, primarily for facilities, that expire over the next 10 years. These leases generally contain renewal options and require the Company to pay all executory costs such as maintenance and insurance. The Company recognized \$52.5 million, \$52.2 million and \$46.0 million in rental expense for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 respectively. Future minimum rental commitments for operating leases with non-cancelable terms in excess of one year are as follows:

		<b>Minimum rental payments (in thousands)</b>
2013	\$	40,412
2014		31,252
2015		24,827
2016		20,474
2017		14,694
Thereafter		32,267
<b>Total</b>	<b>\$</b>	<b>163,926</b>

## 17. Business Segment Information

The Company is a contract research organization (“CRO”), providing outsourced development services on a global basis to the pharmaceutical, biotechnology and medical device industries. It specializes in the strategic development, management and analysis of programs that support all stages of the clinical development process - from compound selection to Phase I-IV clinical studies. The Company has the expertise and capability to conduct clinical trials in most major therapeutic areas on a global basis and has the operational flexibility to provide development services on a stand-alone basis or as part of an integrated “full service” solution. The Company has expanded predominately through internal growth, together with a number of strategic acquisitions to enhance its expertise and capabilities in certain areas of the clinical development process. The Company also provides laboratory services through its central laboratory business, which includes the Company’s central laboratories located in Dublin, New York, India, Singapore and China.

The Company determines and presents operating segments based on the information that is internally provided to the Chief Executive Officer and Chief Financial Officer, who together are considered the Company’s chief operating decision maker, in accordance with FASB ASC 280-10 *Disclosures about Segments of an Enterprises and Related Information*. The Company has determined that it has two reportable segments, its Clinical Research segment and Central Laboratory segment.

The Company's areas of operation outside of Ireland include the United States, United Kingdom, France, Germany, Italy, Spain, The Netherlands, Sweden, Finland, Denmark, Belgium, Switzerland, Poland, Czech Republic, Lithuania, Latvia, Russia, Ukraine, Hungary, Israel, Romania, Canada, Mexico, Brazil, Colombia, Argentina, Chile, Peru, India, China, South Korea, Japan, Thailand, Taiwan, Singapore, The Philippines, Australia, New Zealand, and South Africa.

Segment information as at December 31, 2012 and December 31, 2011 and for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 is as follows:

a) The distribution of net revenue by geographical area was as follows:

	<b>December 2012</b>	<b>Year ended December 2011</b>	<b>December 2010</b>
		<b>(in thousands)</b>	
Ireland	\$ 171,977	\$ 88,869	\$ 128,790
Rest of Europe	338,537	348,492	292,567
U.S.	471,700	393,957	381,196
Other	132,792	114,411	97,491
<b>Total</b>	<b>\$ 1,115,006</b>	<b>\$ 945,729</b>	<b>\$ 900,044</b>

b) The distribution of net revenue by business segment was as follows:

	<b>December 2012</b>	<b>Year ended December 2011</b>	<b>December 2010</b>
		<b>(in thousands)</b>	
Central laboratory	\$ 87,467	\$ 71,549	\$ 63,813
Clinical research	1,027,539	874,180	836,231
<b>Total</b>	<b>\$ 1,115,006</b>	<b>\$ 945,729</b>	<b>\$ 900,044</b>

c) The distribution of income from operations by geographical area was as follows:

	<b>December 2012 Excluding Restructuring and other items, net</b>	<b>Year ended December 2012 Restructuring and other items, net (in thousands)</b>	<b>December 2012 Including Restructuring and other items, net</b>
Ireland	\$ 11,733	\$ (2,074)	\$ 9,659
Rest of Europe	29,786	(546)	29,240
U.S.	23,687	(2,651)	21,036
Other	8,447	(365)	8,082
<b>Total</b>	<b>\$ 73,653</b>	<b>\$ (5,636)</b>	<b>\$ 68,017</b>

	<b>December 2011 Excluding Restructuring and other items, net</b>	<b>Year ended December 2011 Restructuring and other items, net (in thousands)</b>	<b>December 2011 Including Restructuring and other items, net</b>
Ireland	\$ (33,139)	\$ (1,564)	\$ (34,703)
Rest of Europe	35,175	(3,000)	32,175
U.S.	30,127	(5,253)	24,874
Other	7,097	-	7,097
<b>Total</b>	<b>\$ 39,260</b>	<b>\$ (9,817)</b>	<b>\$ 29,443</b>

	<b>December 2010 Excluding Restructuring and other items, net</b>	<b>Year ended December 2010 Restructuring and other items, net (in thousands)</b>	<b>December 2010 Including Restructuring and other items, net</b>
Ireland	\$ 36,636	-	\$ 36,636
Rest of Europe	24,212	-	24,212
U.S.	25,017	-	25,017
Other	6,230	-	6,230
<b>Total</b>	<b>\$ 92,095</b>	<b>-</b>	<b>\$ 92,095</b>

d) The distribution of income from operations by business segment was as follows:

	<b>December 2012 Excluding Restructuring and other items, net</b>	<b>Year ended December 2012 Restructuring and other items, net (in thousands)</b>	<b>December 2012 Including Restructuring and other items, net</b>
Central laboratory	\$ 4,059	\$ (158)	\$ 3,901
Clinical research	69,594	(5,478)	64,116
<b>Total</b>	<b>\$ 73,653</b>	<b>\$ (5,636)</b>	<b>\$ 68,017</b>

	<b>December 2011 Excluding Restructuring and other items, net</b>	<b>Year ended December 2011 Restructuring and other items, net (in thousands)</b>	<b>December 2011 Including Restructuring and other items, net</b>
Central laboratory	\$ (661)	\$ (1,545)	\$ (2,206)
Clinical research	39,921	(8,272)	31,649
<b>Total</b>	<b>\$ 39,260</b>	<b>\$ (9,817)</b>	<b>\$ 29,443</b>

	<b>December 2010 Excluding Restructuring and other items, net</b>	<b>Year ended December 2010 Restructuring and other items, net (in thousands)</b>	<b>December 2010 Including Restructuring and other items, net</b>
Central laboratory	\$ (12,759)	-	\$ (12,759)
Clinical research	104,854	-	104,854
<b>Total</b>	<b>\$ 92,095</b>	<b>-</b>	<b>\$ 92,095</b>

e) The distribution of property, plant and equipment, net, by geographical area was as follows:

	December 31, 2012	December 31, 2011
	(in thousands)	
Ireland	\$ 110,369	\$ 109,953
Rest of Europe	16,115	16,419
U.S.	32,400	33,086
Other	9,489	9,003
<b>Total</b>	<b>\$ 168,373</b>	<b>\$ 168,461</b>

f) The distribution of property, plant and equipment, net, by business segment was as follows:

	December 31, 2012	December 31, 2011
	(in thousands)	
Central laboratory	\$ 17,138	\$ 18,292
Clinical research	151,235	150,169
<b>Total</b>	<b>\$ 168,373</b>	<b>\$ 168,461</b>

g) The distribution of depreciation and amortization by geographical area was as follows:

	December 2012	Year ended December 2011	December 2010
	(in thousands)		
Ireland	\$ 17,885	\$ 15,192	\$ 11,840
Rest of Europe	7,211	7,057	5,543
U.S.	13,865	12,427	12,422
Other	3,862	4,006	4,068
<b>Total</b>	<b>\$ 42,823</b>	<b>\$ 38,682</b>	<b>\$ 33,873</b>

h) The distribution of depreciation and amortization by business segment was as follows:

	December 2012	Year ended December 2011	December 2010
	(in thousands)		
Central laboratory	\$ 4,142	\$ 3,721	\$ 4,888
Clinical research	38,681	34,961	28,985
<b>Total</b>	<b>\$ 42,823</b>	<b>\$ 38,682</b>	<b>\$ 33,873</b>

i) The distribution of total assets by geographical area was as follows:

	December 31, 2012	December 31, 2011
	(in thousands)	
Ireland	\$ 476,159	\$ 414,510
Rest of Europe	236,305	216,313
U.S.	437,756	355,577
Other	51,888	41,117
<b>Total</b>	<b>\$ 1,202,108</b>	<b>\$ 1,027,517</b>

j) The distribution of total assets by business segment was as follows:

	December 31, 2012	December 31, 2011
	(in thousands)	
Central laboratory	\$ 73,304	\$ 54,361
Clinical research	1,128,804	973,156
<b>Total</b>	<b>\$ 1,202,108</b>	<b>\$ 1,027,517</b>

k) The distribution of capital expenditures by geographical area was as follows:

	December 2012	Year ended December 2011	December 2010
	(in thousands)		
Ireland	\$ 12,406	\$ 16,987	\$ 16,095
Rest of Europe	2,506	4,795	5,869
U.S.	13,389	10,222	5,852
Other	4,725	4,001	3,777
<b>Total</b>	<b>\$ 33,026</b>	<b>\$ 36,005</b>	<b>\$ 31,593</b>

l) The distribution of capital expenditures by business segment was as follows:

	December 2012	Year ended December 2011	December 2010
	(in thousands)		
Central laboratory	\$ 2,375	\$ 1,449	\$ 3,991
Clinical research	30,651	34,556	27,602
<b>Total</b>	<b>\$ 33,026</b>	<b>\$ 36,005</b>	<b>\$ 31,593</b>

m) The following table sets forth the clients which represented 10% or more of the Company's net revenue in each of the periods set out below.

	December 2012	Year ended December 2011	December 2010
Client A	18%	*	*
Client B	12%	13%	*

\* Net revenue did not exceed 10%.

n) The distribution of interest income by geographical area was as follows:

	December 2012	Year ended December 2011 (in thousands)	December 2010
Ireland	\$ 464	\$ 762	\$ 1,277
Rest of Europe	661	364	406
U.S.	3	18	22
Other	23	50	56
<b>Total</b>	<b>\$ 1,151</b>	<b>\$ 1,194</b>	<b>\$ 1,761</b>

o) The distribution of interest income by business segment was as follows:

	December 2012	Year ended December 2011 (in thousands)	December 2010
Central laboratory	\$ 3	\$ 18	\$ 20
Clinical research	1,148	1,176	1,741
<b>Total</b>	<b>\$ 1,151</b>	<b>\$ 1,194</b>	<b>\$ 1,761</b>

p) The distribution of the tax charge by geographical area was as follows:

	December 2012	Year ended December 2011 (in thousands)	December 2010
Ireland	\$ 1,216	\$ (3,475)	\$ 5,310
Rest of Europe	3,298	657	(1,606)
U.S.	3,669	4,656	(593)
Other	3,618	4,277	2,542
<b>Total</b>	<b>\$ 11,801</b>	<b>\$ 6,115</b>	<b>\$ 5,653</b>



q) The distribution of the tax charge by business segment was as follows:

	December 2012	Year ended December 2011 (in thousands)	December 2010
Central laboratory	\$ (3,169)	\$ (175)	\$ (2,858)
Clinical research	14,970	6,290	8,511
<b>Total</b>	<b>\$ 11,801</b>	<b>\$ 6,115</b>	<b>\$ 5,653</b>

#### 18. Supplemental Disclosure of Cash Flow Information

	December 2012	Year ended December 2011 (in thousands)	December 2010
Non-cash interest on acquisition consideration payable*	\$ 940	\$ 743	\$ -
Cash paid for interest	\$ 602	\$ 388	\$ 833
Cash paid for income taxes	\$ 18,475	\$ 22,723	\$ 14,634

\* recorded within interest expense

#### 19. Accumulated Other Comprehensive Income

	December 31, 2012 (in thousands)	December 31, 2011
Currency translation adjustments	\$ 12,103	\$ 7,609
Currency impact on long term funding	(18,931)	(20,913)
Tax on currency impact on long term funding	1,184	1,540
Actuarial loss on defined benefit pension plan (note 9)	(3,371)	(4,060)
Unrealised capital gain/(loss) – investments (note 3)	239	(622)
<b>Total</b>	<b>\$ (8,776)</b>	<b>\$ (16,446)</b>

## 20. Impact of New Accounting Pronouncements

In July 2012, the FASB issued ASU No. 2012-02, Goodwill and Other (Topic 350): *Testing Indefinite-Lived Intangible Assets for Impairment*. ASU 2012-02 allows an organization to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test for indefinite-lived intangible assets. An organization that elects to perform a qualitative assessment is required to perform the quantitative test for indefinite-lived intangible asset if it is more likely than not that the asset is impaired. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Company does not expect the adoption of ASU 2012-02 to have a material impact on the financial statements.

In December 2011, the FASB issued ASU No. 2011-11, Balance Sheet (Topic 210): *Disclosures about Offsetting Assets and Liabilities*. ASU 2011-11 requires an entity to disclose information about offsetting and related arrangements to enable users of financial statements to understand the effect of those arrangements on its financial position, and to allow investors to better compare financial statements prepared under U.S. GAAP with financial statements prepared under International Financial Reporting Standards (IFRS). ASU 2011-11 is effective retrospectively for fiscal years beginning after January 1, 2013. The Company does not expect the adoption of ASU 2011-11 to have a material impact on the financial statements.

In September 2011, the FASB issued ASU No. 2011-08 Intangibles - Goodwill and Other (Topic 350): *Testing Goodwill for Impairment*. ASU 2011-08 permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If an entity concludes it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, it need not perform the two-step impairment test. ASU 2011-08 is effective for fiscal years beginning after December 15, 2011. The Company does not expect the adoption of ASU 2011-08 to have a material impact on the financial statements.

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income (Topic 220): *Presentation of Comprehensive Income*. ASU 2011-05 permits an entity to present the components of net income and comprehensive income in either one or two consecutive financial statements. The ASU eliminates the option in U.S. GAAP to present other comprehensive income in the statement of changes in equity. An entity should apply the ASU retrospectively. ASU 2011-05 is effective for fiscal years ending after December 15, 2012. In December 2011, the FASB decided to defer the effective date of those changes in ASU 2011-05 that relate only to the presentation of reclassification adjustments in the statement of income by issuing ASU 2011-12, Comprehensive Income (Topic 220): *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update 2011-05*. The Company does not expect the adoption of ASU 2011-05 to have a material impact on the financial statements.

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement (Topic 820): *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. ASU 2011-04 provides guidance about how fair value should be applied where it already is required or permitted under IFRS or U.S. GAAP. For U.S. GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS. ASU 2011-04 is effective prospectively for interim and annual periods beginning after December 15, 2011. The Company does not expect the adoption of ASU 2011-04 to have a material impact on the financial statements.

## 21. Related Parties

On July 19, 2012, Mr. Peter Gray retired as a Director and employee of the Company. The Company subsequently entered into an agreement with Integritum Limited, a company controlled by Mr. Gray, for the provision of consultancy services for a period of two years from August 1, 2012, at an agreed fee of €265,000 (\$350,000) per annum.

On December 31, 2009, Dr. John Climax retired as Chairman of the Board of the Company. From January 2010 he has held the position as an outside director of the Company. The Company entered into an agreement with Rotrua Limited, a company controlled by Dr. Climax for the provision of consultancy services for a period of three years from January 1, 2010, at an agreed fee of €262,500 (\$346,000) per annum. The consultancy agreement expired in December 2012. The agreement provided that the Company would provide during the term of the agreement permanent disability and life insurance coverage for Dr. Climax and medical insurance cover for himself and his dependants.

## 22. Subsequent Events

### *Acquisition of the Clinical Trial Services Division of Cross Country Healthcare, Inc.*

On February 15, 2013 the Company acquired the clinical trial services division of Cross Country Healthcare Inc. for an initial cash consideration of \$51.9 million. Further consideration of up to \$3.75 million may become payable if certain performance milestones are achieved during the period ended December 31, 2013. Cross Country Healthcare's Clinical Trial Services Division's services include contract staffing, permanent placement and functional service provision. The division also includes AKOS, a leading US and EU provider of pharmacovigilance and drug safety services. ClinForce and Assent will be combined with ICON's FSP division, DOCS, creating a leader in global resourcing and FSP, while AKOS will enhance the services offered by ICON's medical and safety services team.

The following table summarizes the Company's provisional estimates of the fair values of the assets acquired and the liabilities assumed:

	<b>February 15 2013 (in thousands)</b>
Property, plant and equipment	\$ 367
Cash and cash equivalents	939
Accounts receivable	11,614
Prepayments and other current assets	442
Income taxes receivable	2,646
Accounts payable	(306)
Other liabilities	(2,380)
Non-current other liabilities	(156)
<b>Total</b>	<b>\$ 13,166</b>

It is anticipated that goodwill arising from the acquisition of the clinical trial services division of Cross Country Healthcare Inc. will comprise an established workforce with experience in the clinical research industry, thereby allowing the Company to enhance its capabilities in global resourcing and FSP and also medical and safety services. Other intangible assets are expected to comprise of customer relationships.

**SIGNATURES**

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**ICON plc**

Date March 6, 2013

/s/ Brendan Brennan  
\_\_\_\_\_  
Brendan Brennan  
Chief Financial Officer

## INDEX TO EXHIBITS

Exhibit Number	Title
3.1*	Memorandum and Articles of Association of the Company (Amended as of December 17, 2012).
10.1*	Office Space Lease, dated November 20, 2012, between ICON Clinical Research SARL and MS Capitale SCI.
12.1*	Section 302 certifications.
12.2*	Section 906 certifications.
21.1	List of Subsidiaries (incorporated by reference to Item 4 of Form 20-F filed herewith).
23.1*	Consent of KPMG, Independent Registered Public Accounting Firm
101.1*	Interactive Data Files (XBRL – Related Documents)

\* Filed herewith

**COMPANIES ACTS, 1963 to 2012**

**PUBLIC LIMITED COMPANY**

**MEMORANDUM**

**- AND -**

**ARTICLES OF ASSOCIATION**

**-OF-**

**ICON PUBLIC LIMITED COMPANY**

(as amended by Special Resolutions up to  
and including 17 December 2012)

A&L Goodbody  
International Financial Services Centre  
North Wall Quay,  
Dublin 1

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**ICON PUBLIC LIMITED COMPANY**  
(as amended by Special Resolutions up to  
and including 19<sup>th</sup> July 2010)

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1. The name of the Company is Icon Public Limited Company.
  2. The Company is to be a public limited company.
  3. The objects for which the Company is established are:-
    - (1) To carry on the business of an investment holding company and for that purpose to subscribe for, take, purchase or otherwise acquire and hold either in the name of the Company or in that of any nominee shares, stocks, debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any company wherever incorporated or carrying on business and debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, dependent, municipal, local or otherwise in any part of the world generally to carry on business as an investment or holding company; and
      - (a) to acquire any such shares, stock, debentures, debenture stock, bonds, notes, obligations, or securities by public offer, original subscription, contract, tender, purchase, exchange, underwriting, participation in syndicates or otherwise, and whether or not fully paid up, and to subscribe for the same subject to such terms and conditions (if any) as may be thought fit and to hold, sell or otherwise and generally to sell exchange or otherwise dispose of deal with or turn to account any of the assets of the Company or any securities or investments of the Company acquired or agreed so to be and to invest in or to acquire by repurchase or otherwise any securities or investments of the kind before enumerated and to vary the securities and investments of the Company from time to time;
      - (b) to exercise and enforce all rights and powers conferred by or incidental to the ownership of any such shares, stock, obligations, or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof and to provide managerial and other executive supervisory or consultant services for, or in relation to, any company in which the Company is interested upon such terms as may be thought fit;
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- (c) to apply for, purchase or otherwise acquire and protect, prolong and renew in any part of the world, any patents, patent rights, brevets d'invention, licences, trade marks, technology and know-how, protections, concessions and the like, conferring any exclusive or non-exclusive or limited right to use, or any secret or other information as to any invention, process or privilege which may seem capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop, manufacture under or grant licences or privileges in respect thereof or otherwise turn to account the property, rights and information so acquired, and to carry on any business in any way connected therewith, and to expend money in experimenting upon and testing and in improving, or seeking to improve any patents, inventions or rights which the Company may acquire or propose to acquire; and
- (d) to do all or any of the above things in any part of the world and either as principals, agents, contractors, trustees or otherwise, and either by or through trustees, agents, sub-contractors or otherwise and either alone or in partnership or in conjunction with any person or company, and to contract for the carrying on of any operation connected with the Company's business by any person or company.

- (2) The carrying out of research in the fields of nutrition and metabolism and health with particular reference to the facts and problems appertaining to and effects of drugs, antibiotics, acids, alkalis, pharmaceutical, medicinal and chemical preparations, articles and compounds (whether of animal, vegetable or mineral origin), odours, liquids, foods, cosmetics, perfumes, pigments, oleaginous and vaporaceous substances and the effects of nutritional or metabolic status on pharmacokinetics, pharmacodynamics, bioavailability, bioequivalence and metabolism of drugs.
  - (3) The advancement in the knowledge of matters relating to the electromagnetics, radiation, ecology and environment and the pharmacologic effects of drugs, cosmetics, food substances, food additives and beverages.
  - (4) To make provision and afford facilities for the training of approved persons with a view to preparing them as research workers in pharmacology, nutrition and metabolism, to encourage original research and to promote and grant scholarships and to conduct examinations and grant certificates and diplomas to such persons as satisfy the conditions prescribed by the Company (but so that no such certificate or diploma shall convey any statement expressing or implying that it is granted by or under the authority of the Departments of Health, Education, or any Government Department or Authority).
  - (5) To carry on the business of data management and processing operations whether by automatic processing or otherwise and including but not limited to the collection, processing, keeping, use and disclosure of information in accordance with any applicable laws.
  - (6) To carry on any other business except the issuing of policies of insurance which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.
  - (7) As an object of the Company and as a pursuit in itself or otherwise and whether for the purpose of making a profit or avoiding a loss or for any other purpose whatsoever (whether or not the Company derives any benefit therefrom), to engage in currency exchange and interest rate transactions and any other financial or other transactions of whatever nature, including (without limiting the foregoing) any transaction for the purposes of, or capable of being for the purposes of, avoiding, reducing, minimising, hedging against or otherwise managing the risk of any loss, cost, expense or liability existing, or which may arise, directly or indirectly, from a change or changes in any interest rate or currency exchange rate or in the price or value of any property, asset, commodity, index or liability or from any other risk or factor, including but not limited to dealings, whether involving purchases, sales or otherwise, in foreign and Irish currency, spot and forward exchange rate contracts, forward rate agreements, caps, floors and collars, futures, options, swaps, and any other currency interest rate and other hedging arrangements and such other instruments as are similar to, or derivatives of, any of the foregoing.
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- (8) To invest any monies of the Company in such investments (including shares in the Company) and in such manner as may from time to time be determined and to hold, sell or deal with such investments and generally to purchase, take on lease or in exchange or otherwise acquire any real and personal property and rights or privileges.
  - (9) To acquire by purchase, exchange, lease, fee farm grant or otherwise either for an estate in fee simple or for any lesser estate or other estate or interest whether immediate or reversionary, and whether vested or contingent, any lands, tenements or hereditaments of any tenure, whether subject or not to any charges or encumbrances, and to hold, farm, work, manage, sell, let, alienate, mortgage or charge any lands, tenements or hereditaments, or any estates or interests therein, and any reversions, interests, annuities, life policies, and any other property, real or personal, movable or immovable either absolutely or conditionally and either subject or not to any mortgage, charge, annuity, ground rent or other rent or encumbrance and generally to purchase, take on, lease or in exchange or otherwise acquire any real or personal property of any nature, including choses in action and any rights or privileges of any nature.
  - (10) To develop and turn to account any land acquired by the Company or in which it is interested and in particular by laying out and preparing the same for building purposes, constructing, altering, pulling down, decorating, maintaining, fitting up and improving buildings and conveniences and by planting, paving, draining, farming, cultivating, letting on building lease or building agreement and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants and others.
  - (11) To establish and carry on and to promote the establishment and carrying on upon any property in which the Company has any interest of any business which may be conveniently carried on upon or in connection with such property and the establishment of which may seem calculated to enhance the value of the Company's interest in such property and to facilitate the disposal thereof.
  - (12) To acquire and undertake the whole or any part of the undertaking, business, property and liabilities of any person or company carrying on any business which the Company is authorised to carry on or which is capable of being conducted so as to benefit the Company directly or indirectly or which is possessed of assets suitable for the purposes of the Company.
  - (13) To lend money to such persons or companies either with or without security and upon such terms as may seem expedient and to guarantee the terms and provisions of any contracts or other obligations by any persons or companies and generally to give guarantees and indemnities for the obligations of any parties including the Company and whether or not the Company shall receive any consideration or other benefit for the same.
  - (14) To borrow or raise or secure the payment of money in such manner as the Company shall think fit and in particular by the issue of debentures or debenture stock, perpetual or otherwise or by mortgage charge or lien charged upon all or any of the Company's property, both present and future, including its uncalled capital, and to purchase, redeem or pay off any such securities and by a similar mortgage charge or lien to secure the obligations of the Company under any guarantee, indemnity, counter indemnity, negotiable instrument or other security instrument issued or given by the Company.
  - (15) To adopt such means of making known the Company and its products and services as may seem expedient.
  - (16) To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account or otherwise deal with all or any part of the property, undertaking, rights or assets of the Company and for such consideration as the Company might think fit. Generally to purchase, take on, lease or in exchange or otherwise acquire any real and personal property and rights or privileges.
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- (17) To guarantee, support or secure, whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company, or by both such methods, the performance of the obligations of and the repayment or payment of the principal amounts of and premiums, interest and dividends on any securities of any person, firm or company, including (without prejudice to the generality of the foregoing) any company which is for the time being the Company's holding company as defined by Section 155 of the Companies Act, 1963, or another subsidiary as defined by the said Section of the Company's holding company or otherwise associated with the Company in business and to grant indemnities of all kind whether with or without any such security as above mentioned.
- (18) To amalgamate with, merge with or otherwise become part of or associated with any other company or association in any manner permitted by law.
- (19) To enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint venture, reciprocal concession or otherwise with any person or company or engage in any business or transaction capable of being conducted so as directly or indirectly to benefit the Company.
- (20) To enter into any arrangement with any Government or authority supreme, municipal, local or otherwise that may seem conducive to the Company's objects or any of them and to obtain from any such government or authority, any rights, privileges and concessions which the Company may think it desirable to obtain, and to carry out exercise and comply with any such arrangements, rights, privileges and concessions.
- (21) To establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and to give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company or any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary, or who are or were at any time Directors or Officers of the Company or of any such other company, as aforesaid, or any person in whose welfare the Company or any such other company as aforesaid is or has been at any time interested and the wives, widows, families and dependants of any such persons, and also to establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interest and well being of the Company or of any other such company as aforesaid or of any such persons as aforesaid and to make payments for or towards the insurance of any such persons as aforesaid, and to subscribe or guarantee money for charitable, benevolent or political objects including the promotion of the arts and cultural artistic and literary matters generally or for any exhibition or for any public, general or useful object, and to do any of the matters aforesaid either alone or in conjunction with any such other company or other person as aforesaid.
- (22) To establish and maintain a share option scheme or share option schemes as the Company may from time to time determine for any persons who are in the employment or service of the company or any subsidiary of the Company or any company which is allied to or associated with the company or with any such subsidiary or any person who are directors or officers of the Company or of any such other company as aforesaid or any person acting as a consultant to the Company or any subsidiary of the Company or such other persons as the Company may from time to time determine.
- (23) To insure the life of any individual who may, in the opinion of the Company, be of value to the Company, as having or holding for the Company interest, goodwill, or influence or otherwise and to pay the premiums on such insurance.
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- (24) To promote any company or companies for the purpose of acquiring all or any of the property, assets and/or liabilities of the Company or for any other purpose which may seem directly or indirectly calculated to benefit the Company.
- (25) To remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital or any debentures, debenture stock or other securities of the Company, or in or about the formation or promotion of the Company or the conduct of its business.
- (26) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures, letters of credit and other negotiable or transferable instruments.
- (27) To undertake and execute any trusts the undertaking whereof may seem desirable, whether gratuitously or otherwise.
- (28) To sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures, or securities or any other company having objects in whole or in part similar to those of this Company.
- (29) To adopt such means of making known the products and business of the Company as may seem expedient and in particular by advertising in the press, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals, and by granting prizes, rewards, donations and other forms of sponsorship.
- (30) To obtain any provisional Order or Act of the Oireachtas or any licence certificate or other authority for enabling the Company to carry any of its objects into effect or for effecting any modification of the Company's constitution or for any other purpose which may seem expedient and to oppose any proceedings applications or intended legislation or regulation which may seem calculated directly or indirectly to prejudice the Company's interests.
- (31) To procure the Company to be registered or recognised in any country or place.
- (32) To promote freedom of contract and to resist, insure against, counteract and discourage interference therewith, to join any lawful federation, union or association, or do any other lawful act or thing with a view to preventing or resisting directly or indirectly any interruption of, or interference with the Company's or any other trade or business, or providing or safe-guarding against the same, or resisting or opposing any strike movement or organisation which may be thought detrimental to the interests of the Company or its employees and to subscribe to any association or fund for any such purposes.
- (33) To do all or any of the above things in any part of the world and either as principal, agent, contractor, trustee or otherwise, and either by or through trustees, agents, sub-contractors or otherwise and either alone or in partnership or in conjunction with any person or company and to contract for the carrying on of any operation connected with the Company's business by any person or company.
- (34) To distribute any of the property of the Company in specie among the members.
- (35) To do all such other things as the Company may think incidental or conducive to the attainment of the above objects or any of them.

NOTE A: The objects specified in each paragraph of this clause shall, except where otherwise expressed in such paragraph, be in no way limited or restricted by reference to, or interference from, the terms of any other paragraph.

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NOTE B: It is hereby declared that the word "company" in this clause (except where it refers to this Company) shall be deemed to include any partnership or other body of persons, whether or not incorporated and whether formed in Ireland or elsewhere.

4. The liability of the members is limited.

5. The share capital of the Company is €6,000,000 divided into 100,000,000 Ordinary Shares of €0.06 each.

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**COMPANIES ACTS, 1963 TO 2012**

**PUBLIC LIMITED COMPANY**

**ARTICLES OF ASSOCIATION**

**OF**

**ICON PUBLIC LIMITED COMPANY**

(As amended by Special Resolutions up to and including  
17 December 2012)

<b>Part I - Preliminary</b>	1.	Interpretation
<b>Part II - Share Capital and Rights</b>	2.	Share Capital
	3.	Rights of Shares on issue
	4.	Redeemable Shares
	5.	Variation of rights
	6.	Trusts not recognised
	7.	Disclosure of interests
	8.	Allotment of Shares
	9.	Payment of commission
	10.	Payment by instalments
<b>Part III - Share Certificates</b>	11.	Issue of certificates
	12.	Replacement of certificates
<b>Part IV - Lien on Shares</b>	13.	Extent of lien
	14.	Power of sale
	15.	Power to effect transfer
	16.	Proceeds of sale
	17.	Liability of the Company to make payment
<b>Part V - Calls on Shares and Forfeiture</b>	18.	Making of calls
	19.	Time of call
	20.	Liability of joint Holders
	21.	Interest on calls
	22.	Amounts treated as calls

---

	23.	Power to differentiate
	24.	Interest on moneys advanced
	25.	Notice requiring payment
	26.	Power of disposal
	27.	Effect of forfeiture
	28.	Statutory declaration
	29.	Non-Payment of sums due on Share issues
<b>Part VI - Conversion of Shares into Stock</b>	30.	Conversion of Shares into stock
	31.	Transfer of stock
	32.	Rights of stockholders
<b>Part VII - Transfer of Shares</b>	33.	Form of instrument of transfer
	34.	Execution of instrument of transfer
	35.	Refusal to register transfers
	36.	Procedure on refusal
	37.	Closing of transfer books
	38.	Absence of registration fees
	39.	Retention of transfer instruments
	40.	Renunciation of allotment
<b>Part IIX - Transmission of Shares</b>	41.	Death of member
	42.	Transmission on death or bankruptcy
	43.	Rights before registration
<b>Part IX - Alteration of Share Capital</b>	44.	Increase of capital
	45.	Consolidation, sub-division and cancellation of capital
	46.	Fractions on consolidation
	47.	Reduction of capital
	48.	Purchase of own Shares
<b>Part X - General Meetings</b>	49.	Annual general meetings
	50.	Extraordinary general meetings
	51.	Convening general meetings
	52.	Notice of general meetings
<b>Part XI - Proceedings at General Meetings</b>	53.	Quorum for general meetings
	54.	Special business
	55.	Chairman of general meetings

---

	56	Directors' and Auditors' right to attend general meetings
	57	Adjournment of general meetings
	58	Determination of resolutions
	59	Amendments to resolutions
	60	Entitlement to demand poll
	61	Taking of a poll
	62	Votes of members
	63	Chairman's casting vote
	64	Voting by joint Holders
	65	Voting by incapacitated Holders
	66	Default in payment of calls
	67	Restriction of voting and other rights
	68	Time for objection to voting
	69	Appointment of proxy
	70	Bodies corporate acting by representatives at meetings
	71	Deposit of proxy instruments
	72	Electronic proxy
	73	Effect of proxy appointments
	74	Effect of revocation of proxy or of an authorisation
<b>Part XII - Directors</b>	75	Number of Directors
	76	Share qualification
	77	Ordinary remuneration of Directors
	78	Special remuneration of Directors
	79	Expenses of Directors
<b>Part XIII - Powers of Directors</b>	80	Alternate Directors
	81	Directors' powers
	82	Power to delegate
	83	Appointment of attorneys
	84	Local management
	85	Borrowing powers
	86	Execution of negotiable instruments
	87	Provision for employees
<b>Part XIV - Appointment and Retirement of Directors</b>	88	Retirement by rotation
	89	Deemed reappointment

---

	90	Eligibility for appointment as a Director
	91	Appointment of additional Directors
<b>Part XV- Disqualification and Removal of Directors</b>	92	Disqualification of Directors
	93	Removal of Directors
<b>Part XVI - Directors' Offices and Interests</b>	94	Executive offices
	95	Disclosure of interests by Directors
	96	Directors' interests
	97	Restriction on Directors' voting
	98	Entitlement to grant pensions
<b>Part XVII - Proceedings of Directors</b>	99	Convening and regulation of Directors' meetings
	100	Quorum for Directors' meetings
	101	Voting at Directors' meetings
	102	Telecommunication meetings
	103	Chairman of the board of Directors
	104	Validity of acts of Directors
	105	Directors' resolutions or other documents in writing
<b>Part XIIX - The Secretary</b>	106	Appointment of Secretary
<b>Part XIX - The Seal</b>	107	Use of Seal
	108	Seal for use abroad
<b>Part XX - Dividends and Reserves</b>	109	Signature of sealed instruments
	110	Declaration of dividends
	111	Scrip dividends
	112	Interim and fixed dividends
	113	Payment of dividends
	114	Deductions from dividends
	115	Dividends in specie
	116	Payment of dividends by post
	117	Dividends not to bear interest
	118	Payment to Holders on a particular date
	119	Unclaimed dividends
	120	Reserves
<b>Part XXI - Accounts</b>	121	Accounts
<b>Part XXII - Capitalisation of Profits or Reserves</b>	122	Capitalisation of profits and reserves

---



	123	Capitalisation and use of non-distributable profits and reserves
	124	Implementation of capitalisation issues
<b>Part XXIIIV - Notices</b>	125	Notices in writing
	126	Service of notices and documents
	127	Notices to members
	128	Service on joint Holders
	129	Service on transfer or transmission of Shares
	130	Signature to notices
	131	Deemed receipt of notices
	132	Use of Electronic Communication
<b>Part XXIV - Winding up</b>	133	Distribution on winding up
	134	Distribution in specie
<b>Part XXV - Miscellaneous</b>	135	Minutes of meetings
	136	Inspection
	137	Secrecy
	138	Destruction of records
	139	Untraced Shareholders
	140	Register of Shareholders
	141	Indemnity

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**COMPANIES ACTS, 1963 TO 2012**

**PUBLIC LIMITED COMPANY**

**ARTICLES OF ASSOCIATION**

**OF**

**ICON PUBLIC LIMITED COMPANY**

**Part I - Preliminary**

**1. Interpretation**

- (a) The regulations contained in Table A in the First Schedule to the Companies Act, 1963 shall not apply to the Company.
- (b) In these Articles the following expressions shall have the following meanings:
- |                                 |  |
|---------------------------------|--|
| "the Acts"                      | the Companies Acts, 1963 to 2012 and every statutory modification or re-enactment thereof for the time being in effect;  |
| "the 1963 Act"                  | the Companies Act, 1963;   |
| "the 1983 Act"                  | the Companies (Amendment) Act, 1983;   |
| "the 1990 Act"                  | the Companies Act, 1990;   |
| "address"                       | includes any number or address used for the purposes of communication by way of electronic mail or other Electronic Communication;   |
| "Advanced Electronic Signature" | has the same meaning as under the Electronic Commerce Act, 2000 (as amended or supplemented from time to time);  |
| "these Articles"                | these articles of association as from time to time and for the time being in force;  |
| "Associated Company"            | any company which for the time being is a subsidiary or a holding company of the Company, is a subsidiary of a holding company of the Company or is a company in which the Company or any of such companies as aforesaid shall for the time being hold shares entitling the holder thereof to exercise at least one-fifth of the votes at any general meeting of such company (not being voting rights which arise only in specified circumstances); |
| "the Auditors"                  | the auditors for the time being of the Company;  |
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"the Board"	the board of Directors;
"Clear Days"	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect or is deemed to take effect;
"the Company"	the company whose name appears in the head of these Articles;
"the Directors"	the directors for the time being of the Company;
"Electronic Communication"	has the same meaning as under the Electronic Commerce Act, 2000 (as amended or supplemented from time to time) and "electronic" and "electronically" shall be construed accordingly.;
"Electronic Signature"	has the same meaning as under the Electronic Commerce Act, 2000 (as amended or supplemented from time to time);
"Euro" or "€"	shall mean the Euro, the lawful currency of the State;
"the Group"	the Company and its subsidiaries from time to time and for the time being;
"the Holder"	in relation to any Share, the Member whose name is entered in the Register as the holder of the Share;
"holding company"	in relation to a company, a company of which such company is a subsidiary;
"Interest"	means any interest whatsoever in Shares (of any size) which would be taken into account in deciding whether a notification to the Company would be required under Chapter 2 of Part IV of the 1990 Act;
"in writing"	written, printed, photographed or lithographed or visibly expressed in all or any of those or any other modes of representing or reproducing words provided that it shall not include writing in electronic form except as provided in these Articles and/or where it constitutes writing in electronic form sent to either the Company or a member of the Company, the Company or member of the Company has agreed to receipt in such form;
"Member"	a member of the Company as defined in Section 31 of the 1963 Act;
"Nasdaq"	the National Association of Securities Dealers Automated Quotation national market system;
"the Office"	the registered office for the time being of the Company;

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"Ordinary Shares"	ordinary shares of €0.06 each in the capital of the Company;
"Redeemable Shares"	means redeemable shares in accordance with section 206 of the 1990 Act;
"the Register"	the register of Members to be kept by the Company as required by the Acts;
"the Record Date"	a date and time specified by the Company for eligibility for voting at a general meeting which may not be more than 48 hours before the general meeting to which it relates (provided that Saturdays, Sundays and public holidays shall not be counted in the calculation of such 48 hour period);
"the Seal"	the common seal of the Company or (where relevant) the official securities seal kept by the Company pursuant to the Acts;
"the Secretary"	any person appointed to perform the duties of the Secretary of the Company;
"Shares"	means any Shares (whether issued or unissued) in the capital of the Company
"the State"	the Republic of Ireland;
"The Stock Exchanges"	NASDAQ and any other exchange on which Shares are listed from time to time;
"subsidiary"	a subsidiary within the meaning of Section 155 of the 1963 Act;
"the United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"warrants to subscribe"	means a warrant or certificate or similar document indicating the right of the registered holder thereof (other than under a share option scheme for employees) to subscribe for Shares in the Company.

- (c) Expressions in these Articles referring to writing shall be construed, unless the contrary intention appears, as including references to printing, lithography, photography and any other modes of representing or reproducing words in a visible form. Expressions in these Articles referring to execution of any document shall include any mode of execution whether under seal or under hand.
- (d) Unless specifically defined herein or the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Acts but excluding any statutory modification thereof not in force when these Articles become binding on the Company.
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- (e) The headings and captions included in these Articles are inserted for convenience of reference only and shall not be considered a part of or affect the construction or interpretation of these Articles.
- (f) References in these Articles to any enactment or any section or provision thereof shall mean such enactment, section or provision as the same may be amended and may be from time to time and for the time being in force.
- (g) In these Articles the masculine gender shall include the feminine and neuter, and vice versa, and the singular number shall include the plural and vice versa, and words importing persons shall include firms and companies.
- (h) References in these Articles to dollars or cents or \$ shall mean the currency for the time being of the United States of America.

## **Part II - Share Capital and Rights**

### **2. Share Capital**

The share capital of the Company is €6,000,000 divided into 100,000,000 Ordinary Shares of €0.06 each.

### **3. Rights of Shares on issue**

Without prejudice to any special rights previously conferred on the Holders of any existing Shares or class of Shares and subject to the provisions of the Acts, any Share may be issued with such rights or restrictions as the Company may by ordinary resolution determine.

### **4. Redeemable Shares**

Unless the Board of the Company elects to treat the acquisition as a purchase, an ordinary share shall be deemed to be a Redeemable Share on, and from the time of, the existence or creation of an agreement, transaction or trade between the Company (including any agent or broker acting on behalf of the Company) and any third party pursuant to which the Company acquires or will acquire ordinary shares, or an interest in ordinary shares, from the relevant third party. In these circumstances, the acquisition of such shares by the Company shall constitute the redemption of a Redeemable Share in accordance with Part XI of the 1990 Act.

### **5. Variation of rights**

- (a) Whenever the share capital is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the Holders of three-fourths in nominal amount of the issued Shares of that 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 either whilst the Company is a going concern or during or in contemplation of a winding-up. The quorum at any such separate general meeting, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one-third in nominal amount of the issued Shares of the class in question and the quorum at an adjourned meeting shall be one person holding Shares of the class in question or his proxy.
  - (b) The rights conferred upon the Holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by these Articles or the terms of the issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith or subordinate thereto.
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## 6. Trusts not recognised

Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not be bound by or be compelled in anyway to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or any interest in any fractional part of a Share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any Share except an absolute right to the entirety thereof in the Holder.

## 7. Disclosure of Interests

(a) For the purposes of this Article:-

*"Deemed Voting Concert Party Interest"* means an agreement or arrangement between two or more persons with respect to, or to the exercise of, voting rights attaching to Shares and which is likely to result in those rights being exercised so as to influence or to control the policy of the Company or the management of its affairs which the Directors have deemed to be a Deemed Voting Concert Party Interest for the purposes of this Article 7 and, where the Directors so resolve, each of the persons who is party to such agreement or arrangement shall be deemed (for the purposes of this Article 7) to be interested in all the Shares to which the voting rights in question are attached and, in this definition, references to an arrangement include references to an understanding or mutual expectation, whether formal or informal and whether or not legally binding.

*"Disclosure Notice"* means a notice served pursuant to Article 7(b) below;

*"Interest"* means an interest (of any size) in the Relevant Share Capital which would be taken into account in deciding whether a notification to the Company would be required under Chapter 2 of Part IV of the 1990 Act but shall for all purposes include (the *"Included Interests"*) (i) rights to subscribe for or convert into, or entitlements to acquire rights to subscribe for or convert into, shares which would on issue or conversion (as the case may be) be comprised in the Relevant Share Capital; (ii) the interests referred to in Section 78(1)(a), (c) and (g) of the 1990 Act except those of a bare or custodian trustee and of a simple trustee and (iii) any Deemed Voting Concert Party Interest; and *"interested"* shall be construed accordingly;

*"Relevant Share Capital"* means the relevant share capital of the Company (as that expression is defined in Section 67(2) of the 1990 Act);

*"Share"* means any share comprised in Relevant Share Capital.

(b) The Directors may by notice in writing require any Member, or other person appearing to be interested or to have been interested in Shares, to disclose to the Company in writing such information as the Directors shall require relating to the ownership of or any Interest in Shares as lies within the knowledge of such Member or other person (supported if the Directors so require by a statutory declaration and/or by independent evidence) including (without prejudice to the generality of the foregoing):-

(i) any information which the Company is entitled to seek pursuant to Section 81 of the 1990 Act.

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- (c) The Directors may give any number of Disclosure Notices pursuant to Article 7(b) above to the same Member or other person in respect of the same Shares.
- (d) The Directors may serve notice pursuant to the terms of this Article irrespective of whether or not the person on whom it shall be served may be dead, bankrupt, insolvent or otherwise incapacitated and no such incapacity or any unavailability of information or inconvenience or hardship in obtaining the same shall be a satisfactory reason for failure to comply with any such notice, provided that if the Directors in their absolute discretion think fit, they may waive compliance in whole or in part with any notice given under this Article in respect of a Share in any case of bona fide unavailability of information or genuine hardship or where they otherwise think fit but no such waiver shall prejudice or affect in any way any non-compliance not so waived whether by the person concerned or any other person appearing to the Directors to be interested in the Shares or by any person to whom a notice may be given at any time.
- (e) The provisions of Articles 125 to 132 inclusive shall apply to the service of notices required by this Article to be served.
- (f) Any resolution or determination of, or decision or exercise of any discretion or power by the Directors under or pursuant to the provisions of this Article shall be final and conclusive and things done by or on behalf of, or on the authority of, the Directors pursuant to the foregoing provisions of this Article shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to validity or otherwise on any ground whatsoever. The Directors shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Article.
- (g) The provisions of this Article are in addition to, and do not limit, any other right or power of the Company or the Directors, including any right vested in the Company or the Directors by the Acts.

## **8. Allotment of Shares**

- (a) The unissued Shares shall be at the disposal of the Directors and (subject to the provisions of these Articles and the Acts) they may allot, grant options over, deal with or otherwise dispose (with or without conferring a right of renunciation) of them on such terms and conditions and at such times as they may consider to be in the best interests of the Company and the Members but so that no Share shall be issued at a discount and so that, unless otherwise permitted under the Acts, where Shares are to be allotted and issued, the amount payable on application on each Share shall not be less than one-quarter of the nominal amount of the Share and the whole of any premium payable thereon.
  - (b) Without prejudice to the generality of the powers conferred on the Directors by the other provisions of this Article, the Directors may grant from time to time options to subscribe for unallotted Shares in the capital of the Company to persons in the service or employment of or Directors of the Company or any subsidiary of the Company on such terms and subject to such conditions as may be approved from time to time by the Directors or any committee thereof appointed by the Directors for the purpose of such approval.
  - (c) The Company may issue warrants to subscribe (by whatever name they are called) to any person to whom the Company has granted the right to subscribe for Shares in the Company (other than under a share option scheme for employees) certifying the right of the registered holder thereof to subscribe for Shares in the Company upon such terms and conditions as those upon which the right may have been granted.
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## **9. Payment of commission**

The Company may exercise the powers of paying commissions conferred or permitted by the Acts. Subject to the provisions of the Acts, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid Shares or partly in one way and partly in the other. On any issue of Shares the Company may also pay such brokerage as may be lawful.

## **10. Payment by instalments**

If by the conditions of allotment of any Share the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment when due shall be paid to the Company by the person who for the time being shall be the Holder of the Share.

## **Part III - Share Certificates**

### **11. Certificates for Shares**

Every Member shall be entitled without payment to receive one certificate for all the Shares of each class held by him or several certificates each for one or more of his Shares upon payment for every certificate after the first of such reasonable out of pocket expenses as the Directors may determine provided that the Company shall not be bound to issue more than one certificate for Shares held jointly by several persons and delivery of a certificate to one joint Holder shall be a sufficient delivery to all of them. The Company shall not be bound to register more than four persons as joint Holders of any Share (except in the case of executors or trustees of a deceased Member). Every certificate shall be sealed with the Seal and shall specify the number, class and distinguishing number (if any) of the Shares to which it relates and the amount or respective amounts paid up thereon. The Board may determine, either generally or in a particular case, that any signature on certificates for shares (or certificates or agreements or other documents evidencing the issue by the Company of awards under any share option, share incentive or other form of employee benefit plans adopted by the Company from time to time) need not be autographic but may be affixed to such certificates, agreements or other documents by some mechanical means or may be facsimiles printed on such certificates, agreements or other documents.

Where some only of the Shares comprised in a share certificate are transferred the old certificate shall be cancelled and the new certificate for the balance of such Shares shall be issued in lieu without charge.

Any two or more certificates representing Shares of any one class held by any Member at his request may be cancelled and a single new certificate for such Shares issued in lieu, without charge unless the Directors otherwise determine. If any Member shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more Share certificates representing such Shares in such proportions as he may specify, the Directors may comply, if they think fit, with such request, subject to the payment by him of such charge as may be determined by the Directors.

### **12. Replacement of certificates**

If a share certificate is defaced, worn out, lost, stolen or destroyed, it may be replaced on such terms (if any) as to evidence and indemnity and payment of any exceptional expenses incurred by the Company as the Directors may determine but otherwise free of charge, and (in the case of defacement or wearing out) on delivery up of the old certificate.

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## **Part IV - Lien on Shares**

### **13. Extent of lien**

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) payable at a fixed time or called in respect of that Share. The Directors, at any time, may declare any Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share shall extend to all moneys payable in respect of it.

### **14. Power of sale**

The Company may sell in such manner as the Directors determine any Share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen Clear Days after notice demanding payment, and stating that if the notice is not complied with the Shares may be sold, has been given to the Holder of the Share or to the person entitled to it by reason of the death or bankruptcy of the Holder.

### **15. Power to effect transfer**

To give effect to a sale the Directors may take such steps as the Directors consider are necessary or desirable in order to effect such sale and, for this purpose, may authorise some person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser. The transferee shall be entered in the Register as the Holder of the Shares comprised in any such transfer and he shall not be bound to see to the application of the purchase moneys nor shall his title to the Shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale, and after the name of the transferee has been entered in the Register, the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

### **16. Proceeds of sale**

The net proceeds of the sale, after payment of the costs relating thereto, shall be applied in payment of so much of the sum for which the lien exists as is presently payable and any residue (upon surrender to the Company for cancellation of the certificate for the Shares sold or an indemnity in a form which is satisfactory to the Directors and subject to a like lien for any moneys not presently payable as existed upon the Shares before the sale) shall be paid to the person entitled to the Shares at the date of the sale.

### **17. Liability of the Company to make payment**

Whenever any law for the time being of any country, state or place imposes or purports to impose any immediate or future or possible liability upon the Company (or any subsidiary of the Company) to make any payment or empowers any government or taxing authority or government official to require the Company to make any payment in respect of any Shares registered in the Register as held either jointly or solely by any Members or in respect of any dividends, bonuses or other monies due or payable or accruing due or which may become due or payable to such Member by the Company on or in respect of any Shares registered as mentioned above or for or on account or in respect of any Member and whether in consequence of:

- a) the death of such Member;
  - b) the non-payment of any income tax or other tax by such Member;
-

- c) the non-payment of any estate, probate, succession, death, stamp or other duty by the executor or administrator of such Member or by or out of her estate; or
- d) any other act or thing;

in every such case:

- a) the Company shall be fully indemnified by such Member or her executor or administrator from all liability;
- b) the Company shall have a lien upon all dividends and other monies payable in respect of the Shares registered in the Register as held either jointly or solely by such Member for all monies paid or payable by the Company as referred to above in respect of such Shares or in respect of any dividends or other monies thereon or for or on account or in respect of such Member under or in consequence of any such law, together with interest at the rate of 15% per annum (or such other rate as the Board may determine) thereon from the date of payment to date of repayment, and the Company may deduct or set off against such dividends or other monies so payable any monies paid or payable by the Company as referred to above together with interest at the same rate;
- c) the Company may recover as a debt due from such Member or her executor or administrator (wherever constituted) any monies paid by the Company under or in consequence of any such law and interest thereon at the rate and for the period referred to above in excess of any dividends or other monies then due or payable by the Company; and
- d) the Company may if any such money is paid or payable by it under any such law as referred to above refuse to register a transfer of any Shares by any such Member or her executor or administrator until such money and interest is set off or deducted as referred to above or in the case that it exceeds the amount of any such dividends or other monies then due or payable by the Company, until such excess is paid to the Company.

Subject to the rights conferred upon the holders of any class of Shares, nothing in this Article 17 will prejudice or affect any right or remedy which any law may confer or purport to confer on the Company. As between the Company and every such Member as referred to above (and, her executor, administrator and estate, wherever constituted), any right or remedy which such law shall confer or purport to confer on the Company shall be enforceable by the Company.

## **Part V - Calls on Shares and Forfeiture**

### **18. Making of calls**

Subject to the terms of allotment, the Directors may make calls upon the Members in respect of any moneys unpaid on their Shares and each Member (subject to receiving at least fourteen Clear Days' notice specifying when and where payment is to be made) shall pay to the Company as required by the notice the amount called on his Shares. A call may be required to be paid by instalments. A call may be revoked before receipt by the Company of a sum due thereunder, in whole or in part, and payment of a call may be postponed in whole or in part. A person upon whom a call is made shall remain liable for such call notwithstanding the subsequent transfer of the Shares in respect of which the call was made.

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**19. Time of call**

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

**20. Liability of joint Holders**

The joint Holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

**21. Interest on calls**

If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due until it is paid at the rate fixed by the terms of allotment of the Share or in the notice of the call but the Directors may waive payment of the interest wholly or in part.

**22. Amounts treated as calls**

An amount payable in respect of a Share on allotment or at any fixed date, whether in respect of nominal value or by way of premium, shall be deemed to be a call and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.

**23. Power to differentiate**

Subject to the terms of allotment, the Directors may make arrangements on the issue of Shares for different terms to apply as between the Holders in relation to the amounts and times of payment of calls on their Shares.

**24. Interest on moneys advanced**

The Directors, if they think fit, may receive from any Member willing to advance same all or any part of the moneys uncalled and unpaid upon any Shares held by him, and upon all or any of the moneys so advanced may pay (until the same would, but for such advance, become payable) interest at such rate, not exceeding (unless the Company in general meeting otherwise directs) 15 per cent. per annum, as may be agreed upon between the Directors and the Member paying such sum in advance.

**25. Notice requiring payment**

- (a) If a Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors, at any time thereafter during such times as any part of the call or instalment remains unpaid, may serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued.
  - (b) The notice shall name a further day (not earlier than the expiration of fourteen Clear Days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the Shares in respect of which the call was made will be liable to be forfeited.
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- (c) If the requirements of any such notice as aforesaid are not complied with then, at any time thereafter before the payment required by the notice has been made, any Shares in respect of which the notice has been given may be forfeited by a resolution of the Directors to that effect. The forfeiture shall include all dividends or other moneys payable in respect of the forfeited Shares and not paid before forfeiture. The Directors may accept a surrender of any Share liable to be forfeited hereunder.
- (d) On the trial or hearing of any action for the recovery of any money due for any call it shall be sufficient to prove that the name of the Member sued is entered in the Register as the Holder, or one of the Holders, of the Shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the Member sued, in accordance with these Articles, and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

**26. Power of disposal**

A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale or disposal the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal such a Share is to be transferred to any person, the Directors may take such steps as the Directors consider are necessary or desirable in order to effect such sale and, for this purpose, may authorise some person to execute an instrument of transfer of the Share to that person. The Company may receive the consideration, if any, given for the Share on any sale or disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of and thereupon he shall be registered as the Holder of the Share and shall not be bound to see to the application of the purchase moneys, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share and after the name of the transferee has been entered in the Register the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

**27. Effect of forfeiture**

A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but nevertheless shall remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the Shares, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the Shares.

**28. Statutory declaration**

A statutory declaration that the declarant is a Director or the Secretary of the Company, and that a Share in the Company has been duly forfeited on the date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

**29. Non-payment of sums due on Share issues**

The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

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## **Part VI - Conversion of Shares into Stock**

### **30. Conversion of Shares into stock**

The Company by ordinary resolution may convert any paid up Shares into stock and reconvert any stock into paid up Shares of any denomination.

### **31. Transfer of stock**

The holders of stock may transfer the same or any part thereof, in the same manner, and subject to the same regulations, as and subject to which the Shares from which the stock arose might have been transferred before conversion, or as near thereto as circumstances admit; and the Directors may fix from time to time the minimum amount of stock transferable but so that such minimum shall not exceed the nominal amount of each Share from which the stock arose.

### **32. Rights of stockholders**

- (a) The holders of stock shall have, according to the amount of stock held by them, the same rights, privileges and advantages in relation to dividends, voting at meetings of the Company and other matters as if they held the Shares from which the stock arose, but no such right, privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which, if existing in Shares, would not have conferred that right, privilege or advantage.
- (b) Such of these Articles as are applicable to paid up Shares shall apply to stock, and the words "Share" and "Shareholder" therein shall include "stock" and "stockholder".

## **Part VII - Transfer of Shares**

### **33. Form of instrument of transfer**

Subject to such of the restrictions of these Articles and to such of the conditions of issue or transfer as may be applicable, the Shares of any Member may be transferred by instrument in writing (including writing in electronic form) in such form as the Board may approve from time to time.

### **34. Execution of instrument of transfer**

- i) The instrument of transfer of any Share shall be in writing and shall be executed with a manual signature or facsimile signature (which may be machine imprinted or otherwise). The instrument of transfer need not be signed by the transferee.
  - ii) In the case of transfers to Cede & Co (or any other affiliate or nominee of Depository Trust Company) the instrument of transfer shall not be effective until executed by:
    - (1) the Secretary (or such person as may be nominated by the Secretary for this purpose) on behalf of the Company; and
    - (2) by the transferor or alternatively by or on behalf of the transferor by the Secretary (or such person as may be nominated by the Secretary for this purpose) on behalf of the Company, and the Company shall be deemed to have been irrevocably appointed agent for the transferor of such Share or Shares with full power to execute, complete and deliver in the name of and on behalf of the transferor of such Share or Shares all such transfers of Shares held by the Members in the share capital of the Company.
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Any document which records the name of the transferor, the name of the transferee, the class and number of Shares agreed to be transferred, the date of the agreement to transfer Shares, shall, once executed in accordance with this clause, be deemed to be a proper instrument of transfer for the purposes of section 81 of the 1963 Act.

- iii) In the case of transfers other than those to Cede & Co (or any other affiliate or nominee of Depositary Trust Company), the instrument of transfer of any Share shall be executed by the transferor or alternatively for and on behalf of the transferor by the Secretary (or such person as may be nominated by the Secretary for this purpose) on behalf of the Company, and the Company shall be deemed to have been irrevocably appointed agent for the transferor of such Share or Shares with full power to execute, complete and deliver in the name of and on behalf of the transferor of such Share or Shares all such transfers of Shares held by the Members in the share capital of the Company. Any document which records the name of the transferor, the name of the transferee, the class and number of Shares agreed to be transferred, the date of the agreement to transfer Shares, shall, once executed in accordance with this clause, be deemed to be a proper instrument of transfer for the purposes of section 81 of the 1963 Act.
- iv) The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered on the Register in respect thereof, and neither the title of the transferee nor the title of the transferor shall be affected by any irregularity or invalidity in the proceedings in reference to the sale should the Directors so determine.
- v) The Company, at its absolute discretion and insofar as the Companies Acts or any other applicable law permits, may, or may procure that a subsidiary of the Company shall, pay Irish stamp duty arising on a transfer of Shares on behalf of the transferee of such Shares of the Company. If stamp duty resulting from the transfer of Shares in the Company which would otherwise be payable by the transferee is paid by the Company or any subsidiary of the Company on behalf of the transferee, then in those circumstances, the Company shall be entitled to (i) seek reimbursement of the stamp duty from the transferee, (ii) set-off the stamp duty against any dividends payable to the transferee of those Shares and (iii) to claim a first and permanent lien on the Shares on which stamp duty for the amount of stamp duty paid.
- vi) Upon every transfer of Shares the certificate (if any) held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, a new certificate may be issued without charge to the transferee in respect of the Shares transferred to them, and if any of the Shares included in the certificate so given up shall be retained by the transferor, a new certificate in respect thereof may be issued to them without charge. The Company shall also retain the instrument(s) of transfer.

### **35. Refusal to register transfers**

- (a) The Directors in their absolute discretion and without assigning any reason therefor may decline to register any transfer of a Share which is not fully paid save and however, that in the case of such a Share which is admitted to listing on any of The Stock Exchanges such restriction shall not operate so as to prevent dealings in such a Share of the Company from taking place on an open and proper basis.
  - (b) The Directors shall not register any person as a Holder of any Share in the Company (other than an allottee under an issue of Shares by way of capitalisation of profits or reserves made pursuant to these Articles unless such person has furnished to the Directors a declaration (in such form as the Directors may from time to time prescribe) signed by him or on his behalf (or, in the case of a corporation, sealed by the corporation or signed on its behalf by an attorney or duly authorised officer of the corporation), together with such evidence as the Directors may require of the authority of any signatory on behalf of such person, stating (i) the name and nationality of any person who has an Interest in any such Share and (if such declaration or the Directors so require) the nature and extent of the Interest of each such person or (ii) such other information as the Directors may from time to time determine. The Directors shall in any case where they may consider it appropriate require such person to provide such evidence or give such information as to the matters referred to in the declaration as they think fit. The Directors shall decline to register any person as a Holder of a Share if such further evidence or information is not provided or given. The Directors shall, so long as they act reasonably and in good faith, be under no liability to the Company or to any other person if they register any person as the Holder of a Share on the basis of a declaration or other evidence or information provided pursuant to this Article which declaration, evidence or information appears on its face to be correct.
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- (c) The Directors may decline to recognise any instrument of transfer unless:-
- (i) the instrument of transfer is fully and properly completed and is accompanied by the certificate of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
  - (ii) the instrument of transfer is in respect of one class of Share only;
  - (iii) it is lodged at the Office or at such other place as the Directors may appoint;
  - (iv) a registration statement under the Securities Act of 1933 of the United States of America is in effect with respect to such transfer or such transfer is exempt from registration and, if requested by the Board, a written opinion from counsel reasonably acceptable to the Board is obtained to the effect that such transfer is exempt from registration;
  - (iv) the instrument of transfer is properly stamped (in circumstances where stamping is required);
  - (v) in the case of a transfer to joint holders, the number of joint holders to which the Share is to be transferred does not exceed four;
  - (vi) it is satisfied, acting reasonably, that all applicable consents, authorisations, permissions or approvals of any governmental body or agency in Ireland or any other applicable jurisdiction required to be obtained under relevant law prior to such transfer have been obtained;
  - (vii) it is satisfied, acting reasonably, that the transfer would not violate the terms of any agreement to which the Company (or any of its subsidiaries) and the transferor are party or subject; and
  - (viii) the transfer would not bring the number of Members below seven (7).
- (d) The Company shall not be obligated to make any transfer to an infant or to a person in respect of whom an order has been made by a competent court or official on the grounds that she is or may be suffering from mental disorder or is otherwise incapable of managing her affairs or under other legal disability.
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**36. Procedure on refusal**

If the Directors refuse to register a transfer then, within two months after the date on which the transfer was lodged with the Company, they shall send to each of the transferor and the transferee notice of the refusal.

**37. Closing of transfer books**

The registration of transfers of Shares either generally or in respect of any class of Shares may be suspended at such times and for such periods (not exceeding thirty days in each year) as the Directors may determine.

**38. Absence of registration fees**

No fee shall be charged for the registration of any instrument of transfer or other document or instructions relating to or affecting the title to any Share

**39. Retention of transfer instruments**

The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

**40. Renunciation of allotment**

Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any Shares by the allottee in favour of some other person.

**Part IIX- Transmission of Shares**

**41. Death of Member**

If a Member dies the survivor or survivors where he was a joint Holder, and his personal representatives where he was a sole Holder or the only survivor of joint Holders, shall be the only persons recognised by the Company as having any title to his interest in the Shares; but nothing herein contained shall release the estate of a deceased Member from any liability in respect of any Share which had been jointly held by him.

**42. Transmission on death or bankruptcy**

A person becoming entitled to a Share in consequence of the death or bankruptcy of a Member may elect, upon such evidence being produced as the Directors may properly require, either to become the Holder of the Share or to have some person nominated by him registered as the transferee. If he elects to become the Holder he shall give notice to the Company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the Share to that person. All of the provisions of these Articles relating to the transfer of Shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the Member and the death or bankruptcy of the Member had not occurred.

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#### **43. Rights before registration**

A person becoming entitled to a Share by reason of the death or bankruptcy of a Member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the Share) shall (notwithstanding that he is not entered on the Register as the holder of the Share) have the rights to which he would be entitled if he were the Holder of the Share, except that, before being registered as the Holder of the Share, he shall not be entitled in respect of it to attend or vote at any meeting of the Company or at any separate meeting of the Holders of any class of Shares in the Company, so, however, that the Directors, at any time, may give notice requiring any such person to elect either to be registered himself or to transfer the Share and, if the notice is not complied with within ninety days, the Directors thereupon may withhold payment of all dividends, bonuses or other moneys payable in respect of the Share until the requirements of the notice have been complied with.

### **Part IX - Alteration of Share Capital**

#### **44. Increase of capital**

- a) The Company from time to time by ordinary resolution may increase the share capital by such sum, to be divided into Shares of such amount, as the resolution shall prescribe.
- b) Subject to the provisions of the Acts, the new Shares shall be issued to such persons, upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and, if no direction be given, as the Directors shall determine and in particular such Shares may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company and with a special, or without any, right of voting.
- c) Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new Shares shall be considered part of the pre-existing ordinary capital and shall be subject to the provisions herein contained with reference to calls and instalments, transfer and transmission, forfeiture, lien and otherwise.

#### **45. Consolidation, sub-division and cancellation of capital**

The Company, by ordinary resolution, may:-

- a) consolidate and divide all or any of its share capital into Shares of larger amount;
  - b) subject to the provisions of the Acts, subdivide its Shares, or any of them, into Shares of smaller amount, so however that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived (and so that the resolution whereby any Share is sub-divided may determine that, as between the Holders of the Shares resulting from such sub-division, one or more of the Shares may have, as compared with the others, any such preferred, deferred or other rights or be subject to any such restrictions as the Company has power to attach to unissued or new Shares); or
  - c) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital by the amount of the Shares so cancelled.
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#### **46. Fractions on consolidation**

Subject to the provisions of these Articles, whenever as a result of a consolidation of Shares any Members would become entitled to fractions of a Share, the Directors may sell, on behalf of those Members, the Shares representing the fraction for the best price reasonably obtainable to any person and distribute the proceeds of sale in due proportion among those Members, and the Directors may take such steps as the Directors consider are necessary or desirable in order to effect such sale and, for this purpose, may authorise any person to execute an instrument of transfer of the Shares to, or in accordance with the directions of, the purchaser. The transferee 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 in reference to the sale.

#### **47. Reduction of capital**

The Company, by special resolution, may reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by law.

#### **48. Purchase of own Shares**

Subject to the provisions of Part XI of the 1990 Act and the other provisions of this Article 48, the Company may:

- i) pursuant to section 207 of the 1990 Act, issue any Shares of the Company which are to be redeemed or are liable to be redeemed at the option of the Company or the Member on such terms and in such manner as may be determined by the Company in general meeting (by Special Resolution) on the recommendation of the Directors;
- ii) redeem Shares of the Company on such terms as may be contained in, or be determined pursuant to the provisions of, these Articles. Subject as aforesaid, the Company may cancel any Shares so redeemed or may hold them as treasury shares and re-issue such treasury shares as Shares of any class or classes or cancel them;
- iii) subject to or in accordance with the provisions of the Companies Acts and without prejudice to any relevant special rights attached to any class of Shares, pursuant to section 211 of the 1990 Act, purchase any of its own Shares (including any Redeemable Shares and without any obligation to purchase on any pro rata basis as between Members or Members of the same class) whether in the market, by tender or by private arrangement at such prices and otherwise on such terms and conditions as the Board may from time to time determine and may cancel any shares so purchased or hold them as treasury (as defined by section 209 of the 1990 Act) and may reissue any such shares as shares of any class or classes or cancel them; or
- iv) pursuant to section 210 of the 1990 Act, convert any of its Shares into Redeemable Shares provided that the total number of Shares which shall be redeemable pursuant to this authority shall not exceed the limit in section 210(4) of the 1990 Act.

The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Companies Acts.

The holder of the Shares being purchased shall be bound to deliver up to the Company at its registered office or such other place as the Board shall specify, the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to her the purchase or redemption monies or consideration in respect thereof.

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## **Part X- General Meetings**

### **49. Annual general meetings**

The Company shall hold in each year a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notices calling it. Not more than fifteen months shall elapse between the date of one annual general meeting and that of the next.

### **50. Extraordinary general meetings**

All general meetings other than annual general meetings shall be called extraordinary general meetings.

### **51. Convening general meetings**

The Directors may convene general meetings. Extraordinary general meetings may also be convened by the Directors on such requisition, or in the event of default by the Directors may be convened by such requisitionists and in such manner, as may be provided by the Acts. If at any time there are not within the State sufficient Directors capable of acting to form a quorum, any Director or any two Members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which general meetings may be convened by the Directors.

### **52. Notice of general meetings**

- a) Subject to the provisions of the Acts allowing a general meeting to be called by shorter notice, an annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least twenty-one Clear Days' notice and all other extraordinary general meetings shall be called by at least fourteen Clear Days' notice.
  - b) Any notice convening a general meeting shall specify the time and place of the meeting and, in the case of special business, the general nature of that business and, in reasonable prominence, that a Member entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his place and that a proxy need not be a Member of the Company. It shall also give particulars of any Directors who are to retire by rotation or otherwise at the meeting and of any persons who are recommended by the Directors for appointment or re- appointment as Directors at the meeting, or in respect of whom notice has been duly given to the Company of the intention to propose them for appointment or re-appointment as Directors at the meeting. Subject to any restrictions imposed on any Shares, the notice shall be given to all the Members and to the Directors and the Auditors.
  - c) The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.
  - d) Where, by any provision contained in the Acts, extended notice is required of a resolution, the resolution shall not be effective (except where the Directors of the Company have resolved to submit it) unless notice of the intention to move it has been given to the Company not less than such number of days as the Acts permit before the meeting at which it is moved, and the Company shall give to the Members notice of any such resolution as required by and in accordance with the provisions of the Acts.
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- e) The Directors may, for the purpose of controlling the level of attendance at any place specified for the holding of a general meeting, from time to time make such arrangements whether involving the issue of tickets (on a basis intended to afford to all Members otherwise entitled to attend such meeting an equal opportunity of being admitted to the meeting) or the imposition of some random means of selection or otherwise as they shall in their absolute discretion consider to be appropriate, and may from time to time vary any such arrangements or make new arrangements in place therefor and the entitlement of any Member or proxy to attend a general meeting at such place shall be subject to any such arrangements as may be for the time being in force and by the notice of meeting stated to apply to that meeting. In the case of any general meeting to which such arrangements apply the Directors shall, and in the case of any other general meeting the Directors may, when specifying the place of the general meeting, direct that the meeting shall be held at a place specified in the notice at which the chairman of the meeting shall preside ("the Principal Place") and make arrangements for simultaneous attendance and participation at other places by members otherwise entitled to attend the general meeting but excluded therefrom under the provisions of this Article or who wish to attend at any of such other places provided that persons attending at the Principal Place and at any of such other places shall be able to see and hear and be seen and heard by persons attending at the Principal Place and at such other places. Such arrangements for simultaneous attendance may include arrangements for controlling the level of attendance in any manner aforesaid at such other places provided that they shall operate so that any such excluded members as aforesaid are able to attend at one of such other places. For the purposes of all other provisions of these Articles any such meeting shall be treated as being held and taking place at the Principal Place.

## **Part XI - Proceedings at General Meetings**

### **53. Quorum for general meetings**

- a) No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as provided in relation to an adjourned meeting, three Members, present in person or by proxy, entitled to vote upon the business to be transacted, shall be a quorum.
- b) If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such time and place as the Directors may determine. If at the adjourned meeting such a quorum is not present within half an hour from the time appointed for the meeting, the meeting, if convened otherwise than by resolution of the Directors, shall be dissolved, but if the meeting shall have been convened by resolution of the Directors, two persons entitled to be counted in a quorum present at the meeting shall be a quorum.

### **54. Special business**

All business shall be deemed special that is transacted at an extraordinary general meeting. All business that is transacted at an annual general meeting shall also be deemed special with the exception of declaring a dividend, the consideration of the accounts, balance sheets and reports of the Directors and Auditors, the election of Directors in the place of those retiring (whether by rotation or otherwise), the fixing of the remuneration of the Directors, the re-appointment of the retiring Auditors and the fixing of the remuneration of the Auditors.

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**55. Chairman of general meetings**

- a) The chairman of the board of Directors or, in his absence, the deputy chairman (if any) or, in his absence, some other Director nominated by the Directors shall preside as chairman at every general meeting of the Company. If at any general meeting none of such persons shall be present within fifteen minutes after the time appointed for the holding of the meeting and willing to act, the Directors present shall elect one of their number to be chairman of the meeting and, if there is only one Director present and willing to act, he shall be chairman.
- b) If at any meeting no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present and entitled to vote shall choose one of the Members personally present to be chairman of the meeting.

**56. Directors' and Auditors' right to attend general meetings**

A Director shall be entitled, notwithstanding that he is not a Member, to attend and speak at any general meeting and at any separate meeting of the Holders of any class of Shares in the Company. The Auditors shall be entitled to attend any general meeting and to be heard on any part of the business of the meeting which concerns them as the Auditors.

**57. Adjournment of general meetings**

The chairman, with the consent of a meeting at which a quorum is present, may (and if so directed by the meeting, shall) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for fourteen days or more or sine die, at least seven Clear Days' notice shall be given, in the same manner as it was given for the meeting, specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid it shall not be necessary to give any notice of an adjourned meeting.

**58. Determination of resolutions**

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Unless a poll is so demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may be withdrawn before the poll is taken but only with the consent of the chairman, and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. Voting may also be undertaken by way of such electronic devices as are for the time being and from time to time approved by the Directors in their absolute discretion and all of the provisions of these Articles relating to voting shall be interpreted accordingly.

**59. Amendments to resolutions**

Subject to the provisions of the Acts, if an amendment shall be proposed to any resolution under consideration but shall be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. Subject to the Acts and the other provisions of these Articles, in the case of a resolution duly proposed, no amendment thereto may be considered or voted upon unless the chairman in his absolute discretion decides that it may be considered or voted upon.

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## **60. Entitlement to demand poll**

Subject to the provisions of the Acts, a poll may be demanded:-

- a) by the chairman of the meeting;
- b) by at least three Members present (in person or by proxy) having the right to attend and vote at the meeting;
- c) by any Member or Members present (in person or by proxy) representing in aggregate not less than one-tenth of the total voting rights of all the Members having the right to attend and vote at the meeting; or
- d) by a Member or Members present (in person or by proxy) holding Shares in the Company conferring the right to attend and vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

## **61. Taking of a poll**

- a) Save as provided in paragraph (b) of this Article and subject to compliance with the requirements of the Acts, a poll shall be taken in such manner (including by the use of a ballot, electronic devices, voting papers or tickets) as the chairman in his discretion may direct and he may appoint scrutineers (who need not be Members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- b) A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time (not being more than thirty days after the poll is demanded) and place as the chairman of the meeting may direct. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- c) No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven Clear Days' notice shall be given specifying the time and place at which the poll is to be taken.

## **62. Votes of Members**

- (a) A person shall be entered on the Register by the Record Date specified in respect of a general meeting in order to exercise the right of a member to participate and vote at the general meeting and any change to an entry on the Register after the Record Date shall be disregarded in determining the right of any person to attend and vote at the meeting.
  - (b) Votes may be given either personally or by proxy. Subject to any rights or restrictions for the time being attached to any class or classes of Shares on a show of hands every Member present in person and every proxy shall have one vote, so, however, that no individual shall have more than one vote, and on a poll every Member shall have one vote for every Share carrying voting rights of which he is the Holder.
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**63. Chairman's casting vote**

Where there is an equality of votes, whether on a show of hands or on a poll the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to any other vote he may have.

**64. Voting by joint Holders**

Where there are joint Holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, in respect of such Share shall be accepted to the exclusion of the votes of the other joint Holders; and for this purpose seniority shall be determined by the order in which the names of the Holders stand in the Register in respect of the Share.

**65. Voting by incapacitated Holders**

A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction (whether in the State or elsewhere) in matters concerning mental disorder, may vote, whether on a show of hands or on a poll, by his committee, receiver, guardian or other person appointed by that court and any such committee, receiver, guardian or other person may vote by proxy on a show of hands or on a poll.

Evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote pursuant to this Article shall be deposited at the Office or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

**66. Default in payment of calls**

Unless the Directors otherwise determine, no Member shall be entitled to vote at any general meeting or any separate meeting of the Holders of any class of Shares in the Company, either in person or by proxy, or to exercise any privilege as a Member in respect of any Share held by him unless all moneys then payable by him in respect of that Share have been paid.

**67. Restriction of voting and other rights**

- a) If at any time the Directors shall determine that a Specified Event (as defined in paragraph (h)) shall have occurred in relation to any Share or Shares the Directors may serve a notice to such effect on the Holder or Holders thereof. Upon the expiry of a period of 14 days following the service of any such notice (in these Articles referred to as a "Restriction Notice") and for so long as such Restriction Notice shall remain in force, no Holder or Holders of the Share or Shares specified in such Restriction Notice ("the Relevant Shares") shall be entitled to attend or vote at any general meeting, either personally or by proxy in respect of such Relevant Shares; and the Directors shall, where the Restricted Shares represent not less than 0.25 per cent. of the total number of issued Shares of the same class of Shares as the Relevant Shares, be entitled:
    - i) to withhold payment of any dividend or other amount payable in respect of the Relevant Shares without any liability to pay interest thereon when such money is paid to the Member; and/or
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- ii) to refuse to register any transfer of the Relevant Shares (other than a transfer made as part of a sale to a bona fide unconnected third party where evidence that such is the case has been provided to the Directors upon a request being made by them in writing to the Holder or Holders of the Relevant Shares) or any renunciation of new Shares or debentures made in respect thereof.
- b) A Restriction Notice shall be cancelled by the Directors as soon as reasonably practicable, but in any event not later than forty-eight hours after the Holder or Holders concerned or any other relevant person shall have remedied the default by virtue of which the Specified Event shall have occurred;
- c) A Restriction Notice shall automatically cease to have effect in respect of any Share transferred upon registration of the relevant transfer provided that a Restriction Notice shall not cease to have effect in respect of any transfer where no change in the beneficial ownership of the Share shall occur and for this purpose it shall be assumed that no such change has occurred where a transfer form in respect of the Share is presented for registration having been stamped at a reduced rate of stamp duty by virtue of the transferor or transferee claiming to be entitled to such reduced rate as a result of the transfer being one where no beneficial interest passes.
- d) The Directors shall cause a notation to be made in the Register against the name of any Holder or Holders in respect of whom a Restriction Notice shall have been served indicating the number of Shares specified in such Restriction Notice and shall cause such notation to be deleted upon cancellation or cesser of such Restriction Notice.
- e) Where dividends or other payments are not paid as a result of restrictions imposed on Relevant Shares, such dividends or other payments shall accrue and shall be payable (without interest) upon the cancellation of the Restriction Notice.
- f) Any determination of the Directors and any notice or request served by them pursuant to the provisions of this Article shall be conclusive as against the Holder or Holders of any Share and the validity of any notice or request served by the Directors in pursuance of this Article shall not be questioned by any person.
- g) If, while any Restriction Notice shall remain in force in respect of any Holder or Holders of any Shares, such Holder or Holders shall be issued with any further Shares as a result of such Holder or Holders not renouncing any allotment of Shares made to him or them pursuant to a capitalisation issue under Articles 122 to 124, the Restriction Notice shall be deemed also to apply to such Holder or Holders in respect of such further Shares on the same terms and conditions as were applicable to the said Holder or Holders immediately prior to such issue of further Shares.
- h) For the purpose of these Articles the expression "Specified Event" in relation to any Share shall mean either of the following events:-
  - i) the failure by the Holder or Holders thereof to pay any call or instalment of a call in the manner and at the time appointed for payment thereof; or
  - ii) the failure by the Holder thereof or any of the Holders thereof or any other relevant person to comply, to the satisfaction of the Directors, with all or any of the terms of Section 81 of the 1990 Act and/or Article 7 in respect of any notice or notices given to him or any of them thereunder.

#### **68. Time for objection to voting**

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered and every vote not disallowed at such meeting shall be valid. Any such objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

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## **69. Appointment of proxy**

Every Member entitled to attend and vote at a general meeting may appoint a proxy (or, where Shares are held in different securities accounts more than one proxy, but so that the number of proxies appointed shall not exceed the number of securities accounts in which Shares are held by that Member) to attend, speak and vote on his behalf. A Member acting as an intermediary on behalf of a client may grant a proxy to each of his clients, or to any third party designated by a client to attend, speak and vote on his behalf. The appointment of a proxy shall be in writing in any usual form or in any other form which the Directors may approve and shall be executed by or on behalf of the appointor (or otherwise authenticated in such manner or form as the Directors may approve). Any signature on such appointment of a proxy need not be witnessed. A body corporate may execute a form of proxy under its common seal or under the hand of a duly authorised officer thereof. A proxy need not be a Member of the Company. No appointment of a proxy shall be valid after twelve months have elapsed from the date named in it as the date of its execution.

## **70. Bodies corporate acting by representatives at meetings**

Any body corporate which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual Member of the Company.

## **71. Deposit of proxy instruments**

The appointment of a proxy and any authority under which it is executed (or otherwise authenticated in a manner approved by the Directors) or a copy of such authority or appointment (or the information contained therein), certified notarially or in some other way authenticated in a manner approved by the Directors, shall be delivered to or lodged at the Office or (at the option of the Member) at such other place or places (if any) as may be specified for that purpose in or by way of note to the notice convening the meeting not later than the Record Date in respect of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. Provided that:

- a) in the case of a meeting which is adjourned to, or a poll which is to be taken on, a date not later than the Record Date applicable to the meeting which was adjourned or at which the poll was demanded, it shall be sufficient if the appointment of a proxy and any such authority and certification thereof as aforesaid is delivered to or lodged with the Secretary at the commencement of the adjourned meeting or the taking of the poll;
  - b) an appointment of a proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require to be delivered again for the purposes of any subsequent meeting to which it relates;
  - c) appointments of proxy may, provided they are received in legible form, be submitted by telefax to such telefax number as may be specified by the Secretary for such purpose provided that in the case of such telefax appointment of proxy, the Secretary shall have endorsed the same with a certificate stating that he is satisfied as to the authenticity thereof; and
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- d) when two or more valid but differing appointments of a proxy are received in respect of the same shares for use at the same meeting, the one bearing the later date shall be treated as replacing and revoking the other; if the appointments are undated the last one received shall be treated as valid; and if the Company is unable to determine which was the last received, none shall be treated as valid, and a certificate endorsed by the Secretary stating that the appointment is valid or invalid, as the case may be, shall be conclusive for all purposes.

## **72. Electronic proxy**

Notwithstanding anything contained in these Articles, in relation to any Shares, the Directors may from time to time permit appointments of proxies to be made by electronic means (including without limitation by means of Electronic Communication generated and sent by Members to the Company via a website for this purpose using identification numbers communicated by or on behalf of the Company to each Member) in such manner or form and subject to such terms, conditions or restrictions as the Directors may, subject to and in accordance with the Acts, determine or approve from time to time in their absolute discretion. Subject as aforesaid, the Company and its Directors, Secretary or officers shall not be compelled to accept or receive any instrument appointing a proxy in accordance with this Article until such time as the Directors shall have advised (pursuant to any terms and conditions of Electronic Communication or otherwise) the Members in writing of the manner, form and restrictions (if any) by which such appointment may be made. The Directors may prescribe the method of determining the time at which any such appointment of a proxy is to be treated as received by the Company. The Directors may treat any such appointment which purports to be or is expressed to be sent on behalf of a Member as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that Member.

For the purposes of Article 72, the place to which the appointment of proxy should be delivered by the Member shall be such number or address (including any number or address used for the purpose of communication by way of electronic mail or other Electronic Communication) or identification number of a Member as is notified by the Directors to the Members whether by way of note to the notice convening the meeting or otherwise.

## **73. Effect of proxy appointments**

- a) Delivery or lodging of an appointment of a proxy in respect of a meeting shall not preclude a Member from attending and voting at the meeting or at any adjournment thereof. A proxy shall have the right unless the contrary is stated in his appointment to exercise all or any of the rights of his appointer, or (where more than one proxy is appointed) all or any of the rights attached to the shares in respect of which he has been appointed the proxy to attend, to demand or join in demanding a poll and to speak and vote at a general meeting of the Company. Unless his appointment provides otherwise, a proxy may vote or abstain in his discretion on any resolution put to the vote. The appointment of a proxy shall be valid, unless the contrary is stated therein, as well for any adjournment of the meeting as for the meeting to which it relates.
  - b) Subject always to the provisions of the Acts, the appointment, and notification of any revocation of appointment of, a proxy, and the giving of voting instructions to a proxy shall be subject to such formal requirements as the Directors from time to time in their absolute discretion may consider necessary in order to ensure the correct identification of a Member's appointment, to ensure the correct identification of a proxy acting on foot of such appointment, and to ensure the correct determination of a Member's voting instructions.
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#### **74. Effect of revocation of proxy or of an authorisation**

A vote given or poll demanded in accordance with the terms of an appointment of a proxy or a resolution authorising a representative to act on behalf of a body corporate shall be valid notwithstanding the death or insanity of the principal or the revocation of the appointment of a proxy or of the authority under which the appointment of a proxy was executed or otherwise authenticated in a manner approved by the Directors (as the case may be) or of the resolution authorising the representative to act or transfer the Share in respect of which the appointment of a proxy or the authorisation of the representative to act was given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office or at such other address as may be specified in the notice of meeting or in the notes thereto at least one hour or such longer period as may be required by the Directors and so notified in the notice of meeting or in the notes thereto as aforesaid before the commencement of the meeting or adjourned meeting at which the appointment of a proxy is used or at which the representative acts PROVIDED HOWEVER that where such intimation is given in electronic form, it shall have been received by the Company at least 24 hours before the commencement of the meeting, or such other period as may be specified by the Directors and so notified in the notice of meeting or in the notes thereto as aforesaid before the commencement of the meeting or adjourned meeting at which the appointment of a proxy is used or at which the representative acts.

The Directors may send, at the expense of the Company, by post, by electronic means or otherwise, to the Members appointments of a proxy (with or without stamped envelopes for their return) for use at any general meeting or at any class meeting, either in blank or nominating any one or more of the Directors or any other persons in the alternative. If for the purpose of any meeting invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the expense of the Company, such invitations shall be issued to all (and not to some only) of the Members entitled to be sent a notice of the meeting and to vote thereat by proxy. The accidental omission to issue the appointments of proxy herein referred to, or the non-receipt of any such invitation by any Member entitled to receive such invitation shall not invalidate the proceedings at any such meeting.

### **Part XII - Directors**

#### **75. Number of Directors**

(a) Unless otherwise determined by the Company in General Meeting the number of Directors shall not be more than fifteen nor less than three. The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number of the Directors is reduced below the prescribed minimum the remaining Director or Directors shall appoint forthwith an additional Director or additional Directors to make up such minimum or shall convene a general meeting of the Company for the purpose of making such appointment. If there be no Director or Directors able or willing to act then any two Members may summon a general meeting for the purpose of appointing Directors. Any additional Director so appointed shall hold office (subject to the provisions of the Acts and these Articles) only until the conclusion of the annual general meeting of the Company next following such appointment unless he is re-elected during such meeting and he shall not retire by rotation at such meeting or be taken into account in determining the Directors who are to retire by rotation at such meeting.

#### **76. Share qualification**

A Director shall not require a Share qualification.

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**77. Ordinary remuneration of Directors**

The ordinary remuneration of the Directors shall be determined from time to time by an ordinary resolution of the Company and shall be divisible (unless such resolution shall provide otherwise) among the Directors as they 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 the remuneration related to the period during which he has held office.

**78. Special remuneration of Directors**

Any Director who holds any executive office (including for this purpose the office of chairman or deputy chairman) or who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

**79. Expenses of Directors**

The Directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors or general meetings or separate meetings of the Holders of any class of Shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

**80. Alternate Directors**

- a) Any Director may appoint by writing under his hand any person (including another Director) to be his alternate provided always that no such appointment of a person other than a Director as an alternate shall be operative unless and until such appointment shall have been approved by resolution of the Directors.
  - b) An alternate Director shall be entitled, subject to his giving to the Company an address within the State, the United Kingdom or the United States of America, to receive notices of all meetings of the Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at any such meeting at which the Director appointing him is not personally present and in the absence of his appointor to exercise all the powers, rights, duties and authorities of his appointor as a Director (other than the right to appoint an alternate hereunder).
  - c) Save as otherwise provided in these Articles, an alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him. The remuneration of any such alternate Director shall be payable out of the remuneration paid to the Director appointing him and shall consist of such portion of the last mentioned remuneration as shall be agreed between the alternate and the Director appointing him.
  - d) A Director may revoke at any time the appointment of any alternate appointed by him. If a Director shall die or cease to hold the office of Director the appointment of his alternate shall thereupon cease and determine but if a Director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate Director made by him which was in force immediately prior to his retirement shall continue after his re-appointment.
  - e) Any appointment or revocation pursuant to this Article may be sent by delivery, post, cable, telegram, telex, telefax, electronic mail or any other means of communication approved by the Directors and may bear a printed or facsimile signature of the Director making such appointment or revocation or in any other manner approved by the Directors.
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## **Part XIII - Powers of Directors**

### **81. Directors' powers**

Subject to the provisions of the Acts, the Memorandum of Association of the Company and these Articles and to any directions by the Members given by ordinary resolution, not being inconsistent with these Articles or with the Acts, the business of the Company shall be managed by the Directors who may do all such acts and things and exercise all the powers of the Company as are not by the Acts or by these Articles required to be done or exercised by the Company in general meeting. No alteration of the Memorandum of Association of the Company or of these Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the Directors by these Articles and a meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

### **82. Power to delegate**

Without prejudice to the generality of the last preceding Article, the Directors may delegate (with power to sub- delegate) any of their powers to any Managing Director or any other Director holding any other executive office and to any committee consisting of one or more Directors together with such other persons (if any) as may be appointed to such committee by the Directors provided that a majority of the members of each committee appointed by the Directors shall at all times consist of Directors and that no resolution of any such committee shall be effective unless a majority of the members of the committee present at the meeting at which it was passed are Directors. Insofar as any such power or discretion is delegated to a committee any reference in these Articles to the exercise by the Directors of the power or discretion so delegated shall be read and construed as if it were a reference to the exercise thereof by such a committee. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by the provisions of these Articles regulating the proceedings of Directors so far as they are capable of applying.

### **83. Appointment of attorneys**

The Directors, from time to time and at any time by power of attorney under seal, may appoint any company, firm or person or fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit. Any such power of attorney may contain such provisions for the protection of persons dealing with any such attorney as the Directors may think fit and may authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

### **84. Local management**

Without prejudice to the generality of Articles 82 and 83 the Directors may establish any committees, local boards or agencies for managing any of the affairs of the Company, either in the State or elsewhere, and may appoint any persons to be members of such committees, local boards or agencies and may fix their remuneration and may delegate to any committee, local board or agent any of the powers, authorities and discretions vested in the Directors with power to sub-delegate and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no person dealing in good faith with any such committee, local board or agency, without notice of any such removal, annulment or variation shall be affected thereby.

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#### **85. Borrowing powers**

The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property, assets, and uncalled capital or any part thereof subject to Part III of the 1983 Act and to issue debentures, debenture stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party, without any limitation as to amount.

#### **86. Execution of negotiable instruments**

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person or persons and in such manner as the Directors shall determine from time to time by resolution.

#### **87. Provision for employees**

The Directors may exercise any power conferred by the Acts to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or any part of the undertaking of the Company or that subsidiary.

### **Part XIV - Appointment and Retirement of Directors**

#### **88. Retirement by rotation**

- a) At each annual general meeting of the Company one third of the Directors who are subject to retirement by rotation, rounded down to the next whole number if it is a fractional number, shall retire from office, but if there is only one Director who is subject to retirement by rotation then he shall retire.
  - b) The Directors (including any Directors holding executive office pursuant to these Articles) to retire by rotation shall be those who have been longest in office since their last appointment or reappointment but as between persons who became or were last reappointed Directors on the same day those to retire shall be determined (unless they otherwise agree among themselves) by lot.
  - c) A Director who retires at an annual general meeting may be reappointed, if willing to act. If he is not reappointed (or deemed to be reappointed pursuant to these Articles) he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.
  - d) Notwithstanding any other provision of this Article, if any of the Directors who are Directors of the Company on the date of adoption of these Articles retires prior to or at the Third Annual General Meeting held following the date of adoption of these Articles, other than in accordance with the provisions of this Article (a "Retiring Director"), any Director appointed to replace any such Director or, for the avoidance of doubt, any Director taking the place on the Board originally held by a Retiring Director (in each case a "Substitute Director") shall be deemed to have been appointed a Director of the Company on the date on which the Retiring Director was appointed a Director of the Company, solely for the purpose of determining which of the Directors are to retire by rotation in accordance with the provisions of this Article. If no Director is appointed to replace any such Retiring Director or any Substitute Director then, notwithstanding that no such Director is appointed, none of the Directors of the Company on the date of adoption of these Articles shall be required to retire in accordance with the provisions of this Article at an earlier date than he could otherwise have been required to retire had such Retiring Director not retired and the number of Directors to retire at any annual general meeting in accordance with the provisions of this Article shall accordingly be reduced, if necessary. The terms of this Article shall cease to apply following the Third Annual General Meeting held following the date of adoption of these Articles.
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**89. Deemed reappointment**

If the Company, at the meeting at which a Director retires by rotation, does not fill the vacancy, the retiring Director, if willing to act, shall be deemed to have been re-appointed unless at the meeting it is resolved not to fill the vacancy or a resolution for the reappointment of the Director is put to the meeting and lost.

**90. Eligibility for appointment as a Director**

- a) No person other than a Director retiring by rotation shall be appointed a Director at any annual general meeting unless he is recommended by the Directors or unless a draft resolution for the appointment of such person (accompanied by the particulars which would be required, if he were to be so appointed, to be included in the Company's register of Directors together with a notice executed by that person of his willingness to be appointed) shall have been proposed by a Member or Members holding not less than three per cent of the issued share capital, representing not less than three per cent of the total voting rights of all the Members who have a right to vote at the meeting, received by the Company in hardcopy form or in electronic form at least forty-two days before the meeting to which it relates, and passed at that meeting in compliance with the Acts and these Articles.
- b) In the case of a general meeting other than an annual general meeting, no person other than a Director retiring as aforesaid or a person recommended by the Directors shall be appointed unless not less than fourteen nor more than thirty Clear Days before the date appointed for the meeting, a draft resolution for the appointment of such person (accompanied by the particulars which would be required, if he were to be so appointed, to be included in the Company's register of Directors together with a notice executed by that person of his willingness to be appointed) shall have been proposed by a Member or Members holding not less than three per cent of the issued share capital, representing not less than three per cent of the total voting rights of all the Members who have a right to vote at the meeting, received by the Company in hardcopy form or in electronic form, and passed at that meeting in compliance with the Acts and these Articles.
- c) No Director shall be required to retire on account of age.

**91. Appointment of additional Directors**

Subject as aforesaid, the Company by ordinary resolution may appoint a person to be a Director either to fill a vacancy or as an additional Director and may also determine the rotation in which any additional Directors are to retire.

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The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors. A Director so appointed shall hold office only until the next following annual general meeting and shall not be taken into account in determining the Directors who are to retire by rotation at the meeting. If not re-appointed at such annual general meeting, such Director shall vacate office at the conclusion thereof.

## **Part XV - Disqualification and Removal of Directors**

### **92. Disqualification of Directors**

The office of a Director and, in the case of (f) the office of the chairman, shall be vacated ipso facto if:-

- a) he ceases to be a Director by virtue of any provision of the Acts or he becomes prohibited by law from being a Director;
- b) he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- c) in the opinion of a majority of his co-Directors, he becomes incapable by reason of mental disorder of discharging his duties as a Director;
- d) (not being a Director holding for a fixed term an executive office in his capacity as a Director) he resigns his office by notice to the Company;
- e) he is convicted of an indictable offence, unless the Directors determine otherwise;
- f) he shall have been absent for more than six consecutive months without permission of the Directors from meetings of the Directors held during that period and his alternate Director (if any) shall not have attended any such meeting in his place during such period and the Directors pass a resolution that by reason of such absence he has vacated office;
- g) he is removed from office by notice in writing served upon him signed by all his co-directors; if he holds an appointment to an executive office which thereby automatically determines, 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.

### **93. Removal of Directors**

The Company, by ordinary resolution of which extended notice has been given in accordance with the provisions of the Acts, may remove any Director before the expiry of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and may, if thought fit, by ordinary resolution appoint another Director in his stead. The person appointed shall be subject to retirement at the same time as if he had become a Director on the date on which the Director in whose place he is appointed was last appointed a Director. Nothing in this Article shall be taken as depriving a person removed hereunder of compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that of Director.

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## Part XVI - Directors' Offices and Interests

### 94. Executive offices

- a) The Directors may appoint one or more of their body to the office of Managing Director or to any other executive office under the Company (including, where considered appropriate, the office of the chairman) on such terms and for such period as they may determine and, without prejudice to the terms of any contract entered into in any particular case, may revoke any such appointment at any time.
- b) A Director holding any such executive office shall receive such remuneration, whether in addition to or in substitution for his ordinary remuneration as a Director and whether by way of salary, commission, participation in profits or otherwise or in any combination of the foregoing as the Directors may determine.
- c) The appointment of any Director to the office of chairman or Managing Director shall determine automatically if he ceases to be a Director (other than where he is re-appointed as a Director at an Annual General Meeting of the Company having retired by rotation in accordance with these Articles) but without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- d) The appointment of any Director to any other executive office shall not determine automatically 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.
- e) A Director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office of Director, and may act in a professional capacity to the Company, on such terms as to remuneration and other-wise as the Directors shall arrange.

### 95. Disclosure of interests by Directors

A Director or shadow director of the Company who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall comply with the provisions of Section 194 of the 1963 Act with regard to the disclosure of such interest by declaration.

### 96. Directors' interests

- a) A Director notwithstanding his office but subject to his having disclosed any interest which he is required to disclose whether by these Articles or the Acts in accordance with these Articles or the Acts as the case may be:-
    - i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or any subsidiary or Associated Company thereof or in which the Company or any subsidiary or Associated Company thereof is otherwise interested;
    - ii) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company or any subsidiary or Associated Company thereof is otherwise interested; and
    - iii) shall not be accountable, by reason of his office, to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
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- b) No Director or intended Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the other company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason solely of such Director holding that office or of the fiduciary relationship thereby established. The nature of a Director's interest must be declared by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration or, if the Director was not at the date of that meeting interested in the proposed contract or arrangements at the next meeting of the Directors held after he became so interested, and in a case where the Director becomes interested in a contract or arrangement after it is made at the first meeting of the Directors held after he becomes so interested.
- c) A copy of every declaration made and notice given under this Article shall be entered within three days after the making or giving thereof in a book kept for this purpose. Such book shall be open for inspection without charge by any Director, Secretary, Auditor or Member of the Company at the Office and shall be produced at every general meeting of the Company and at any meeting of the Directors if any Director so requests in sufficient time to enable the book to be available at the meeting.
- d) For the purposes of this Article:-
  - i) a general notice given 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 or company 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 with the relevant party; and
  - ii) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

**97. Restriction on Directors' voting**

- a) Save as otherwise provided by these Articles, a Director shall not vote at a meeting of the Directors or a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly or together with any person or persons connected with him an interest which is material or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote.
  - b) A Director shall be entitled (unless he has some material interest or duty which conflicts or may conflict with the interests of the Company which is not indicated below) to vote (and be counted in the quorum) in respect of any resolutions concerning any of the following matters, namely:-
    - i) the giving of any security, guarantee or indemnity to him in respect of money lent by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary companies or obligations incurred by him or any other person on behalf of the Company or any of its subsidiaries at the request of or for the benefit of the Company or any of its subsidiary companies;
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- ii) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary companies for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
  - iii) the subscription or purchase of shares, debentures or other securities of the Company or any of its subsidiary companies pursuant to an offer or invitation to members or debenture holders of the Company or any of its subsidiary companies or any class of them, or to the public or any section of the public in which offer or invitation he is or may be entitled to participate as a holder of securities or in which he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
  - iv) any proposal concerning any other company in which he is interested, directly or indirectly or together with any person or persons connected with him and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested, directly or indirectly in one per cent. or more of the issued shares of any class of such company or of the voting rights available to members of such company (any such interest being deemed for the purposes of this Article to be a material interest in all circumstances);
  - v) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval for taxation purposes by the appropriate Revenue authorities which does not award the Director any privilege or benefit not generally awarded to the employees to whom such arrangement or scheme relates;
  - vi) any proposal concerning the adoption, modification or operation of any scheme for enabling employees (including full time executive Directors) of the Company and/or any subsidiary thereof to acquire Shares in the Company or any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not award the Director any privilege or benefit not generally awarded to the employees to whom such scheme or arrangement relates; or
  - vii) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of the Directors or for the benefit of persons including the Directors.
- c) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting thereon), shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- d) If a question arises at a meeting of Directors or of a committee of Directors as to the materiality of a Director's interest or as to the right of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question may be referred, before the conclusion of the meeting, to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive except in a case where the nature or extent of the interest of such Director has not been fully and fairly disclosed; provided that, if such question arises in relation to the chairman of the meeting, he shall temporarily vacate the chair.
- e) For the purposes of this Article, an interest of a person who is the spouse or a minor child of a Director shall be treated as an interest of the Director and in relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate Director.
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**98. Entitlement to grant pensions**

The Directors may provide benefits, whether by way of pensions, gratuities or otherwise, for any Director, former Director or other officer or former officer of the Company or to any person who holds or has held any employment with the Company or with any body corporate which is or has been a subsidiary of or an Associated Company of the Company or a predecessor in business of the Company, any subsidiary of the Company or of any such Associated Company and to any member of his family or any person who is or was dependent on him and may set up, establish, support, alter, maintain and continue any scheme for providing all or any such benefits and for such purposes any Director accordingly may be, become or remain a member of, or rejoin, any scheme and receive or retain for his own benefit all benefits to which he may be or become entitled thereunder. The Directors may pay out of the funds of the Company any premiums, contributions or sums payable by the Company under the provisions of any such scheme in respect of any of the persons or class of persons above referred to who are or may be or become members thereof.

**Part XVII - Proceedings of Directors**

**99. Convening and regulation of Directors' meetings**

- (a) Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. Any Director may waive notice of any meeting and any such waiver may be retrospective. If the Directors so resolve, it shall not be necessary to give notice of a meeting of Directors to any Director who, being a resident of the State, is for the time being absent from the State.
- (b) Notice of a meeting of the Directors shall be deemed to be duly given to a Director if it is given to him personally or by word of mouth or sent in writing by delivery, post, cable, telegram, telex, telefax, electronic mail or otherwise in electronic form, (whether as an electronic communication or otherwise) or by any other means of communication approved by the Directors to him at his last known address or any other address or number (including any address or number used for the purpose of communication by way of electronic mail or other electronic communication) given by him to the Company for this purpose.

**100. Quorum for Directors' meetings**

- a) The quorum for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number shall be three. For the purposes of this Article an alternate Director shall be counted in a quorum, but so that not less than two individuals shall constitute the quorum.
  - b) Any Director who ceases to be a Director at a meeting of the Directors may continue to be present and to act as a Director and to be counted in the quorum until the termination of the meeting provided no other Director objects and provided also that otherwise a quorum of Directors would not be present.
  - c) The continuing Directors or a sole Director may act notwithstanding any vacancies in their number but if the number of Directors is less than the number fixed as the quorum, they may act only for the purpose of filling vacancies or of calling a general meeting.
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#### **101. Voting at Directors' meetings**

- a) Questions arising at any meeting of Directors shall be decided by a majority of votes. Where there is an equality of votes, the chairman of the meeting shall have a second or casting vote.
- b) Subject as hereinafter provided, each Director present and voting shall have one vote and in addition to his own vote shall be entitled to one vote in respect of each other Director not present at the meeting who shall have authorised him in respect of such meeting to vote for such other Director in his absence. Any such authority may relate generally to all meetings of the Directors or to any specified meeting or meetings and must be in writing and may be sent by delivery, post, cable, telegram, telex, telefax, or may be provided in electronic form (whether as an electronic communication or otherwise) or be sent by any other means of communication approved by the Directors and may bear a printed or facsimile signature of the Director giving such authority or may be otherwise authenticated in such manner as may be prescribed by the Directors. The authority must be delivered to the Secretary prior to or must be produced at the first meeting at which a vote is to be cast pursuant thereto provided that no Director shall be entitled to any vote at a meeting on behalf of another Director pursuant to this paragraph if the other Director shall have appointed an alternate Director and that alternate Director is present at the meeting at which the Director proposes to vote pursuant to this paragraph.

#### **102. Telecommunication meetings**

Any Director or alternate Director may participate in a meeting of the Directors or any committee of the Directors by means of conference telephone or other telecommunications equipment by means of which all persons participating in the meeting can hear each other speak and such participation in a meeting shall constitute presence in person at the meeting. Any such Director or alternate Director participating by means of conference telephone or other telecommunications equipment shall be counted in assessing whether any quorum is present at such meeting.

#### **103. Chairman of the board of Directors**

Subject to any appointment to the office of chairman made pursuant to these Articles, the Directors may elect a chairman of their meetings and determine the period for which he is to hold office, but if no such chairman is elected or if at any meeting the chairman is unwilling to act or is not present within five minutes after the time appointed for holding the same the Deputy chairman if any, shall be the chairman of the meeting or if he is unwilling to act or is not present within five minutes after the time appointed for holding the same the Directors present may choose one of their number to be chairman of the meeting.

#### **104. Validity of acts of Directors**

All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified from holding office or had vacated office, shall be as valid as if every such person had been duly appointed and was qualified to be a Director, had continued to be a Director and had been entitled to vote.

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**105. Directors' resolutions or other documents in writing**

A resolution or other document in writing signed (or otherwise authenticated in a manner determined by the Directors) by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held and may consist of several documents in the like form each signed (or otherwise authenticated as aforesaid, as the case may be) by one or more Directors and a resolution signed by an alternate Director need not also be signed by his appointer and, if it is signed by a Director who has appointed an alternate Director, it need not be signed by the alternate Director in that capacity. Such resolution or other document or documents when duly signed (or otherwise authenticated as aforesaid, as the case may be) may be delivered or transmitted (unless the Directors shall otherwise determine either generally or in any specific case) by facsimile transmission or some other similar means of transmitting the contents of documents or may be delivered or transmitted in electronic form, whether as an electronic communication or otherwise provided such manner of delivery or transmission has been approved by the Directors.

**Part XIIX - The Secretary**

**106. Appointment of secretary**

The Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit and any Secretary so appointed may be removed by them. Anything required or authorised by the Acts or these Articles to be done by or to the Secretary may be done by or to any assistant or acting Secretary or, if there is no assistant or acting Secretary readily available and capable of acting, by or to any officer or employee of the Company authorised generally or specially in that behalf by the Directors: Provided that any provision of the Acts or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as a Director and as, or in the place of, the Secretary.

**Part XIX - The Seal**

**107. Use of Seal**

The Directors shall ensure that the Seal shall be used only by the authority of the Directors or of a committee authorised by the Directors.

**108. Seal for use abroad**

The Company may exercise the powers conferred by the Acts with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

**109. Signature of sealed instruments**

- a) Subject as provided in paragraph (b) of this Article, every instrument to which the Seal shall be affixed shall, as part of the sealing process, be signed by at least one Director or other person duly authorised in that behalf by the Directors and by the Secretary or one of the persons authorised as aforesaid (who has not already signed) and, in favour of any purchaser or person dealing with the Company in good faith, such signatures shall be conclusive evidence of the fact that the Seal has been properly affixed.
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- b) The Directors may by resolution determine, either generally or in any particular case, that in respect of certificates for Shares or debentures or other securities of the Company, the signature of any Director or of the Secretary or other person authorised by the Directors as aforesaid forming part of the sealing process may be applied or effected by non-autographic means, or that such certificates shall bear no signatures, and in favour of any registered holder or other person acquiring any such Shares or debentures or other securities in good faith a certificate executed in any of the modes of execution authorised herein shall be as valid and effective as if such certificate was issued under the Seal of the Company pursuant to these Articles.

## **Part XX - Dividends and Reserves**

### **110. Declaration of dividends**

- a) Subject to the provisions of the Acts, the Company by ordinary resolution may declare dividends in accordance with the respective rights of the Members, but no dividend shall exceed the amount recommended by the Directors. Dividends may be declared or paid in any currency.
- b) The Directors may at their discretion make provision to enable any Holder of Ordinary Shares as they shall from time to time determine to receive dividends duly declared in a currency or currencies other than Euro. For the purposes of the circulation of the amount receivable in respect of any dividend, the rate of exchange to be used to determine the foreign currency equivalent of any sum payable as a dividend shall be such market rate selected by the Directors as they shall consider appropriate ruling at the close of business in Dublin on the date which is the business day last preceding (i) in the case of a dividend to be declared by the Company in general meeting, the date on which the Directors publicly announce their intention to recommend that specific dividend; and (ii) in the case of any other dividend, the date on which the Directors publicly announce their intention to pay that specific dividend.
- c) Where a Holder of Ordinary Shares has elected or agreed pursuant to provision made under these Articles to receive dividends in a currency other than Euro the Directors may at their discretion make such arrangements as they deem necessary to enable payment of the dividend to be made to such Holders in such currency for value on the date on which the relevant dividend is paid, or such later date as the Directors may determine.

### **111. Scrip dividends**

The Directors may, if authorised by an ordinary resolution of the Company, offer any Holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Directors) of any dividend specified by the ordinary resolution. The following provisions shall apply (subject always to the provisions of the Acts):

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- a) An ordinary resolution may specify a particular dividend, or may specify all or any dividends declared within a specified period, but such period may not end later than the beginning of the annual general meeting next following the date of the meeting at which the ordinary resolution is passed.
  - b) The entitlement of each Holder of Ordinary Shares to new Ordinary Shares shall be such that the relevant value of the entitlement shall be as nearly as possible equal to (but not greater than) the cash amount (disregarding any tax credit) of the dividend that such holder elects to forgo. For this purpose, "relevant value" shall be calculated by reference to the average of the middle market quotations for the Company's Ordinary Shares on Nasdaq or such other Stock Exchange upon which the Company's Ordinary Shares are admitted as derived from the daily official list, on the day on which the Ordinary Shares are first quoted "ex" the relevant dividend and the four subsequent dealing days, or in such manner as may be determined by or in accordance with the ordinary resolution. A certificate or report by the auditors as to the amount of the relevant value in respect of any dividend shall be conclusive evidence of that amount.
  - c) On or as soon as practicable after announcing that the Company is to declare or recommend any dividend, the Directors, if they intend to offer an election in respect of that dividend, shall also announce that intention, and shall after determining the basis of allotment, if they decide to proceed with the offer, notify the Holders of Ordinary Shares in writing of the right of election offered to them and specify the procedure to be followed and place at which, and the latest time by which elections must be lodged in order to be effective. Any election by a holder of Ordinary Shares shall be binding on every successor in title to the Ordinary Shares in respect of which the election is made.
  - d) The Directors shall not proceed with any election unless the Company has sufficient unissued Shares authorised for issue and sufficient reserves or funds that may be capitalised to give effect to it after the basis of allotment is determined.
  - e) The Directors may exclude from any offer any Holders of Ordinary Shares where the Directors believe that the making of the offer to them would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them.
  - f) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on Ordinary Shares in respect of which an election has been made ("the elected Ordinary Shares") and instead additional Ordinary Shares shall be allotted to the holders of the elected Ordinary Shares on the basis of allotment calculated as stated. For such purpose the Directors shall capitalise, out of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution as the Directors may determine, a sum equal to the aggregate nominal amount of the additional Ordinary Shares to be allotted on that basis and apply it in paying up in full the appropriate number of unissued Ordinary Shares for allotment and distribution to the holders of the elected Ordinary Shares on that basis and the provisions of Article 124 shall apply mutatis mutandis to any capitalisation made pursuant to this Article.
  - g) The additional Ordinary Shares when allotted shall rank pari passu in all respects with the fully-paid Ordinary Shares then in issue except that they will not be entitled to participation in the relevant dividend.
  - h) (i) The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation with full power for the Directors to make such provisions as they think fit in the case of Shares becoming distributable in fractions (including provisions whereby, in whole or in part, the fractional entitlements are disregarded and, the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned. The Directors may, in their absolute discretion, if it shall in their opinion seem expedient, suspend or terminate (whether temporarily or otherwise) such right to elect and may do such acts and things considered necessary or expedient with regard to, or in order to effect, any such suspension or termination;
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- (ii) Notwithstanding the foregoing, the Directors may at any time prior to payment of the relevant dividend determine, if it appears to them desirable to do so because of a change in circumstances, that the dividend shall be payable wholly in cash and if they so determine then all elections made shall be disregarded. The relevant dividend shall be payable wholly in cash if the Ordinary Shares of the Company cease to be listed or dealt in on any recognised stock exchange at any time prior to the due date of issue of the additional Ordinary Shares or, if such listing is suspended and not reinstated by the date immediately preceding the due date of such issue.

#### **112. Interim and fixed dividends**

Subject to the provisions of the Acts, the Directors may declare and pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the Directors may declare and pay interim dividends on Shares which confer deferred or non-preferred rights with regard to dividend as well as on Shares which confer preferential rights with regard to dividend, but subject always to any restrictions for the time being in force (whether under these Articles, under the terms of issue of any Shares or under any agreement to which the Company is a party, or otherwise) relating to the application, or the priority of application, of the Company's profits available for distribution or to the declaration or as the case may be the payment of dividends by the Company. Subject as aforesaid, the Directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. 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.

#### **113. Payment of dividends**

- a) Except as otherwise provided by the rights attached to Shares, all dividends shall be declared and paid according to the amounts paid up on the Shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid; but, if any Share is issued on terms providing that it shall rank for dividend as from a particular date, such Share shall rank for dividend accordingly. For the purposes of this Article, no amount paid on a Share in advance of calls shall be treated as paid on a Share.
- b) If several persons are registered as joint Holders of any Share, any one of them may give effectual receipts for any dividend or other moneys payable on or in respect of the Share.

#### **114. Deductions from dividends**

The Directors may deduct from any dividend or other moneys payable to any Member in respect of a Share any moneys presently payable by him to the Company in respect of that Share.

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**115. Dividends in specie**

A general meeting declaring a dividend may direct, upon the recommendation of the Directors, that it shall be satisfied wholly or partly by the distribution of assets (and, in particular, of paid up Shares, debentures or debenture stock of any other company or in any one or more of such ways) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to the distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof in order to adjust the rights of all the parties and may determine that cash payments shall be made to any Members upon the footing of the value so fixed and may vest any such specific assets in trustees.

**116. Payment of dividends by post**

Any dividend or other moneys payable in respect of any Share may be paid by cheque or warrant sent by post, at the risk of the person or persons entitled thereto, to the registered address of the Holder or, where there are joint Holders, to the registered address of that one of the joint Holders who is first named on the Register or to such person and to such address as the Holder or joint Holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and payment of the cheque or warrant shall be a good discharge to the Company. Any joint Holder or other person jointly entitled to a Share as aforesaid may give receipts for any dividend or other moneys payable in respect of the Share. The Directors may also, in circumstances which they consider appropriate, arrange for payment of dividends by electronic funds transfer, bank transfer or by any other method selected by the Directors from time to time and in such event the debiting of the Company's account in respect of the appropriate amount shall be deemed a good discharge of the Company's obligations in respect of any payment made by any such method.

**117. Dividends not to bear interest**

No dividend or other moneys payable by the Company on or in respect of any Shares shall bear interest against the Company unless otherwise provided by the rights attached to the Shares.

**118. Payment to Holders on a particular date**

Any resolution declaring a dividend on Shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same may be payable to the persons registered as the Holders of such Shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se of transferors and transferees of any such Shares in respect of such dividend. The provisions of this Article shall apply, mutatis mutandis, to capitalisations to be effected in pursuance of these Articles.

**119. Unclaimed dividends**

If the Directors so resolve, any dividend which has remained unclaimed for twelve years from the date of its declaration shall be forfeited and cease to remain owing by the Company. The payment by the Directors of any unclaimed dividend or other moneys payable in respect of a Share into a separate account shall not constitute the Company a trustee in respect thereof. Any dividend, interest or other sum payable which remains unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

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## 120. Reserves

Before recommending any dividend, whether preferential or otherwise, the Directors may carry to reserve out of the profits of the Company such sums as they think proper. All sums standing to reserve may be applied from time to time at the discretion of the Directors for any purpose to which the profits of the Company may be properly applied and at the like discretion may be either employed in the business of the Company or invested in such investments as the Directors may lawfully determine. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided as they may lawfully determine. Any sum which the Directors may carry to reserve out of the unrealised profits of the Company shall not be mixed with any reserve to which profits available for distribution have been carried. The Directors may also carry forward, without placing the same to reserve, any profits which they may think it prudent not to divide.

## Part XXI - Accounts

### 121. Accounts

- a) The Directors shall cause to be kept proper books of account, whether in the form of documents or otherwise, that:
    - i) correctly record and explain the transactions of the Company,
    - ii) will at any time enable the financial position of the Company to be determined with reasonable accuracy,
    - iii) will enable the Directors to ensure that any balance sheet, profit and loss account or income and expenditure account of the Company complies with the requirements of the Acts, and
    - iv) will enable the accounts of the Company to be readily and properly audited.
  - b) The books of account of the Company shall be kept on a continuous and consistent basis, that is to say, the entries therein shall be made in a timely manner and be consistent from one year to the next.
  - c) Proper books shall not be deemed to be kept if there are not kept such books of account as comply with the Acts and as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
  - d) The books of account shall be kept at the Office or, subject to the provisions of the Acts, at such other place as the Directors think fit and shall be open at all reasonable times to the inspection of the Directors.
  - e) In accordance with the provisions of the Acts, the Directors shall cause to be prepared and to be laid before the annual general meeting of the Company from time to time such profit and loss accounts, balance sheets, group accounts and reports as are required by the Acts to be prepared and laid before such meeting.
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- f) A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the annual general meeting of the Company together with a copy of the Directors' report and Auditors' report shall be sent, not less than twenty-one Clear Days before the date of the annual general meeting, to every person entitled under the provisions of the Acts to receive them; and the required number of copies of these documents shall be forwarded at the same time to the appropriate sections of The Stock Exchanges.
- g) Auditors shall be appointed and removed and their duties regulated in accordance with the Acts.

## **Part XXII - Capitalisation of Profits or Reserves**

### **122. Capitalisation of profits and reserves**

Without prejudice to any powers conferred on the Directors by these Articles, the Company in general meeting may resolve, upon the recommendation of the Directors, that any sum for the time being standing to the credit of any of the Company's reserves (including any capital redemption reserve fund or Share premium account) or to the credit of the profit and loss account be capitalised and applied on behalf of the Members who would have been entitled to receive that sum if it had been distributed by way of dividend and in the same proportions either in or towards paying up amounts for the time being unpaid on any Shares held by them respectively, or in paying up in full unissued Shares or debentures of the Company of a nominal amount equal to the sum capitalised (such Shares or debentures to be allotted and distributed credited as fully paid up to and amongst such Holders in the proportions aforesaid) or partly in one way and partly in another, so, however, that the only purposes for which such sums standing to the credit of the capital redemption reserve fund or the share premium account shall be applied shall be those permitted by the Acts.

### **123. Capitalisation and use of non-distributable profits and reserves**

Without prejudice to any powers conferred on the Directors as aforesaid, the Company in general meeting may resolve, on the recommendation of the Directors, that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account which is not available for distribution by applying such sum in paying up in full unissued Shares to be allotted as fully paid bonus Shares to those Members of the Company who would have been entitled to that sum if it were distributable and had been distributed by way of dividend (and in the same proportions) and the Directors shall give effect to such resolution.

### **124. Implementation of capitalisation issues**

Whenever such a resolution is passed in pursuance of either of the two immediately preceding Articles, the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares or debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provisions as they shall think fit for the case of Shares or debentures becoming distributable in fractions (and, in particular, without prejudice to the generality of the foregoing, either to disregard such fractions or to sell the Shares or debentures represented by such fractions and distribute the net proceeds of such sale to and for the benefit of the Company or to and for the benefit of the Members otherwise entitled to such fractions in due proportions) and to authorise any person to enter on behalf of all the Members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares or debentures to which they may become entitled on such capitalisation or, as the case may require, for the payment up by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares and any agreement made under such authority shall be binding on all such Members.

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## Part XXIV - Notices

### 125. Notices in writing

Any notice to be given, served or delivered pursuant to these Articles shall be in writing or by sending the same by electronic mail or other form of Electronic Communication approved by the Directors to the address of any Member notified to the Company by the Member for such purpose.

### 126. Service of notices and documents

- (a) A notice or document (including a share certificate and a proxy appointment) to be given, served or delivered in pursuance of these Articles or otherwise may be given to, served on or delivered to any Member by the Company:
- (i) by handing same to him or his authorised agent;
  - (ii) by leaving the same at his registered address;
  - (iii) by sending the same by the post in a pre-paid cover addressed to him at his registered address; or
  - (iv) by delivering or making the same available in electronic form, whether as an electronic communication or otherwise subject to and in accordance with the provisions of these Articles.
- (b) Where a notice or document is given, served or delivered pursuant to sub paragraph (a)(i) or (ii) of this Article, the giving, service or delivery thereof shall be deemed to have been effected at the time the same was handed to the Member or his authorised agent, or left at his registered address (as the case may be).
- (c) Where a notice or document is given, served or delivered pursuant to sub-paragraph (a)(iii) of this Article, the giving, service or delivery thereof shall be deemed to have been effected at the expiration of twenty-four hours after the cover containing it was posted. In proving service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.
- (d) Where a notice, document or other information is given, served or delivered in electronic form whether as an electronic communication or otherwise pursuant to sub-paragraph a) iv) of this Article, it shall be treated as having been given, served or delivered:
- (i) if given, served or delivered by electronic mail, at the time it was sent; or
  - (ii) where any such notice or document is given, served or delivered by being made available or displayed on a website, when the recipient received or is deemed to have received notice of the fact that the notice, document or other information was available on the website.
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- (e) Every legal personal representative, committee, receiver, curator bonis or other legal curator, assignee in bankruptcy or liquidator of a Member shall be bound by a notice given as aforesaid if sent to the last registered address of such Member (or if otherwise delivered or made available in accordance with this Article), notwithstanding that the Company may have notice of the death, lunacy, bankruptcy, liquidation or disability of such Member.
- (f) Where a Member has elected to receive notices or other documents in electronic form, whether as an electronic communication or otherwise, the Company may notwithstanding such election and without giving advance notice to the Member, provide such notices or documents in accordance with any of the methods allowed for in sub-paragraphs a)i), ii) or iii) of this Article and such provision shall satisfy the Company's obligations in this regard.
- (g) Without prejudice to the provisions of sub-paragraphs (a) (i) and (ii) of this Article, if at any time by reason of:
  - (i) the suspension or curtailment of postal services within the State, the Company is unable effectively to convene a general meeting by notice sent through the post; or
  - (ii) the occurrence of any event or thing as a consequence of which the Company is unable effectively to convene a general meeting by means of an electronic communication;

a general meeting may be convened by a notice advertised on the same day in at least one leading national daily newspaper published in the State (and one national daily newspaper published in the United Kingdom and the United States of America) and such notice shall be deemed to have been duly served on or delivered to all Members entitled thereto at noon on the day on which the said advertisement or advertisements shall appear. In any such case the Company shall send confirmatory copies of the notice through the post to those Members whose registered addresses are outside the State (if or to the extent that in the opinion of the Directors it is practical so to do) or are in areas of the State unaffected by such suspension or curtailment of postal services and if at least ninety-six hours prior to the time appointed for the holding of the meeting the posting of notices to Members in the State, or any part thereof which was previously affected, has become practical in the opinion of the Directors, the Directors shall send forthwith confirmatory copies of the notice by post or electronic means, whether as an electronic communication or otherwise (as the case may be) to such Members. The accidental omission to give any such confirmatory copy of a notice of a meeting to, or the non-receipt of any such confirmatory copy by, any person entitled to receive the same shall not invalidate the proceedings at the meeting.

- (h) Notwithstanding anything contained in this Article the Company shall not be obliged to take account of or make any investigations as to the existence of any suspension or curtailment of postal services within or in relation to all or any part of any jurisdiction or area other than the State and, in the case of sub-paragraph g)ii) of this Article, the Company shall not be obliged to carry out any tests or investigations into the causes of or circumstances surrounding the event or thing in question as a consequence of which the Company shall be unable effectively to convene a general meeting by means of an electronic communication other than such tests and investigations as may be used from time to time by the Company or its agents in relation to the use or operation of any systems for electronic communication.
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**127. Notices to members**

Any Member whose registered address is not within the State, the United Kingdom, the United States of America, the Channel Islands or the Isle of Man and who gives to the Company an address within any of the above territories at which notices may be served upon him shall be entitled to have notices served upon him at that address or shall be entitled to receive notices by electronic mail, or other formal Electronic Communication approved by the Directors, to be sent to an address notified to the Company by the Member for such purpose but unless he does so shall not be entitled to receive any notice from the Company.

**128. Service on joint Holders**

A notice may be given by the Company to the joint Holders of a Share by giving the notice to the joint Holder whose name stands first in the Register in respect of the Share or, in the case of a notice sent by electronic mail or other form of Electronic Communication approved by the Directors, to the address in respect of the Joint Holding notified to the Company by the Joint Holders for such purpose, and notice so given shall be sufficient notice to all the joint Holders.

**129. Service on transfer or transmission of Shares**

- a) Every person who becomes entitled to a Share shall before his name is entered in the Register in respect of the Share, be bound by any notice in respect of that Share which has been duly given to a person from whom he derives his title provided that the provisions of this paragraph shall not apply to any notice served under Article 68 unless, under the provisions of Article 68(c), it is a notice which continues to have effect notwithstanding the registration of a transfer of the Shares to which it relates.
- b) Without prejudice to the provisions of these Articles allowing a meeting to be convened by newspaper advertisement, a notice may be given by the Company to the persons entitled to a Share in consequence of the death or bankruptcy of a Member by sending or delivering it, in any manner authorised by these Articles for the giving of notice to a Member, addressed to them at the address (inclusive of an electronic address), if any, supplied by them for that purpose. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

**130. Signature to notices**

The signature to any notice to be given by the Company may be written or printed or, in the case of a notice in electronic form the signature may be an Electronic Signature, Advanced Electronic Signature or otherwise as the Directors may approve.

**131. Deemed receipt of notices**

A Member present, either in person or by proxy, at any meeting of the Company or the Holders of any class of Shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

**132. Use of Electronic Communication**

- (a) Notwithstanding any other provision of these Articles, whenever any person (including without limitation the Company, a Director, the Secretary, any officer of the Company, a Member or any other person) is required or permitted by these Articles or otherwise to give or receive information in writing such information may be given or received in electronic form, whether as an electronic communication or otherwise in such manner or form and subject to such terms, conditions or restrictions as the Directors may, subject to the Acts, determine or approve from time to time in their absolute discretion.
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- (b) Subject to the Acts, the Company and its Directors, Secretary or officers shall not be compelled to receive or to send electronic communications or information in electronic form under these Articles or otherwise until such time as the Directors shall have advised (pursuant to any terms and conditions of electronic communication or otherwise) the recipient or giver (as the case may be) in writing of the manner, form and restrictions (if any) by which such information may be sent or received.

#### **Part XXIV - Winding up**

##### **133. Distribution on winding up**

If the Company shall be wound up and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up or credited as paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up or credited as paid up at the commencement of the winding up on the Shares held by them respectively. And if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among the Members in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said Shares held by them respectively. Provided that this Article shall not affect the rights of the Holders of Shares issued upon special terms and conditions.

##### **134. Distribution in specie**

If the Company is wound up, the liquidator, with the sanction of a special resolution of the Company and any other sanction required by the Acts, may divide among the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and, for such purpose, may value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator, with the like sanction, may vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as, with the like sanction, he determines, but so that no Member shall be compelled to accept any assets upon which there is a liability.

#### **Part XXV - Miscellaneous**

##### **135. Minutes of meetings**

The Directors shall cause minutes to be made of the following matters, namely:-

- a) of all appointments of officers and committees made by the Directors and of their salary or remuneration;
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- b) of the names of Directors present at every meeting of the Directors and of the names of any Directors and of all other members thereof present at every meeting of any committee appointed by the Directors; and
- c) of all resolutions and proceedings of all meetings of the Company and of the Holders of any class of Shares in the Company and of the Directors and of committees appointed by the Directors.

Any such minute as aforesaid, if purporting to be signed by the chairman of the meeting at which the proceedings were held, or by the chairman of the next succeeding meeting, shall be receivable as prima facie evidence of the matters stated in such minute without any further proof.

**136. Inspection**

The Directors shall determine from time to time whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members, not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Acts or authorised by the Directors or by the Company in general meeting. No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it would be inexpedient in the interests of the Members of the Company to communicate to the public.

**137. Secrecy**

Every officer of the Company or other person employed in the business of the Company shall, when required by the Directors before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting the business of the Company and all transactions of the Company with its customers and the state of accounts with individuals, and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required to do so by the Directors or by any general meeting or by a court of law or by the person to whom such matters relate, and except so far as may be necessary in order to comply with any of the provisions of these Articles.

**138. Destruction of records**

The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof, all notifications of change of address at any time after the expiration of two years from the date of recording thereof and all Share certificates and dividend mandates which have been cancelled or ceased to have effect at any time after the expiration of one year from the date of such cancellation or cessation. It shall be presumed conclusively in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument duly and properly registered and every Share certificate so destroyed was a valid and effective document duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that:

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- a) the provision aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
- c) references herein to the destruction of any document include references to the disposal thereof in any manner.

### 139. Untraced Shareholders

The Company may sell any Shares in the Company on behalf of a Holder, or person entitled by transmission to, the Shares, if:-

- a) the Shares have been in issue throughout the qualifying period and at least three cash dividends have become payable on the Shares during the qualifying period;
- b) no cash dividend payable on the Shares has either been claimed by presentation to the paying bank of the relative cheque or warrant or been satisfied by the crediting of any account which the Holder has with the Company, whether in the sole name of such Holder or jointly with another person or persons, or by the transfer of funds to a bank account designated by the Holder of, or person entitled by transmission to, the Shares at any time during the relevant period;
- c) the Company has not at any time during the relevant period received, so far as the Company at the end of the relevant period is then aware, any communication from the Holder of, or person entitled by transmission to, the Shares;
- d) the Company has caused advertisements giving notice of its intention to sell the Shares to be published in a leading daily newspaper with a national circulation in the State and another in a newspaper circulating in the area of the address shown in the register of the Holder of, or person entitled by transmission to, the untraced Shares, and (in either such case) a period of three months has elapsed from the date of publication of the advertisement; and
- e) the Company has given notice to the relevant departments of The Stock Exchanges of its intention to make the sale.

For the purposes of this Article:

*"the qualifying period"* means the period of twelve years immediately preceding the date of publication of the relevant advertisements referred to in sub-paragraph (d) above;

*"the relevant period"* means the period beginning at the commencement of the qualifying period and ending on the date when all the requirements of sub-paragraphs (a) to (e) above have been satisfied.

For the purposes of sub-paragraph (c) above, a statutory declaration that the declarant is a Director of the Company or the secretary and that the Company was not aware at the end of the relevant period of having at any time during the relevant period received any communication from the Holder of, or person entitled by transmission to, the Shares shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Shares.

If, after the publication of the advertisement referred to in sub-paragraph (d) above but before the Company has become entitled to sell the Shares pursuant to this Article, the requirements of sub-paragraph (b) or (c) above cease to be satisfied, the Company may nevertheless sell those Shares after the requirements of sub-paragraphs (a) to (e) above have been satisfied afresh in relation to them.

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If during any relevant period further Shares have been issued in right of those held at the beginning of that relevant period or of any previously so issued during that relevant period and all the requirements of sub- paragraphs (b) to (e) above have been satisfied in regard to the further Shares, the Company may also sell the further Shares.

The manner, timing and terms of any sale of Shares pursuant to this Article (including but not limited to the price or prices at which the same is made) shall be such as the Directors determine, based upon advice from such bankers, brokers or other persons as the Directors consider appropriate which are consulted by it for the purposes, to be reasonably practicable having regard to all the circumstances including the number of Shares to be disposed of and the requirement that the disposal be made without delay; and the Directors shall not be liable to any person for any of the consequences of reliance on such advice.

To give effect to any sale of Shares pursuant to this Article the Directors may take such steps as the Directors consider are necessary or desirable in order to effect such sale and, for this purpose, may authorise some person to transfer the Shares in question and may enter the name of the transferee in respect of the transferred Shares in the register notwithstanding the absence of any Share certificate being lodged in respect thereof and may issue a new certificate to the transferee and an instrument of transfer executed by that person or such other method of transfer as is employed by this person shall be as effective as if it had been executed or employed by the Holder of, or person entitled by transmission to, the Shares. The purchaser shall not be bound to see to the application of the purchase moneys nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

The Company shall account to the Holder or other person entitled to such Shares for the net proceeds of such sale by carrying all moneys in respect thereof to a separate account which shall be a permanent debt of the Company and the Company shall be deemed to be a debtor and not a trustee in respect thereof for such Holder or other person. Moneys carried to such separate account may be either employed in the business of the Company or invested in such investments as the Directors may think fit, from time to time.

#### **140. Register of Shareholders**

- (a) The Register shall be kept in the manner prescribed by the Companies Acts at the Registered Office or at such other place as may be authorised by the Board from time to time consistent with the Companies Acts.
  - (b) The Register may be closed at such times and for such periods as the Board may from time to time decide, subject to Section 121 of the 1963 Act. Except during such time as it is closed, the Register shall be open to inspection in the manner prescribed by the Companies Acts at such times as the Board may from time to time determine.
  - (c) Unless the Board so determines, no Shareholder or intending Shareholder shall be entitled to have entered in the Register, or otherwise recognised by the Company, any indication of any trust or any equitable, beneficial, contingent, future, fractional or partial interest in any Share, and if any such entry exists or is permitted by the Board it shall not be deemed to abrogate any provision of these Articles provided that no interest will be entered in the Register unless permitted by the Companies Acts.
  - (d) If the Board considers it necessary or appropriate, the Company may establish and maintain a duplicate Register at such location or locations within or outside Ireland as the Board thinks fit. The original Register shall be treated as the register of members for the purposes of these Articles and the Companies Acts.
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- (e) The Company or any agent(s) appointed by it to maintain the duplicate Register in accordance with these Articles, shall as soon as practicable and on a regular basis record or procure the recording in the original Register in such manner as to show at all times the members for the time being and the shares respectively held by them, in all respects in accordance with the Companies Acts.

#### **141. Indemnity**

Subject to the provisions of and so far as may be permitted by the Acts, every Director, Managing Director, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses, and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.

To the extent permitted by law, the Directors may arrange insurance cover at the cost of the Company in respect of any liability, loss or expenditure incurred by any Director or officer in relation to anything done or alleged to have been done or omitted to be done by him as Director or officer.

COMMERCIAL LEASE
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**BY AND BETWEEN THE UNDERSIGNED:**

**The company named “MS CAPITOLE SCI**”, a *société civile immobilière* (real estate partnership) with a registered capital of 6,751,000.00 euros, having its registered offices at 14 rue Gorge de Loup- 69009 - LYON, registered in the Lyon Trade and Companies Register under the number 438 203 945,

Itself represented by its Managing Director, the company named “**LES DOCKS LYONNAIS**”, a *société anonyme* (corporation) with a registered capital of €55,809,796 having its registered offices at 14 rue Gorge de Loup - 69009 - LYON- registered in the Lyon Trade and Companies Register under the number 955 502 133,

Itself represented by Mr Christophe Fournage, domiciled at 14 rue Gorge du Loup -69009 - LYON, acting in his capacity as Chief Executive of LES DOCKS LYONNAIS SA

Hereinafter referred to as: the “**Lessor**”

ON THE ONE HAND,

**AND**

**The company named “ICON CLINICAL RESEARCH SARL**”, a *société à responsabilité limitée* (limited liability company) with a registered capital of 7,622.45 euros, having its registered offices at 20 rue Troyon 92310 – SEVRES, registered in the Nanterre Trade and Companies Register under the number 419 490 099,

Represented by Mrs Mirella Laguerre Charpentier acting in his capacity as executive manager, duly authorised for the purposes of this agreement

Hereinafter referred to as: the “**Lessee**”

ON THE OTHER HAND,

(hereinafter referred to individually or collectively as a “**Party**” or the “**Parties**”).

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## RECITALS

- (A) The Lessor is the owner of a property called “Le Capitole”, located in Nanterre (Hauts-de-Seine), with the postal address of Parc des Fontaines, 55, avenue des Champs Pierreux 92000 Nanterre, (the “**Property**”), breaking down as follows:
- § a lower ground floor,
  - § an upper ground floor,
  - § four upper floors,
  - § covered parking places,
  - § outdoor parking places.
- The Property is divided into six divisions of premises for use as offices and for use for “activities”; 40% of the total floor area of these “activity” premises may be used as offices connected to those activities.
- (B) The Lessee wishes to lease premises for office use in the Property, currently partly occupied by the company Crédit Coopératif and partly by Société Générale (Premises 4B and Premises 4A, respectively, as these terms are defined hereinafter), it being specified that:
- the premises may be delivered progressively to the Lessee, in two stages, considering the time frames for restitution and renovation of Premises 4A, currently leased by Société Générale; and
  - in order to accelerate the delivery of premises 4B to the Lessee and the completion of the Lessee’s fitting-out works in these premises, the Lessee wishes to integrate the renovation of Premises 4B to be carried out by the previous tenant within its own fitting-out works, in return for a financial contribution by the Lessor to carry out these works, rather than wait for them to be carried out by the former tenant or by the Lessor prior to the entry into effect of the lease.
- (C) It was under these conditions that the Parties have come together and entered into this commercial lease agreement, under the clauses and conditions set forth herein.
- (D) The Lease is divided into two titles forming an indivisible whole:
- Title 1: Special Terms and Conditions (the “**Special Terms and Conditions**”)
- Title 2: General Terms and Conditions (the “**General Terms and Conditions**”)
- In the event of contradiction between the General Terms and Conditions and the Special Terms and Conditions, the latter shall prevail.
- (E) This commercial lease cancels and replaces any written or oral agreement as may exist prior to the date hereof between the Lessor and the Lessee concerning the leasing of the Leased Premises (as this term is defined in Article 1.1 of the Special Terms and Conditions) under a commercial lease.

THEREUPON, IT HAS BEEN AGREED AS FOLLOWS:

## TITLE I - SPECIAL TERMS AND CONDITIONS

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### ARTICLE 1 DESCRIPTION OF THE LEASED PREMISES

#### 1.1 Definition of the Leased Premises

1.1.1 The Lessor hereby grants a lease (hereinafter referred to, together with its appendices, as the "**Lease**") to the Lessee, which accepts the same, over the following premises located in the Property, for use as offices and for activities, namely:

In the Property as defined in the recitals hereto:

§ premises located on the 4<sup>th</sup> floor of Division B of the Property, of a total floor area, including the share of communal areas, of 2,275 m<sup>2</sup>, hereinafter referred to as "Premises 4B";

§ premises located on the 4<sup>th</sup> floor of Division A of the Property, of a total floor area, including the share of communal areas, of 547 m<sup>2</sup>, hereinafter referred to as "Premises 4A"; and

§ 70 parking places distributed as follows:

- 40 outdoor parking places numbered 71 to 83 at level 0, 24 to 32 and 45 to 49 and 61 to 63 and 194 to 203 at level +1
- 22 "silo" parking places numbered 155 to 164 and 200 to 211
- 8 "VIP" parking places numbered 19 to 23 and 67 to 69

(hereinafter the "**Leased Premises**");

as the Leased Premises appear in the plans and drawings appended in **Appendix 2** without any more extensive description being required, on the request of the Lessee which represents that it has full knowledge of the same as a consequence of having visited them prior to the signature of this agreement, and which consequently accepts them in the condition in which they are to be found, without claim or repayment of any sort whatsoever, subject to those details set forth in Article 2.2.2 of the Special Terms and Conditions below.

The Lessee shall benefit from non-exclusive access to the inter-company staff canteen ("RIE" - *restaurant inter-entreprises*) as defined in Article 20 of the General Terms and Conditions and under the conditions set forth in that Article.

1.1.2 The non-binding floor areas set out above include the share of those parts of the Property used in common by all tenants of the Property, and which pertain to the private (exclusive-use) floor areas in the Leased Premises.

The maximum capacity of the Premises 4B is 154 persons, in accordance with fire safety regulations.

The maximum capacity of the Premises 4A is 50 persons, in accordance with fire safety regulations.

## 1.2 Use of the Leased Premises

The Leased Premises are for exclusive use as offices and activities (with the exception of the parking places). It is specified that the Leased Premises are not "ERP" (French classification of establishments open to the general public) premises and, as a consequence, it is prohibited for the Lessee to receive the general public in the Leased Premises within the meaning of these regulations [MCG1].

## ARTICLE 2 ENTRY INTO EFFECT OF THE LEASE - CONDITION OF THE LEASED PREMISES

### 2.1 Entry into effect of the Lease

The Lease shall enter into effect on 1 February 2013 (hereinafter referred to as the "**Effective Date of the Lease**").

### 2.2 Delivery of the Leased Premises - Condition of the Leased Premises

2.2.1 The Leased Premises shall be progressively delivered to the Lessee by the Lessor according to the following timetable:

- Premises 4B and the 70 parking places shall be made available to the Lessee in advance, as of the date of signature of this lease, in order to allow the Lessee to carry out the renovation and fitting-out works referred to in Articles 2.2.2 and 3.3 of the Special Terms and Conditions, to the exclusion of any operation of its activity;
- Premises 4A shall be made available to the Lessee on the Effective Date of the Lease, if Premises 4A are available and have been renovated at that date, or as of the time that Premises 4A are available and renovated if at a later date and, in any event, at the latest on 15 May 2013 (the "**Premises 4A Delivery Date**").

In the event that the Delivery Date of Premises 4A is delayed for any reason whatsoever (except force majeure which includes any strike affecting sector companies working on the Premises 4A) beyond May 16, 2013, the Lessor shall pay to the Lessee, as of 16 May 2013, an indemnity of eight hundred euros (€ 800) excluding taxes, per calendar day late until the Premises 4A Delivery Date, within the limits of 31 December 2013.

If the handover of Premises 4A to the Lessee has still not taken place by 31 December 2013, the Lessee alone may terminate the Lease at its complete discretion, without owing any indemnity and with the Lessor reimbursing all of its moving expenses and the cost of its Works carried out in the Leased Premises, after deduction of any sums received up to the date of termination of the Lease as Lessor's financial contribution to the Lessee's Works as agreed in Article 3.3 of the Special Terms and Conditions.



As of date of delivery of Premises 4B as referred to above and until the Effective Date of the Lease, the Lessee shall occupy Premises 4B and the 70 parking places while complying with all of the provisions of the Lease with the exception of those clauses providing for the payment of Rent and charges as well as of the obligation to operate and to furnish the Leased Premises as provided for in Article 11.2 of the General Terms and Conditions.

2.2.2 The Leased Premises shall be delivered to the Lessee, subject to the following details:

- (i) Since Premises 4B are being made available to the Lessee, on its request, in the condition in which they are to be found on the date of signature of this lease so that the latter may more rapidly carry out the renovation works required for the fitting-out of the premises, in return for a financial contribution to these works by the Lessor, Premises 4B shall be deemed to have been made available to the Lessee with partitions removed and in perfectly renovated condition in accordance with the specifications set out in the notice appearing in Appendix 21, and the Parties therefore dispense one another from drawing up a schedule of condition on entry into these premises;
- (ii) By way of derogation from Article 4 of the General Terms and Conditions, Premise 4A shall be made available by the Lessor to the Lessee on the Premises 4A Delivery Date with partitions removed and cables (low current) removed, and in perfectly renovated condition (except toilet blocks which will be restored in good condition), on the Premises 4A Delivery Date as shall be observed in a joint schedule of condition of the Premises 4A (hereinafter the "**Premises 4A Schedule of Condition**") shall be drawn up by a *Huissier de justice* (bailiff) on the date on which the premises are made available, and that bailiff's formal record of observation shall be deemed equivalent to a joint schedule of condition on entry of the Lessee for Premises 4A, the cost of which shall be borne for half each by the Lessor and the Lessee.

The Lessor will invite the Lessee to make a Schedule of condition of Premises 4A at least five (5) working days in advance. If the Lessee fails to appear as scheduled for any reason whatsoever, he will receive a second notice with a notice period of three (3) working days. In the event that the Lessee fails to appear in the new convocation, the Premises 4A Delivery Date will be the date specified in the first invitation, and the Premises 4A Schedule of Condition which will be drawn up at the initiative of Lessor only, shall be deemed binding to the Lessee.

A descriptive of Premises 4A after renovation will be annexed to the Premises 4A Schedule of Condition and will form an integral part of this document.

2.2.2 Regarding Premises 4B, the Lessee may not require the Lessor, in any respect whatsoever whether on the Effective Date of the Lease or during the course of the Lease, to make any modification or renovation, any change of any nature whatsoever to the Leased Premises, nor any reduction in the Rent, and shall have no right of claim or warranty by the Lessor for any cause whatsoever, due to the condition of the Leased Premises on the Effective Date of the Lease.

It shall have no right of claim or warranty by the Lessor either for Premises 4A, whether on the Premises 4A Delivery Date or during the course of the Lease, provided that the Lessor fully performs Article 2.2.2 (ii) of the Special Terms and Conditions, above. It is specified in this regard, as necessary, that the Premises 4A will be considered to be made available to the Lessee when they can be used by the Lessee in accordance with their destination. The Lessee may not refuse to take possession of Premises 4A and shall not be entitled to payment of compensation referred to above in Article 2.2.2 due to defects that Parties could see in the renovation work carried out by the Lessor, when these defects not prevent the use of the Leased Premises. In such a case, the Lessor shall conduct works necessary to the repair of such defaults or defects after the Premises 4A Delivery Date, according to the terms and conditions under Article 11.7 of the General Terms.

2.2.3 Subject to the full performance by the Lessor of Articles 2.2.1 and 2.2.2 of the Special Terms and Conditions above (in the particulars referred to in Article 2.2.3 above), the Lessee acknowledges that the Lessor has therefore fully performed its duty to hand over the Leased Premises in accordance with Article 1719 para 1 of the Civil Code.

2.2.4 The Leased Premises must be returned to the Lessor at the end of possession by the Lessee, in those conditions laid down in the General Terms and Conditions, meaning in good condition and conforming to the specifications detailed in the notice featured in **Appendix 21** for Premises 4B and conforming to the schedule of condition entry for Premises 4A and, at the Lessor's discretion, with all partitions and cables (low current) removed, including Premises 4B which are deemed to have been handed over to the Lessee with all partitions and cables (low current) removed.

## ARTICLE 3 RENT

### 3.1 Amount of the Rent

3.1.1 The Lease has been granted and accepted for an annual rent excluding taxes and excluding charges of an amount of **nine hundred and eighteen thousand seven hundred and seventy euros (€ 918,770)** (with VAT at the rate in force on the date that payment is due) (hereinafter the "**Rent**").3.1.2 The Rent includes the annual fee for the non-exclusive right of access to the floor areas dedicated to the staff canteen.

The annual Rent is all-inclusive and independent of the effective use of all or part of the Leased Premises (including the parking places and/or the staff canteen).

Notwithstanding the above, it is specified, for information, that the Rent has been calculated according the following basis:

- Eight hundred and four thousand two hundred and seventy euros (€ 804,270) for premises for office use, i.e a rent of € 285 per square meter,
- Sixty thousand euros (€ 60,000) for the outside parking places, i.e a rent of € 1,500 per place,
- Thirty eight thousand five hundred euros (€ 38,500) for "Silo" parking place, i.e a loan of €1,750 per place,

- Sixteen thousand euros (€ 16,000) for "VIP" parking palces, i.e a rent of € 2,000 per place.

3.1.3 The portion of the Rent corresponding to Premises 4A (and fixed by mutual agreement between the Parties at the overall sum of one hundred and fifty-five thousand eight hundred and ninety-five euros (€155,895) excluding taxes and excluding charges for the purposes of this clause) shall only be due to the Lessor as of the Premises 4A Delivery Date.

### 3.2 Rent-free period

3.2.1 As a exceptional commercial gesture, and considering the progressive delivery of the Leased Premises, the Lessor grants the Lessee a rent-free period equal to nine (9) months of Rent excluding taxes (hereinafter the "**Rent Exemption**"), it being specified that, for Premises 4A and the corresponding portion of the Rent as fixed in Article 3.1 above, as of the Premises 4A Delivery Date.

By way of derogation from the terms of Article 5.3 of the General Terms and Conditions, the payment of the first Rent shall take place, for the first time when billing quarter 4 2013, on 1 October 2013, on a pro rata basis according to the time remaining to the calendar quarter which is not affected by the Rent Exemption (i.e., for the period running from 1 November 2012 to 31 December 2013), after deduction of the portion of the Rent Exemption remaining due for Premises 4A.

The Rent Exemption shall apply to the annual Rent; consequently, all charges, taxes, incidentals, management fees, insurance premiums and reimbursable taxes borne by the Lessee pursuant to the Lease shall remain due, throughout the entire duration of the Rent Exemption, by the Lessee to the Lessor or, as the case may be, to the associations created among the various occupiers of the Property.

3.2.2 In the event that the Lease is terminated before the end of the 6<sup>th</sup> year of the Lease, due to the Lessee's exclusive fault pursuant to Article 18 of the General Terms and Conditions, the Lessee shall, without prejudice to the terms of said Article 18, reimburse a portion of the Rent Exemption calculated according to the following formula:

RRE:  $[\text{TRE} / \text{TLD}] \times \text{TTR}$

where:

RRE: means the amount of the portion of Rent Exemption to be reimbursed

TRE: means the total amount of the Rent Exemption (i.e. the sum of €689,078)

TLD: total duration of the fixed term of the Lease in calendar days (i.e. 365 days x 6 years)

TTR: time (in calendar days) still to run for the fixed duration (of 6 years) of the Lease, as of the effective date of the termination of the Lease pursuant to Article 18 of the General Terms and Conditions (for example, in the event of termination on January 31, 2018, the TTR shall be equal to 365 calendar days).

For example, in the event of termination of the Lease, pursuant to Article 18 of the General Terms and Conditions, effective as of January 31, 2018, the amount of the portion of the Rent Exemption to be reimbursed shall be equal to:

RRE = (689,078/2,190) X 365= 114,846 € HT

### 3.3 Lessor's contribution to the Lessee's works

3.3.1 The Lessee has informed the Lessor of its desire to carry out fitting-out works in the Leased Premises, the related tender documents are set out below in **Appendix 2020** (hereinafter referred to as the "Fitting-Out Works"), and in addition to which there are also the works required for the renovation of Premises 4B following the departure of the previous tenant, the descriptive file for which is set out below in **Appendix 21** (hereinafter referred to as the "Premises 4B Renovation Works") (hereinafter referred to together as the "Works").

The Lessor hereby gives its advance agreement for carrying out the Works, it being specified that :

- a pre-work asbestos diagnosis ( the "**Pre-work Diagnosis**") is being drawn up which related results (and constraints) will be incorporated in the Works and for which the Lessee undertakes to observe the prescriptions.

- the Lessee must in all cases submit to the Lessor a complete file complying with the provisions of Article 11.8.1 of the General Terms and Conditions so that the Lessor and its technical advisor will be in a position to benefit from the same level of control over these works as over any substantial works in the Leased Premises; including the validation of the Fitting-Out Works by an inspection body prior to any start of the Works, it being specified that:

- the detailed description of the Premises 4B Renovation Works to provide as part of this work file had been already reviewed by the Lessor and is set out in **Appendix 21** and,

- the cleaning section of the Premises 4B Renovation Works is already validated by the Lessor and its counsel and might be initiated by the Lessee immediately after its entry in the premises , subject to the furniture to the Lessor, prior to any start of the works of:

- o The subcontractors' list
- o The justification of the insurance cover of the works by the Lessee and its enterprises; and
- o A timeframe for the works to be completed.

- The Parties shall come together to determine the procedures for carrying out the works of demolition of the separation wall between Premises 4B and Premises 4A and their coordination with the works carried out by each of the Parties;

- taking into account the anticipated start date for Fitting-Out Works, the period referred to in Article 11.8.1 a) of the General Conditions is reduced to 5 working days.

The Works shall be carried out at the Lessee's expense and in compliance with best trade practices and applicable regulations, after obtaining any administrative or other authorisations, if any, that are required to carry out the Works and which the Lessee shall take personal responsibility for, without any right of claim against the Lessor in any respect whatsoever and for any cause whatsoever and generally in accordance with all of the provisions of Article 11.8.1 of the General Terms and Conditions.

The Lessee undertakes to take all necessary steps to minimise the disturbance caused by the Works that it carries out for the other occupiers of the Property and undertakes to bear the consequences of any claim and/or complaint arising as a consequence of the Works, such that the Lessor shall never be pursued in this respect.

3.3.2 As an exception, the Lessor accepts to contribute to the cost of the Works:

- (i) for a fixed and final maximum amount of four hundred and eight thousand three hundred and five euros (**€408,305**) excluding taxes, incremented by VAT at the rate in force, for the Premises 4B Renovation Works; and
- (ii) for a fixed and final maximum amount of two hundred and eighty-two thousand two hundred euros (**€ 282,200**) excluding taxes, incremented by VAT at the rate in force, for the Fitting-Out Works,

it being specified that the Works must imperatively correspond to works which are of a fixed-asset nature within the meaning of accounting rules and standards applying in France, but without such Works affecting the intended use of the Leased Premises.

It is specified that pursuant to investigations carried out in the framework of the Pre-Work Diagnosis, only the presence of asbestos in the bituminous asphalt of the chilled water network has been indicated to the Parties, the withdrawal of which is not necessary during the Works.

If the presence of asbestos was reported in the Pre-Work Diagnosis submitted to the Parties, in others materials whose withdrawal would be imposed by the regulation for the Premises 4B Renovation Works, the Lessor shall pay the costs of such withdrawal and of the related treatment of the asbestos waste, notwithstanding the provisions of Articles 11.8.1, 11.5 and 15.4 of the General Terms and Conditions.

It has been agreed by and between the Parties that these amounts shall be paid to the Lessee within thirty (30) days of receipt of evidence of invoices duly paid to the contractors and insofar as the Lessee would have provided the Lessor with the Citibank Guarantee referred in Article 7 of the Special Terms and Conditions.

All sums exceeding these two respective total amounts shall remain borne by the Lessee (including fees, insurance premiums, taxes and expenses).

The Lessor cannot under any circumstances be held liable for the performance of the Works carried out by the Lessee in accordance with these terms, and no claim whatsoever (for damages, rent reduction or rent-free period) may be made against it in any manner or for any cause.

## ARTICLE 4 CHARGES

As of the Effective Date of the Lease, the Lessee shall owe the Lessor a provision for charges under the conditions laid down in the General Terms and Conditions, it being specified that the portion of charges corresponding to Premises 4A shall only be owed by the Lessee to the Lessor as of the Premises 4A Delivery Date.

The first payment of this provision for charges shall be made concomitantly with the Effective Date of the Lease, subject to those reserves referred to above. The amount of this first payment of a provision for charges pertaining exclusively to Premises 4B, calculated on a *pro rata temporis* basis, on the basis of a forecast budget for charges for 2012, for the period beginning on the Effective Date of the Lease and expiring on the last day in the current calendar quarter, is estimated at twenty two thousand two hundred forty one euros (€22,241) excluding taxes. Regarding all Leased Premises, the amount of this provision is estimated to forty thousand nine hundred and twenty seven (€40,927).

For information only, the forecast budget:

- of charges, taxes pertaining to the Leased Premises and to the Property which must be reimbursed by the Lessee to the Lessor in accordance with the terms of the Lease (it being specified that the amount of taxes pertaining to the Leased Premises and to the Property is not included in the provision for charges referred to above and shall be the subject of invoicing by the Lessor to the Lessee, separate from the provision for charges), and

- of charges, taxes pertaining to the staff canteen (which shall be paid directly by the Lessee to the groupings formed among the Property's tenants ),

appears in **Appendix 3**.

It is further specified that the documents summarising the principles for the invoicing of Rent, taxes and charges appear in **Appendix 4** and **Appendix 5**.

## ARTICLE 5 DURATION

**5.1** The Lease has been granted and accepted for a duration of nine (9) full and consecutive years as of the Effective Date of the Lease.

By way of derogation from Article L. 145-4 of the Commercial Code, the Lessee waives the right to terminate the Lease on expiry of the first three-year period, such that it shall be bound for a fixed and incompressible first period of six (6) years.

It is recalled that the firm duration of the Lease shall be binding on the Lessee as an imperative provision, and that in the event that it ceases to occupy the Leased Premises prior to expiry of the firm period, the Lessor shall be entitled to bring proceedings for the forced execution of all of the clauses, charges and obligations of the Lease until its term (without prejudice to the operation of Article 3.2.2 above), unless the Lessor lets the Leased Premises before this term (in which case the lessee shall be solely liable for the difference between the rent (or share of rent) due under the Lease and the new rent payable by the new tenant (less all costs and expenses incurred by the Lessor to relet the leased Premises).

5.2 Any notice of non-renewal given by the Lessee or by the Lessor pursuant to this Lease must be notified by bailiff service at least six (6) months in advance.

5.3 On the expiration of the Lease, in the event of renewal then the lease shall continue for a duration of nine (9) years, and the Lessee shall then be entitled to give notice of non-renewal on expiry of each three-year period.

It is expressly agreed between the Parties, as a condition which is of the essence of the agreement, that the application of the capping rule laid down in Article L. 145-34 of the Commercial Code is excluded for the first renewal and for successive renewals.

5.4 The provisions of Article 5.1 above are material and determining factors not only for the financial conditions of the Lease but also for the will of the Lessor to enter into this lease.

#### ARTICLE 6 LATE PAYMENT INTEREST

The contractually-agreed interest rate for late payment interest owed in the event of failure to pay the Rent and/or incidentals and/or any other debts due pursuant to the Lease shall be equal to the official interest rate, incremented by 3 points (300 bps).

#### ARTICLE 7 BANK GUARANTEE

By way of derogation from Article 10 of the General Terms and Conditions, the Lessee will provide the Lessor with a first demand guarantee of an amount equal to six (6) months of the Rent excluding taxes and excluding charges for the first year of the Lease plus 10% (ten percent), i.e. the sum of five hundred five thousand three hundred and twenty three euros and fifty centimes (**€505,323.50**) ("the **Guaranteed Amount**"), in compliance with the project set out in **Appendix 23** (the "**Citibank Guarantee**"). The Lessor will be provided with this guarantee no later than December 8, 2012.

In the event of failure to provide such guarantee no later than December 8, 2012, a penalty shall be owed by the Lessee to the Lessor equal to one thousand euros (€1,000) per day of delay, without prejudice to the possible application of Article 18 of the General Terms and Conditions.

Should the Guaranteed Amount represent less than 90% (ninety percent) of the amount equal to six (6) month rent excluding taxes and charges in accordance to the Lease provisions, the Lessee will provide the Lessor with a new Citibank Guarantee of an amount equal to six (6) month index-linked rent excluding taxes and charges in accordance to the Lease provisions, incremented by 10%, substituted for the Citibank Guarantee in effect as soon as the Lessor will ask for. This clause shall also apply to this new Citibank Guarantee and so on.

In the event that, during the course of the Lease, the Citibank Guarantee (original or renewed under the conditions specified above) should disappear for any reason whatsoever (including in case of assignment of the Leased Premises to a third-party or in case of renewal of the lease or at the Citibank Guarantee's expiration date), the Lessee shall then deliver a new Bank Guarantee issued either by Citibank International Plc in accordance with the Citibank Guarantee, or issued by any bank guarantee issued by a first class banking establishment having its registered offices in France in accordance with the terms and conditions detailed below ( "**Bank Guarantee**").

The Bank Guarantee shall be expressly made out pursuant to Article 2321 of the French Civil Code, in favour of the Lessor and successive owners of the Leased Premises. In the event of sale of the Leased Premises, said owners shall therefore become beneficiaries of this commitment on mere notification by them of such acquisition to the issuing bank.

The amount of the Bank Guarantee shall be adjusted automatically each year such as to represent, at all times, the value of the Rent index-linked in accordance with the provisions of Article 5.2 of the General Terms and Conditions.

The Bank Guarantee shall enter into effect on the Effective Date of the Lease and shall remain in force and produce all of its effects:

- until the expiry of a period of six (6) months following the date of vacating by the Lessee of the Leased Premises, said date of vacating arising from a formal record observing the return of the keys by the Lessee to the Lessor; a copy of this formal record of observation shall be sent to the guarantor bank by the Lessee;
- or, in the event of renewal of the Lease, until the date of receipt by the guarantor bank of a letter from the Lessor attesting to the delivery of a new guarantee.

In case of disappearance of the Bank Guarantee, for whatever reason, the Lessee should then, without delay, provide the Lessor with a new Bank Guarantee.

The Citibank Guarantee (and if applicable, the Bank Guarantee), is handed over as a substitute for the security deposit mechanism as set out in the General Terms and Conditions to cover all the amounts owed by the Lessee during the Lease's term, until complete vacating of the Leased Premises, under the rent, accessory charges and occupation indemnity, and more generally, any amount owed by the Lessee to the Lessor in connexion with the Leased Premises.

#### **ARTICLE 8 ACCESS TO THE AUDITORIUM AND THE FITNESS AREA**

The Lessee shall benefit from non-exclusive access to the auditorium located in the Property, under those conditions defined in the internal regulations of the auditorium, a copy of which appears in **Appendix 19** of this Lease.

The Lessee shall benefit from non-exclusive access to the fitness area located in the Property, and generally any new service which is put in place in the Property under those conditions and subject to those reservations as provided for in Article 6.1 of the General Terms and Conditions.

#### **ARTICLE 9 RIGHT OF WAY – EMERGENCY EXIT**

The Lessee is reminded that the arrangement of the Property requires a common organisation for the evacuation of all of premises located on the 4<sup>th</sup> floor of building A, and to allow each of the tenants present on this floor to use, if necessary, in the event of fire, the emergency stairs for which access is dependent on adjacent premises.

The access to emergency exits referred to above will be through a door access control whose opening is triggered by the activation of the fire system.(the "**Fire Access**").



The Lessee acknowledges that it is fully informed of this constraint and hereby grants a right of way for this purpose to any occupier of the premises adjacent to Premises 4A. The Lessee undertakes in particular not to do anything that might hinder access the Fire Access, and not to do anything to perturb the exercise of this right of way, such that the Lessor shall never be pursued in this respect.

The Lessee undertakes to conserve the strictest confidentiality concerning any information that it may become aware of at the time of exercising this right of way. The Lessor shall ensure that the same commitment is obtained from the future tenant(s) of the premises adjacent to Premises 4A and to provide proof of the same to the Lessee within a period of 15 days as of the signature of each lease with the future tenant(s) of premises adjacent to Premises 4A.

#### **ARTICLE 10 AUTHORISATION FOR DOMICILIATION AND SUBLET**

By way of express derogation from Article 12.1 of the General Terms and Conditions of the Lease, the Lessor authorises the Lessee to proceed with domiciliation in the Leased Premises and to sublet part of the Leased Premises to any companies in the same group, provided however:

- (i) any entity or company that is controlled, within the meaning of Article L.233-3 of the Commercial Code, by ICON Plc, Irish Company, shall be deemed to be a company in the Lessee's group;
- (ii) the Lessee may not sublet more than 60 % of the floor area of the Leased Premises (and 40% of the parking places) to more than five (5) different subtenants;
- (iii) the Lessee may not have more than five (5) companies domiciled in the Leased Premises; and
- (iv) if the subtenant or domiciled entity ceases being a company in the Lessee's Group within the meaning of this Article, the sublet or domiciliation that it benefits from shall fully and automatically come to an end within one month of that event.

Any sublet that is thereby authorised must comply with the provisions of Article 12.1 of the General Terms and Conditions which do not contradict those of this Article, and may only be entered into after the Lessee has sent notification by registered letter with return receipt requested, informing the Lessor of its intent to sublet, communicating the draft sublease agreement and inviting it to attend for the signature of the planned sublease.

Within fifteen (15) days following receipt of that notice, the Lessor shall inform the Lessee if it intends to attend for the signature of the deed. If, despite the authorisation granted in the first paragraph of this Article, the Lessor refuses or fails to respond, its presence shall be done without and the sublease shall be signed.

## TITLE II - GENERAL TERMS AND CONDITIONS

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### ARTICLE 1 LEGAL FRAMEWORK

The Parties expressly affirm and declare their intention to have the Lease forming the subject-matter hereof made subject to the conditions set out in this agreement and subject to the provisions of Articles L.145-1 to L.145-60, R.145-1 to R.145-11, D.145-12 to D.145-19, and R.145-20 to R.145-33 of the Commercial Code, and of the uncodified provisions of Article 33 of Decree No. 53-960 of 30 September 1953.

This clause is a determining clause for the Lease, without which the Parties would not have entered into contract.

For the avoidance of doubt, it is expressly agreed that the Lease, its recitals and its appendices form an inseparable whole and that the terms and conditions of rental of the Leased Premises shall be those appearing herein and in their appendices.

### ARTICLE 2 DESCRIPTION OF THE LEASED PREMISES

The Leased Premises which are hereby let are described in the Special Terms and Conditions.

The Lessee represents that it has full knowledge of the Leased Premises as a consequence of having seen and visited them and having made any necessary technical verification.

The floor areas referred to in the Special Terms and Conditions are non-binding and provided for information only; any error in the description of the Leased Premises or in their floor area cannot justify any reduction or increase in the Rent nor any penalty of any sort, it being specified that the Rent has been fixed, in particular, on the basis of an overall assessment of the Leased Premises by the Lessee, which is deemed to have full knowledge of said Leased Premises.

The Parties hereby expressly agree that the Leased Premises form a single and indivisible whole.

### ARTICLE 3 INTENDED USE OF THE LEASED PREMISES

3.1 The Leased Premises - to the exclusion of the parking places - are intended for exclusive use as commercial offices, to the exclusion of any other use or activity even if connected or complementary, and the Lessee undertakes to use the Leased Premises peaceably and, in accordance with Articles 1728 and 1729 of the Civil Code, solely for the exercise of its activity as appearing on the date hereof in the Lessee's Articles of Association, a copy of which is appended in **Appendix 6**, to the exclusion in particular of receiving the general public (it being specified that receiving the Lessee's customers on appointment and receiving its fellow contractors, suppliers and others, in accordance with the intended use of the Leased Premises as commercial offices, are not concerned by this prohibition) and sale to the general public; it being agreed that no goods may be stored or displayed for sale in the Leased Premises.

The Lessee may not change this intended use, even partially or temporarily, nor change the nature of the activity operated in the Leased Premises; it undertakes not to exercise any activity which may undermine the use, assigned use ("*affectation*") or intended use ("*destination*") of the Leased Premises.

The Lessee shall in addition take personal responsibility for dealing with the receiving capacity of the Leased Premises as arising from the arrangement of the premises and regulations in force and as recalled in Article 1.1.2 of the Special Terms and Conditions, which the Lessee acknowledges having examined prior to the signature of the Lease.

3.2 The Lessee shall comply with laws, regulations and administrative prescriptions connected with the activities exercised by it, in such a manner that the Lessor shall never be pursued in this respect and shall be protected and held harmless against all consequences which may arise as a result.

In particular, the Lessee shall take personal responsibility for obtaining and maintaining in force any licence, authorisation, permit or other requirement of laws and regulations in force, now and in future, and for the payment of all sums, fees, taxes and other duties pertaining to the activities to be exercised in the Leased Premises, the outfitting carried out by the Lessee, and their use, including in particular with respect to regulations arising under employment law, health and safety, premises for office use and environmental law (including in terms of environmental performance). It shall provide substantiation for the same on the Lessor's demand.

The Lessor shall not incur any liability in the event of refusal or delay in obtaining such authorisations. Any notifications made to the Lessor concerning the Lessee, by virtue of the foregoing, shall be sent to the latter by registered letter with return receipt requested: it shall then be for the Lessee to exercise, if necessary, in the name of the Lessor and after obtaining its agreement, any claims as may be useful, at its own risk and expense; the exercise of any such claim shall imply the Lessee's express commitment to protect the Lessor and hold it harmless against any awards and any direct or indirect loss or damage.

In the event of loss of the benefit of or failure to obtain any authorisation which may be required during the course of the Lease for the use of the Leased Premises, for the exercise by the Lessee of its activities, the Lessee waives any claim against the Lessor, undertakes not to seek the termination of the Lease or any reduction in the Rent in this respect, and undertakes to continue to perform its payment obligations, including with respect to the Lease, on due date.

- 3.3 The Lessor reserves the right to let other premises in the Property to any other person whatsoever including for activities which compete with those of the Lessee, which cannot claim any right of exclusivity.

#### **ARTICLE 4 HANDOVER - CONDITION OF THE LEASED PREMISES**

The handover of the Leased Premises shall take place on the Effective Date of the Lease under those conditions laid down in the Special Terms and Conditions.

The Lessee accepts the Leased Premises in accordance with the Special Terms and Conditions.

The Lessee may not demand of the Lessor, in any respect whatsoever, whether on the Effective Date of the Lease or during the course of the Lease or at the time of any renewals, any repairs, modification or renovation, any outfitting or equipment of any nature whatsoever, or any reduction in the Rent, and shall have no right of claim against the Lessor for any reason whatsoever due to the configuration of said Leased Premises on the date of signature of this Lease and on the Effective Date of the Lease.

The Lessee acknowledges that the Lessor has thereby fully performed its duty for the compliant delivery and handover of the Leased Premises in accordance with Article 1719 para 1 of the Civil Code.

#### **ARTICLE 5 RENT**

##### **5.1 Rent**

The amount of the annual Rent excluding taxes and excluding charges appears in the Special Terms and Conditions.

##### **5.2 Index-linking**

- 5.2.1 The Rent shall be index-linked each year on the anniversary date of the Effective Date of the Lease, fully and automatically and without any formality or request, on the basis of the variation in the tertiary activity rents index (*indice des loyers des activités tertiaires - ILAT*) published quarterly by INSEE in the French Official Journal (*Journal Officiel*).

This index-linking shall enter into effect each year on the anniversary date of the Effective Date of the Lease, and for the first time on the first anniversary of the Effective Date of the Lease.

For the first index-linked adjustment, which shall take place on the first anniversary date of the Effective Date of the Lease, the annual rate of variation in the index shall be calculated according to the variation between the base index value, which will be the last published index value on the Effective Date of the Lease, and the revised index value, which shall be the index value for the last calendar quarter of the following year. For later index-linked adjustments, the base index value shall be the revision index value used for the previous index-linked adjustment and the revision index value shall be that of the same calendar quarter of the following year, and so on and so forth for each successive year.

Thus, the Rent shall be index-linked each year on one occasion and in a uniform manner.

5.2.2 It is expressly agreed by and between the Parties that the application of the index-linking clause shall not have the effect of reducing the rent for any given year below the amount of the Rent fixed in Article 3.1 of the Special Terms and Conditions.

5.2.3 In the event of delay or absence of publication of the applicable index value at any given index-linking date, a provisional rent shall be charged. This provisional rent shall be calculated on the basis of the last published index value at the time of the call for payment of the rent. This provisional rent shall give rise to a corrective adjustment (supplement or repayment) once the final index value has been published.

At the time of publication of the final index value, the Lessor shall inform the Lessee of any change in the Rent arising from the application of the index, and the Parties undertake to settle the accounts arising from application of the index-linking clause, meaning the amount of the new rent as well as the corresponding increase in the first demand bank guarantee.

5.2.4 In the event of absence of publication or disappearance of the index chosen by the Parties or in the event that the chosen index cannot be applied for any reason whatsoever, the Parties expressly agree:

(i) to substitute for that index either the new statutory index which is published to replace it and which shall be compulsorily applicable to the Lease pursuant to laws and regulations, or, that failing, any similar index chosen by agreement between them,

(ii) in the absence of a replacement index or agreement between the Parties, to substitute the construction cost for the same, and

- (iii) in the absence of publication or in the event of disappearance of the construction cost index, to have the Presiding Judge of the *Tribunal de grande instance* (District Court) with territorial jurisdiction over the location of the Property, deciding by order in *référé*s (urgent summary / interlocutory proceedings), on petition by either party, an expert who shall have the powers of common Agent of the parties; this common Agent, whose decision shall be final and without appeal, shall have the task of choosing, and where necessary reconstituting, an index which reflects as precisely as possible the rents of tertiary sector activities on a national level. The index chosen by the expert having the powers of common agent shall apply with retrospective effect as of the date of the first index-linked adjustment as applicable pursuant to the contract following the disappearance of the index which was initially chosen by the Parties. The fees and costs of the order and of the expert shall be borne in equal shares by the Lessor and the Lessee.

The Parties hereby agree in advance that the new index which is substituted for the index initially chosen by the Parties, cannot lead to any challenge to the prior level of Rent arising from index-linked adjustment on the basis of the initially-chosen index until such time as the new index is effectively applied, except in the event that the substitution of the index arises due to the inapplicability of the index that was initially chosen by the Parties in the framework of the Lease, considering mandatory monetary laws, in which case the new index applicable pursuant to this clause shall be purely and simply substituted for the initially chosen index for the period in which index-linking on the basis of the initially chosen index would be disputed, it being specified that the prior amount of Rent arising from index-linked adjustment on the basis of the new index substituted for the previous one, cannot exceed in that event the level of previously called Rent, the Lessor representing that it waives, insofar as necessary, any claim in this respect against the Lessee.

- 5.2.5 The fact that the Lessor fails to exercise this index-linking clause, notwithstanding the variation of the reference index, may not under any circumstances be deemed to be an implied waiver of the application of that index.

- 5.2.6 By the common intent of the Parties, the provisions of this Article 5.2 shall be divisible, such that in the event that any one of them is inapplicable for any reason whatsoever, the others shall remain in force and applicable between the Parties.

In particular, in the event that the provisions of Article 5.2.2 are judged to be irregular, this fact shall not affect the principle of annual index-linked adjustment of the rent as provided for in Article 5.2.1. The nullity shall then be limited solely to the provision in question and the index-linking clause shall remain applicable, the rent being then index-linked according to the variation in the applicable index without reference to the provisions of Article 5.2.2 above.

- 5.2.7 The annual index-linking of the amount of the Rent, as provided for in this Article 5.2, constitutes a condition that is of the essence of and a determining factor for the will of the Lessor to enter into the Lease and to continue its performance.

5.2.8 For the avoidance of doubt, it is specified that the index-linked adjustment provided for in this Article 5.2 constitutes a contractual index-linking clause and does not refer to the statutory three-yearly revision as provided for in Articles L. 145-37 and L. 145-38 of the Commercial Code.

### 5.3 Payment terms for the Rent

The Rent shall be payable quarterly and in advance, on the first business day of each civil quarter (namely on 1<sup>st</sup> January, 1<sup>st</sup> April, 1<sup>st</sup> July and 1<sup>st</sup> October of each year) and for the first time on the Effective Date of the Lease, on a *pro rata temporis* basis with respect to the current calendar quarter.

The Lessor undertakes to send a call for Rent to the Lessee at least thirty (30) days before each quarterly due date, at the address of the registered offices of the Lessee or, as the case may be, the address (in France) specified by the Lessee and notified to the Lessor in writing at least forty-five (45) days before each quarterly due date.

The Rent shall be payable by wire transfer into the bank account opened in the name of the Lessor or its agent, the contact details of which appear in **Appendix 5**, with the Lessee undertaking to ensure that these transfers are made for value on the first day of the period for which they are due. In the event of change in banking domiciliation, the Lessor undertakes to communicate the new bank details to the Lessee, thirty (30) days before the next due date, it being specified that any change in the Lessor's banking references over the course of the Lease shall not give rise to an addendum to the Lease.

## ARTICLE 6 CHARGES

6.1 As a condition which is of the essence of the Lease, without which the Lessor would not have entered into contract, it is expressly agreed by and between the Parties that the Rent is deemed to be net of any and all charges, taxes for the Lessor, with respect to the Leased Premises and/or the communal areas of the Property, and that the Lessee shall bear the entire amount, either directly or by way of advance or repayment to the Lessor, the charges and the taxes of any nature pertaining to the Leased Premises and/or the communal areas of the Property, , in reserves only exclusions mentioned in the Article 6.2 below.

The Lessor reserves the right to modify or exclude the services enumerated below, it being specified that these modification or elimination cannot have the effect of preventing the normal enjoyment of the Leased Premises according to their destination.

Similarly, the Lessor reserves the right to amend unilaterally the basis for the distribution of charges of the Property among its various tenants, in order to maintain the principle of equitable distribution between tenants. Any amendment will be brought to the attention of the Lessee prior to its entry into force.

**6.2** The Lessee shall reimburse the Lessor for all charges pertaining to the Leased Premises and/or the communal areas of the Property and all charges pertaining to the Property (according to the share specified in the projection of the amount of charges as appearing in **Appendix 7** corresponding to a *pro rata* calculated on the basis of the fractional share represented by the Leased Premises in the Property), including but without limitation:

- a) expenses for maintenance, cleaning (including maintenance and cleaning work to be carried out on the façades), exploitation, repairs (including in the event of disorder affecting the façades of the Property), improvements, works to ensure compliance and conformity with standards pertaining to the Property.
- b) expenses for maintenance, cleaning, exploitation, repairs, replacement, improvements, works to ensure compliance and conformity with standards pertaining to the Property's technical installations and equipment (including heavy equipment and, where applicable, equipment in areas for exclusive use for which the Lessor retains management costs at the Lessee's expense),

such equipment includes in particular, but without limitation:

- safety systems and their equipment,
- heating/air conditioning installations (cooling units, office air treatment units, ancillary premises and technical/machinery premises, convector fans, air curtains, air conditioning/smoke removal extractors, extractors for technical/machinery premises, fire stop valves, water treatment, etc.) including heating/air conditioning and air renewal installations located in the Leased Premises, the repair and the replacement of which shall be provided by contractors mandated by of the Lessor which shall bill the cost onwards to tenants in the Property,
- installations for the production and distribution of potable Hot Water for the communal areas of the Property and private, exclusive-use areas,
- "high current" electrical installations (medium-voltage delivery station, medium to low voltage transformer, separating, breaker and metering units, sepam, per-floor electricity distribution panels, reactive energy production circuits, power circuits, internal/external lighting and safety lighting) including apparatus, circuit breakers, marking and reports, lights, wall sockets, chargers, batteries, generator sets,
- "low current" installations (fire detection, access control, detectors, servos and control, skydome, CCTV, centralised technical management including its local units, sensors, actuator, supervisors, software),
- installation of intercom system, including associated equipment,
- water lift installations, including piping, sumps and their cleaning, the production of compressed air, electrical protection, automation, regulation and remote surveillance equipment,
- extractions, including conduits, fire stop valves, electrical protection, automation, regulation and remote surveillance equipment,



- installation of ventilation in the car parks, including extractors, CO detection equipment, electrical protection, automation, regulation and remote surveillance equipment,
  - lighting (normal internal/external lighting and safety lighting, technical/machinery premises, ancillary premises, corridors and landings),
  - plumbing installations (hot water, cold water, general drainage circuits) including conduits, siphons valves, inspections, descaling, cleaning,
  - lifting equipment (lifts, escalators, goods elevators),
  - automatic doors (car access, pedestrian access) and lifting gates,
  - toilets, including taps, emptying systems, drainage, fixed accessories,
  - fixtures, fittings and technical equipment of the Auditorium,
  - the cost of removal and sorting of communal waste,
- c) the cost of maintenance and renewal of decorative plants and landscaped areas,
- d) the expense, including social charges and associated charges, of personnel assigned to the Property including reception, caretaking, surveillance, cleaning, safety or the maintenance of installations or costs incurred in hiring external contractors for these purposes;
- e) all operating costs for caretaking, reception, telephone, decoration and management for the communal areas,
- f) fees of insurance brokers and premiums for the insurance policies referred to in Article 14 (including any premium surcharges paid for the Leased Premises),
- g) fees for rental and technical management etc. within a limit of 3.5 % of the annual rent excluding taxes and excluding charges;
- h) services of the engineering firm responsible for following up on the operation of lifts and elevators, heating and air conditioning, automatic doors, escalators, etc.;
- i) the cost of modifying the incoming lines, internal installation or any meter replacement as may be required by service providers;
- j) the consumption costs for lighting, utilities, heating, air conditioning, ventilation of the communal areas and all costs connected with the consumption of equipment located in the communal areas;
- k) all of the expenses pertaining to the staff canteen (including utilities consumption) as well as expenses pertaining to the upkeep, maintenance, verification, compliance with standards and renewal of all of the furniture and equipment (hereinafter referred to as the “*Equipment*”) of the staff canteen, it being specified that the charges pertaining to such expenses shall be called up by the associations referred to in Article 20 below;
- l) current and future taxes of any nature, including real estate tax as referred to in Article 7, it being specified that said taxes shall be the subject of distinct invoicing;

- m) the charges arising as a consequence of any servitudes;
- n) the cost of operation of the shuttle that the Lessor provides for tenants of the Property (it being specified that this cost is currently distributed among the tenants of the Property according to the number of badges for access to the Property provided to each tenant)
- o) the costs and fees associated with the environmental follow-up and any environmental certifications,

even if the expenses referred to in this Article 6.1 should result from wear and tear or force majeure (by express derogation from Article 1755 of the Civil Code) and/or are imposed by administrative authorities and/or new applicable regulations (including safety regulations, labour law, environmental law etc.) and/or justified by the improvement of the environmental performance of the Leased Premises and/or Property,

and, generally, all that is not included in the private and exclusive charges pertaining to the Leased Premises and all that is not included in the list appearing in **Appendix 7**,

It is specified that the above enumeration is provided solely as an indication and cannot therefore be deemed to be an exhaustive list of the Lessee's obligations for the reimbursement of charges, nor constitute an obligation for the Lessor to provide the services specified above in the reserves in the Article 6.1 above.

**As an exception to the foregoing, the works enumerated in Article 606 of the Civil Code shall remain at the Lessor's expense.**

Are specifically excluded from costs and expenses borne by the Lessee under this Article :

- (i) the cost of any security interests and/or pledge which are registered over the real property forming the subject-matter hereof
- (ii) the costs concerning the negotiation of leases with other Lessees or pertaining to disputes between the Lessor and other Lessees
- (iii) all costs and expenses incurred due to breach by the Lessor of the clauses and conditions of this lease or any other lease granted by the Lessor over the premises in the Property; and
- (iv) the cost of any works financed by insurance compensation paid to the Lessor for any event of loss affecting the Property.

The Lessor shall endeavor to maintain as principle finally staggering reasonable expenses during the work to perform planning in the Property in addition to the works and expenses incurred by the maintenance and ongoing operation of the Property (including the replacement of equipment of the Property and important works intended for compliance with standards) so that the possible increased spending supported in this respect by the Lessee one year to the next does not exceed 50% (except works imposed by the Administration or repairs necessitated in emergency).

For information, the Property charges forecast budget for 2012 appears in **Appendix 3**.

In the event that the Lessee regularly uses the Leased Premises for a significantly greater number of hours or different hours than the opening hours of the Property (which are currently from 7:00 a.m. to 9:00 p.m. from Monday to Friday), the Lessor shall be entitled to increase the Lessee's share of charges in order to take account of the excess costs caused by this particular use.

### 6.3 VAT and payment terms

6.3.1 The aforementioned charges shall be subject to value added tax or any other new tax that may be created as complement to or as substitute for the same, at the rate in force on the date of each payment.

6.3.2 The payment of charges by the Lessee shall be made by the payment, in addition to the Rent, of a provision fixed by the Lessor on the basis of the forecast budget of charges of the Property drawn up each year.

The provision shall be payable quarterly on the Rent payment dates.

The Lessor reserves the right to adjust the forecast budget at any time over the year if it is lower than actual expenses, and adjust the amount of the provision for charges.

6.3.3 At the end of each annual period, the amount of the invoiced provisions shall be regularised according to the statement of charges drawn up by the Lessor or its agent.

If, at the end of the accounting period, the provisions that have been paid are lower than the actual charges, the Lessee undertakes to pay, on the first call for funds by the Lessor and within one month following such call, all sums required to make up the total amount.

In the event that the provisions that have been paid are greater than the actual charges over the ended year, the excess paid sums shall be deducted from provisions for the current year.

The statement for regularisation of the charges shall be sent to the Lessee, which will have a period of three (3) months as of its receipt to dispute the same, and during this period the substantiating documents shall be made available to it and/or to any third party appointed by the Lessee, at the premises of the Lessor which hereby authorises in advance any audit of such charges by the Lessee at its own expense, without this clause being under any circumstances deemed to be a grant of time to pay. In the absence of challenge within this period, the Lessee shall be deemed to have accepted the annual settlement of accounts.

6.3.4 The terms for the invoicing and payment of charges are set forth in **Appendix 4**.

On the Lessee's departure, the charges shall be calculated on a *pro rata temporis* basis, until the time that the Leased Premises are effectively vacated.

## ARTICLE 7 TAXES

It is recalled that it is a condition which is of the essence of the Lease, without which the Lessor would not have entered into contract, that the Rent is deemed to be net of all charges and taxes for the Lessor, with respect to the Leased Premises and/or the communal areas of the Property, and that the Lessee shall bear, either directly or by way of an advance or reimbursement to the Lessor, taxes of any nature pertaining to the Leased Premises and/or those pertaining to the communal areas of the Property (according to the share specified in the projection of the amount of charges as appearing in **Appendix 7** corresponding to a pro rata calculated according to the number of square metres of the Leased Premises).

The Lessee shall pay all municipal, police and highways charges which tenants are ordinarily obliged to pay, generally such that the Lessor shall never be pursued in this respect and, in particular, shall pay all personal contributions, tenant's taxes, and all other taxes that the Lessor is liable for with respect to the Leased Premises and the Property, and shall substantiate their payment on any demand by the Lessor such that the Rent that is received shall be net of all taxes.

The Lessee shall reimburse to the Lessor, on the latter's first demand, all duties or taxes pertaining to the Property, to the Leased Premises and/or their occupation (including the staff canteen) even if as a general principle they would be borne by the Lessor, including the annual tax on offices, real estate tax (*taxe foncière*), the contribution on rental income, if applicable, household waste collection tax, sewer drainage tax, the tax for Seine or sewer discharge of pumped water, road sweeping tax, all taxes and charges imposed on the Lessor due to holding the Property (with the exception of corporation tax), and, in particular, the business rates (literally "territorial economic contribution" - *contribution économique territoriale*) imposed on the Lessor with respect to the Property, any and all new contributions, municipal or other taxes, any increase in taxes and any Commune, county (*département*), regional, national or European tax or fee as may be created at a later date (in particular in the context of the taxation of buildings' energy consumption or any other environmental tax or tax connected with energy performance), of any nature whatsoever and under any name whatsoever, such that the received Rent shall always be and shall remain net of all taxes, to the exclusion of penalties and late payment surcharges incurred by the Lessor and remaining exclusively borne by it, unless where they are the consequence of fault by the Lessee.

## ARTICLE 8 NETWORK AND UTILITIES CONTRACTS

The Lessee shall take personal responsibility for the conclusion of any and all subscription contracts for its personal consumption in the Leased Premises for the various networks and utilities (electricity, telephone installations, etc.). In particular, it shall take personal responsibility for subscribing to contracts with EDF for the supply of electricity and remote control meters, as of entry into possession of the Leased Premises. It shall take personal responsibility for the termination of such contracts at the end of the Lease and shall pay all costs and indemnities pertaining thereto, in such manner that the Lessor shall never be pursued in this respect.

It shall directly pay to the departments in question all costs, fees and taxes due for entry into service, operation, equipment and maintenance and shall directly pay its personal consumption in accordance with meter readings and records.

## **ARTICLE 9 VAT**

Since the Lessor has opted in to the payment of VAT, the Lessee undertakes, as a consequence, to pay directly to the Lessor, in addition to the Rent, charges and reimbursable taxes, the amount of VAT or any other new complementary or substitute tax that may be created, at the official rate in force on the date of payment.

VAT shall apply to all sums invoiced by the Lessor to the Lessee, including the Rent, charges and taxes.

## **ARTICLE 10 SECURITY DEPOSIT**

As security for the performance of all of the obligations owed by it under the Lease and the payment of all sums due by the Lessee (Rent, charges, reimbursable taxes, occupation indemnities, immobilisation indemnities, cost of repairs and works which are the responsibility of the Lessee on vacating the premises, etc.), the Lessee shall pay to the Lessor, on the date of signature of this agreement, a security deposit equal to three (3) months of Rent excluding taxes under those conditions set forth in the Special Terms and Conditions.

At the time of each index-linked adjustment of the Rent, the security deposit shall be adjusted proportionally to the new Rent under the same conditions, so that it shall always correspond to one quarter of the annual Rent in force.

This deposit shall be conserved by the Lessor throughout the entire duration of the Lease and shall not bear interest, cannot be deducted from the last instalments of Rent, and shall be reimbursable to the Lessee three months following the end of the Lease or the effective departure of the Lessee, after removals and return of the keys to the Lessor, subject to the Lessee's performance of all of the clauses and conditions of the Lease, including in particular after substantiating the payment of all taxes, the performance of repairs which are the responsibility of the Lessee, the deduction of any sums which it may still owe to the Lessor or which the Lessee is liable for in any respect whatsoever, and the deduction of any sums for which the security deposit is intended as security to guarantee their payment.

The Lessee shall not under any circumstances be entitled to set off all or part of the Rent, charges or other sums due to the Lessor against the security deposit.

If, for any reason whatsoever, the security deposit should be used during the lease for the payment of sums due pursuant to the Lease, the Lessee shall then reconstitute the deposit, failing which the Lease termination clause shall apply.

In the event that insolvency proceedings are begun against the Lessee, the amount of the security deposit shall be fully and automatically set off against sums due to the Lessor which are the subject of a declaration of debts pursuant to the provisions of Articles L. 622-7 and L. 622-24 of the Commercial Code, as the liability to return the security deposit is necessarily connected to any receivable arising under this lease.

In this event, the continuation of the commercial lease by the administrator, receiver or liquidation trustee pursuant to the Law of 26 July 2005, as codified in the Commercial Code, shall have the imperative consequence of reconstitution of the security deposit due in accordance with the Special Terms and Conditions, independently of the payment of Rent and charges arising as a consequence of the option thereby exercised.

If the Property is transferred, the amount of the security deposit in the Lessor's possession shall be transferred to the new lessor on mere notification to the Lessee. The Lessee expressly acknowledges that its claim to the security deposit shall then be automatically transferred to the new lessor, without other formality, such that it may not make any claim whatsoever for reimbursement of the security deposit from the Lessor.

## **ARTICLE 11 RENTAL CONDITIONS**

Throughout the entire duration of the Lease and its successive renewals, the Lessee shall be subject to those obligations arising by law and common practice, and subject to the following rental charges and conditions that the Lessee hereby undertakes to perform.

### **11.1 Use of the Leased Premises by the Lessee**

11.1.1 The Lessee undertakes to use the Leased Premises in accordance with Articles 1728 and 1729 of the Civil Code, honourably and peaceably, for the use defined in Article 3 of the General Terms and Conditions.

11.1.2 The occupation of the Leased Premises by the Lessee must not give rise to any infringement or any complaint or claim by any person whatsoever, including the other occupiers of the Property.

The Lessee must operate the Leased Premises as bonus paterfamilias and, consequently, shall take personal responsibility for dealing with any complaints made to the Lessor concerning it, its personnel or its visitors, such that the Lessor shall never be pursued in this respect and shall be held harmless against all consequences that may arise as a result.

11.1.3 The Lessee undertakes to comply with the internal regulations, servitudes, grouping bye-laws and other prescriptions of any nature applicable to the Property and to any changes thereto that the Lessor reserves the right to make.

### **11.2 Furnishing**

The Lessee undertakes to keep the Leased Premises in effective use in accordance with their contractual intended use as provided in the Lease.

The Lessee shall equip and furnish the Leased Premises and shall keep them constantly equipped and furnished, throughout the duration of its possession, with furniture, moveable property and equipment - with the exception of any goods - of sufficient quality and value to cover the payment of the Rent and the performance of the conditions and charges of the Lease.

### 11.3 Maintenance of the Leased Premises

11.3.1 The Lessee shall maintain the Leased Premises in very good state of upkeep, operation, safety, cleanliness and tenants' repairs, and shall proceed with all repairs, works and replacements, at its own expense and progressively as any deterioration occurs as well as prior to restitution of the Leased Premises to the Lessor at the end of the lease, without any distinction and as necessary, including:

- (i) by way of derogation from the provisions of Article 1755 of the Civil Code, those repairs connected with events of force majeure and wear and tear,
- (ii) repairs and, as applicable, replacement of fences, gates, doors, windows, roller blinds, steel shutters, shades and other items, floor, wall and ceiling coverings, parquets, tiling, woodwork, locks and fastenings, plumbing, sanitary appliances, installations for the production and distribution of Potable Hot Water located in the Leased Premises, taps, electrical installations, all internal channels and conduits, etc.;
- (iii) repairs, maintenance and replacement of heavy equipment in the Leased Premises (with the exception however of any intervention on the air conditioning system and the system for the renewal of air, which shall be undertaken by contractors hired by the Lessor and the cost of which shall be invoiced onwards to the Lessee), and
- (iv) all works and expenses whatsoever as may be applicable to the Leased Premises or to the Property specifically due to the activity exercised by the Lessee in the Leased Premises, this list being solely an enunciation and not in any manner limitative;

**with the exception of works and repairs enumerated in Article 606 of the Civil Code which shall remain at the Lessor's expense.**

11.3.2 The Lessee shall return the Leased Premises, on vacating the premises, under those conditions provided in Article 19 of the General Terms and Conditions.

The Lessee shall in particular take all necessary precautions to avoid the freezing of all apparatus, pipes and conduits, and proceed with the painting and change in floor coverings of the Leased Premises as often as necessary.

The Lessee shall in addition have all installations for its personal use maintained and replaced if necessary, under its sole liability.

The Lessee shall also be responsible for all repairs which are normally the responsibility of the Lessor but which are made necessary either by a failure to maintain and/or to make repairs which the Lessee is responsible for as specified above, or due to deterioration in the Leased Premises or in the Property caused by it (in particular in the event of abnormal use of the Leased Premises or a use which does not conform to their intended use), by its personnel or by persons that it has brought into the Property.

11.3.3 In the context of the performance of its obligations, the Lessee shall only call upon contractors which are duly qualified and experienced, and approved by the Lessor - it being agreed that the Lessor may not refuse its approval without legitimate grounds - acting under the direction of skilled tradesmen who are duly qualified and experienced, and these contractors and skilled tradesmen shall be required to provide substantiation to the Lessor of having taken out the appropriate insurance. This approval procedure shall not be applicable for routine upkeep and maintenance work, but the Lessee nevertheless undertakes only to call upon contractors which are duly qualified and experienced.

Out of a concern to provide maintenance services of adequate quality and quantity, the Lessee expressly accepts: (a) that the Lessor shall enter into maintenance contracts with contractors chosen by it for the air conditioning system and for the air renewal network of the Leased Premises; and (b) that the Lessee shall reimburse the Lessor, as charges referred to in Article 6 of the General Terms and Conditions, for all costs pertaining thereto. This concerns the contracts for the maintenance of those elements of the Leased Premises appearing in the non-exhaustive list appearing in **Appendix 8**, it being specified that this list may be amended at any time by the Lessor or the manager of the Property at their discretion, including in the event that the lessee carries out works in accordance with Article 11.8.

11.3.4 In the event of failure to act by the Lessee in the performance of the works that it is responsible for pursuant to the Lease, and following notice of breach notified to the Lessee by registered letter with return receipt requested summoning it to perform such works within a period of fifteen (15) days and which has remained without effect, the Lessor shall be entitled to have such works carried out at the cost and risk of the Lessee.

The Lessee shall immediately inform the Lessor, by registered letter with return receipt requested, of any repairs that are to be carried out by the Lessor and which the Lessee becomes aware of, failing which it shall be liable for any aggravation or any damage arising due to its silence or delay.

#### **11.4 Compliance with rules for the operation of the Property, safety rules and sanitary standards**

11.4.1 The Lessee must also comply with the internal regulations of the Property (appearing in **Appendix 9** and with all documents governing the operation of the Property (including the sports zone regulations appearing in **Appendix 10** as well as the directives and recommendations of the manager(s) of all or part of the Property, and undertakes to have its personnel and any person that it is responsible for or with which it deals (suppliers, customers, visitors etc.) comply with the same.

11.4.2 The Lessee undertakes in particular:

- to leave all emergency exits free of any furniture or objects whatsoever at all times;
- not to load floors with a weight exceeding what they can bear; in this respect it is specified that the office floors can bear a weight of 350 kg/m<sup>2</sup>;
- not to overload the lifts, including the goods elevators, if any, or damage the cabs;



- to abstain from any noisy, dangerous, disruptive or insalubrious activity; to take any useful or necessary measure to prevent any disagreeable odour; to abstain from disposing of any corrosive substances or those which may block sewers and drains, and generally not to do anything which might affect said drains;
- not to use any of the communal areas, even temporarily and intermittently, for any packing or unpacking, for the placing of counters, distributing machines or other installations; in the event that in the framework of performing its obligations, the Lessee calls upon contractors who will pass through the communal areas of the Property, it must obtain the Lessor's prior agreement as to the hours and plans for the access of these contractors to the Leased Premises via the communal areas of the Property;
- to comply, and ensure compliance by any contractor hired by it, with the rules applicable to works carried out in an establishment by an external contractor;
- not to use any loud speaker or other means of broadcast or any device whatsoever that may be heard outside the Leased Premises, nor any electric or other device which may disturb radiotelephone reception, transmissions of GSM, WAP, GPRS or UMTS or other telephones, or broadcast or digital television or Bluetooth or Wifi wireless digital networks, without having provided such devices with systems such as to avoid any disturbance for neighbours, and to take particular care in avoiding any interference between the various wireless networks used by the Lessee and those used by the other occupiers of the Property;
- not to use any slow combustion equipment or equipment producing harmful gasses, and the Lessor shall not be liable in any manner for any accidents causing property damage or bodily injury caused by such equipment;
- not to install in the Leased Premises any machine liable to cause disturbance to neighbours, and to remove any such installed machines without delay if their operation, despite the precautions taken, constitutes grounds for justified complaints by the other occupiers of the Property;
- not to install any engine in the Leased Premises, whatever its source of power, except with the prior written authorisation of the Lessor, with the exception of ordinary office equipment, ensuring that it is provided with the necessary systems to avoid any disturbance to other tenants of the Property and to neighbours, and to remove any installed with authorisation if their operation, despite the precautions taken, constitutes grounds for justified complaints by the other occupiers of the Property or neighbours;
- to take all steps to avoid the propagation of vermin, insects, etc. and, as the case may be, to destroy them;
- to ensure that its personnel and its visitors conduct themselves properly;
- not to store, inside or in the vicinity of the Leased Premises, inside or outside the Property, any dangerous or inflammable substances, radioactive or corrosive materials and, generally, any product that may be an issue for the security of occupiers of the Property or the health and hygiene in the Property;

- not to place or allow any third party to place anything, at the entrances of the Leased Premises or of the Property, or in the landscaped areas, which infringes safety rules or sanitary standards;
- not to install any awning, canopy or external blind whatsoever.

The Lessee shall be liable for any damage caused to the Leased Premises and/or to the Property due to excess loads on walls, floors and/or lifts.

The Lessee shall take personal responsibility, without claim or recourse against the Lessor, in the event of use of equipment which emit or receive radio waves, for the elimination of noise or parasites disturbing the reception of radio waves.

Since the Lessee must not disturb the peaceable possession of other tenants of the Property and/or neighbours, it shall take personal responsibility, at its own risk and expense, without the Lessor being able to be pursued in this respect, for dealing with any claims and complaints made by neighbours or third parties, including in particular for any noise, odours, heat, vibration or radiation caused by it or by equipment belonging to it or which it possesses in any respect whatsoever, even in the event that the installation of such equipment was authorised by the Lessor. It shall ensure that it does not affect the order, cleanliness or salubrity of the Property. In the event that, due to the Lessee, the Lessor nevertheless has to pay any sums whatsoever, the Lessee shall be obliged to reimburse it on its first demand on presentation and communication of the substantiating documents to the Lessee.

The Lessee shall cause all justified complaints to cease and shall carry out all works required such that the Lessor shall never be pursued in this respect.

11.4.3 The Lessee shall be responsible for the safety and security of persons and property due to the Leased Premises and due to their use.

The Lessee, acting both on its own behalf and on behalf of the Lessor, must take out a subscription with an approved body for periodical safety inspections. The verifications made must apply to all of and the entirety of the Leased Premises, their fittings, installations and equipment which is in any respect subject to regulations concerning the security and safety of persons or the environment.

The Lessee shall send to the Lessor, on the latter's first demand, a copy of each inspection report drawn up by the inspection body as well as the certificates that any corresponding reservations have been discharged and made good. The cost of this inspection body's intervention shall be borne by the Lessee.

In order to verify the steps taken by the Lessee in safety matters, the Lessor may, at any time over the duration of the Lease, have an approved inspection body proceed with a safety inspection of the Leased Premises and their fittings and developments, against the risks of fire and panic.

In the event of a verification carried out due to the repeated failure by the Lessee to communicate the report referred to above and/or in the event of insufficiency of said report, the cost of intervention of the inspection body appointed by the Lessor shall be borne by the Lessee.

## 11.5 Compliance with regulations – Compliance Works

- 11.5.1 The Lessee, which assumes the responsibility of head of establishment throughout the duration of the Lease, shall scrupulously comply, and ensure compliance by persons in its employment or service and by its customers, visitors and suppliers, with all of the administrative authorisations, laws, regulations and orders in force now and in future, applicable to the Leased Premises, including, but without limitation, with respect to highways, police, health, salubrity, the environment (including in particular for matters of environmental performance), labour regulations, safety, regulations concerning accessibility for disabled persons and persons of reduced mobility, the rules defined by national and European standards concerning fire-fighting and the prescriptions of fire-fighters and safety officers, all in such a manner that the Lessor shall never be pursued in this respect.
- 11.5.2 The Lessee undertakes to carry out, at its own expense and under its own responsibility, throughout the entire duration of its occupation, all works to ensure compliance with regulations, as recalled above, and to ensure standards compliance affecting the Leased Premises or their installations (including any modifications or developments), whether such works or developments are connected to the Lessee's activity or not, and whether or not they have been the subject of prescriptions, claims or administrative injunctions, such that the Lessor shall never be pursued in this respect. The Lessor must be informed in advance of the performance of such works, which shall be carried out in accordance with Article 11.8.
- In particular, in the event that an administrative or judicial authority requires, at any time whatsoever, a modification of or development to the Leased Premises, all charges and consequences of such modification shall be fully borne by the Lessee, which shall be obliged to carry out all of the works in question, at its own expense and subject to its own liability, such that the Lessor shall never be pursued in this respect.
- 11.5.3 The Lessee shall also bear, at its sole expense, the performance of all diagnostics pertaining to making the premises compliant with standards and those searches provided for by applicable regulations.
- 11.5.4 All works to ensure compliance and to meet standards for the communal areas of the Property and its technical installations as well as the items of collective technical equipment located in the Leased Premises (specifically, technical equipment for which maintenance is provided by contractors hired by the Lessor, at the Lessee's expense, including the air conditioning system and the controlled mechanical ventilation system), shall be carried out by the Lessor which shall invoice the cost to the Lessee, and the Lessee accepts to reimburse this cost to the Lessor in accordance with Article 6 of the General Terms and Conditions.

## **11.6 Visits to the Leased Premises by the Lessor - Access in the event of urgency**

Throughout the entire duration of possession by the Lessee, the Lessee shall permit the intervention in the Leased Premises, at any time, of contractors, engineering firms and technicians charged with any work connected to the upkeep or repair of the Leased Premises and for the purposes of gaining access to the technical installations in the Leased Premises or the technical installations of the Property for which access must be made via the Leased Premises, subject however, insofar as possible and except in the event of urgency, to prior notice of at least forty-eight hours (48h), without being entitled to claim any indemnity or reduction in the rent due to any inconvenience caused by the presence of such contractors.

The Lessor or its architect or its service providers shall also have a right to visit the Leased Premises, during business hours, in order to ensure compliance with the various clauses of the Lease and in particular, the proper upkeep of the Leased Premises and the performance by the Lessee of all works and obligations which it is responsible for or in order to access the technical installations referred to above, subject however, insofar as possible and except in the event of urgency, to prior notice of at least forty-eight hours (48h).

The Lessee must advise the Lessor of any disorder as soon as it becomes aware of the same, throughout the entire duration of the Lease, failing which it shall be held liable for any aggravation of the damage due to its silence.

In the event of absence, the Lessee must leave the keys to the Leased Premises with a person appointed by it so that, in the event of accident, fire, water or gas leak, or any other cause, the necessary precautions may be taken immediately. In the event that the Lessee chooses a person in the employment or service of the Lessor as depositary of these keys, he or she shall fully and automatically enter into the employment or service of the Lessee in the same respect as a third party, and the Lessor expressly declines any liability whatsoever in this respect.

If these prescriptions are not observed and in the case of an event which may cause harmful consequences requiring access to the Leased Premises, the Lessor is expressly authorised to have the doors opened by a locksmith whose remuneration shall be reimbursed by the Lessee to the Lessor.

## **11.7 Works by the Lessor**

By way of derogation from Article 1724 of the Civil Code, and whenever such works do not prevent all activity in the Premises for more than twenty (20) days (except in the event of urgency or in the event of administrative injunction), the Lessee shall, throughout the entire duration of the Lease, suffer and bear the performance in the Leased Premises and/or in the Property of all reconstruction, repair, improvement, modification or compliance works that the Lessor deems necessary, without being entitled to claim any indemnity or reduction in the Rent, even where those repairs last for more than forty (40) days and whatever the inconvenience that may arise as a consequence, it being specified that the Lessor shall make its best efforts to maintain access to the Leased Premises and minimise the disturbance caused by these works.

The Lessee shall suffer and bear, without claim against the Lessor, all works which are performed in the Property, on the public highway or in the vicinity by neighbours or third parties, whatever the disturbance that may result, except to the extent that it may bring claims against the persons responsible for such works.

The Lessee shall remove, at its own expense, all developments, fittings and installations that it has made and which must be removed:

- (i) for the maintenance, repair, replacement, improvement and/or modification of the Leased Premises and/or equipment;
- (ii) for the purpose of seeking and repairing any damage and harmful events which have occurred in the Leased Premises, in the Property or in a neighbouring building.

During the performance of works on the Property's façades, the Lessee shall remove and replace at its own expense all fittings and signs where their removal is useful or necessary for the works to be carried out.

If, prior to their reinstallation, the aforementioned installations or signs are to be brought into compliance with regulations in force, that shall be done at the Lessee's expense. If their reinstallation is no longer possible, the Lessee may not bring any claim against the Lessor as a consequence.

The Lessee must, correlatively, allow the Lessor, its agents and its technicians to enter into the Leased Premises.

The Lessee must allow, without indemnity by the Lessor, by way of derogation from Article 1723 of the Civil Code, the Lessor to make any modifications that it deems relevant both inside the Property (including where items of technical equipment which are communal to the Property serving the Leased Premises) and to their external aspect (including the façades of the Property).

## **11.8 Works carried out by the Lessee**

### **11.8.1 Conditions for the performance of works**

- a) The Lessee may not make any intervention in the Leased Premises involving any demolition, piercing of walls, floors or ceilings, any construction, modification or works affecting the solidity and/or structural elements and/or safety and/or equipment and/or the functioning of the Leased Premises and/or of the Property, any works which might change the intended use of the Leased Premises or any change in the arrangement of rooms which might affect the fire-proof doors or walls or technical installations, without the express prior consent of the Lessor.

It must also obtain the Lessor's agreement before beginning any works going beyond routine works for maintenance, upkeep or minor modification to the outfitting of the premises, and the Lessee shall be obliged, for this category of minor works, to keep the Lessor informed of the performance of such works and transmit the updated plans of the Leased Premises promptly following the completion of such works.

The Lessee shall, prior to any start to performance of any works requiring the Lessor's prior authorisation, send to the Lessor by registered letter with return receipt requested or by hand delivery against receipt, an authorisation request accompanied by a file containing:

- (i) a detailed description of the planned works and equipment (written and graphical documents) prepared by a *maître d'œuvre* (works project manager, architect etc.),
- (ii) a forecast timetable for the performance of the works, prepared by a *maître d'œuvre* (works project manager, architect etc.),
- (iii) the authorisation request file, if necessary (declaration of works, building permit application and/or demolition permit application, etc.),
- (iv) the list of contractors which will intervene to carry out the works in question,
- (v) a safety file,
- (vi) proof of subscription to construction insurance as *maître d'ouvrage* (project owner / developer) for the works (completed construction (*dommage ouvrage*) insurance with an extension of cover including the proper operation warranty for fitted equipment, intangible loss and damage to existing constructions, for the appropriate amounts; comprehensive site insurance (*tous risques chantier*) covering the entirety of the works and containing an extension of cover including damage to pre-existing structures as well as the liability of the Lessor and of the Lessee for damage caused to third parties due to the performance of the works, for appropriate amounts, etc.) and the liability insurance inherent in the works to be carried out, covering the Lessee and the intervening parties on the site (including general non-contractual liability and liability under the ten-year warranty) with an indication of the cover limits for each insurance policy,
- (vii) a written report from an renowned engineering firm confirming that the works do not undermine the solidity of the Leased Premises and/or the Property and its structures and, consequently, that they may be carried out without inconvenience and without danger. The Lessee's engineering firm shall as a minimum have the following studies and works follow-up: solidity of the existing and created constructions, safety of persons, compliance of all electrical, air conditioning or other installations. The report shall also specify the consequences of the planned works on the outstanding two-year and ten-year warranties, where applicable, as arising in particular from any prior works carried out by the Lessee in the framework of the Lease, with the Lessee having no right of claim or recourse against the Lessor if these warranties are affected by the planned works.

In the absence of a response by the Lessor within a period of (30) days as of receipt of the complete file, or, if incomplete, as of the date of delivery of the last document making up the file (the Lessor having a period of (30) days as of receipt of the file to make any request for complementary documents), the Lessor's authorisation shall be deemed to have been refused.

- b) In the event that authorisation is granted, the Lessor may require that the works be carried out under the supervision of the Lessor's architect and/or an engineering firm chosen by it and/or any other skilled tradesman.

The fees of the architect and/or engineering office and/or skilled tradesman appointed by the Lessor shall be borne by the Lessee, it being specified that they must correspond to fee levels that are to be found on the market.

The Lessor's authorisation, in the event that it is granted, shall not in any manner give rise to liability of the Lessor for the works carried out by the Lessee in the Leased Premises.

- c) After having obtained the Lessor's consent and before beginning its works, the Lessee shall take personal responsibility for dealing, at its own expense, with the filing in its own name, the obtaining, and the purging of any appeals against any of the administrative- authorisations that may be required to carry out the works, all certificates, studies and authorisations of any nature as may be required to carry out the works (administrative authorities, architects, neighbours, etc.) as well as the payment of all taxes and contributions connected with such authorisations.

The Lessor shall not incur any liability in the event of refusal or delay in granting such authorisations, or for the payment of the aforementioned taxes and contributions.

- d) It shall be prohibited, in any event, for the Lessee to proceed with any installation that may hinder access to the convector fans, air conditioning installations, inspection hatches, drainage taps, stopcocks, meters, pipes or any other installations that may exist in the Leased Premises.

All of the Lessee's works must comply with the provisions of the internal regulations of the Property.

- e) If the works are carried out by the Lessee without the prior, express and written authorisation of the Lessor, it may be required by the Lessor to return the premises to their initial state, in whole or in part, and this must be carried out by the Lessee within a period of three (3) months as of the notification made to it by the Lessor or its agent. That failing, on the expiry of the abovementioned period of three (3) months, a penalty shall be owed by the Lessee to the Lessor equal to (i) three hundred euros (€300) excluding taxes per day late during the 1st and the 2nd month of delay, (ii) five hundred euros (€500) excluding taxes per day late, beyond the 2nd month of delay, during the 3rd and the 4th month of delay, and (iii) eight hundred euros (€800) excluding taxes per day late, beyond the 4th month of delay, for the 5th and the 6th month of delay, without prejudice to the possible implementation of the termination clause as provided in the Lease.

Similarly, in the event of non-compliance with the administrative authorisations that have been obtained and/or with the instructions given by the Lessor, the necessary complementary or modifying works must be carried out by the Lessee within a period of three (3) months as of notification to it by the Lessor or, in any event, within those time limits laid down by applicable regulations and/or by any competent authority. Otherwise, after the expiry of this three (3) month delay (or of the scheduled delays), a penalty shall be owed by the Lessee to the Lessor equal to (i) three hundred euros (€300) excluding taxes per day late during the 1st and the 2nd month of delay, (ii) five hundred euros (€500) excluding taxes per day late, beyond the 2nd month of delay, during the 3rd and the 4th month of delay, and (iii) eight hundred euros (€800) excluding taxes per day late, beyond the 4th month of delay, for the 5th and the 6th month of delay, without prejudice to the possible implementation of the termination clause as provided in the Lease.

- f) The Lessee shall alone have the authority to give the necessary instructions to the contractors, to sign the works contracts, to pay their invoices, to approve subcontractors, to grant formal acceptance of the works and to liquidate the worksite accounts, it being specified that the works shall be carried out at the Lessee's risk and expense, subject to its sole and exclusive liability.

The Lessee must only use, for all works, contractors which are qualified, with the skills required for the type of works that the Lessee wishes to carry out, which are holders of adequate insurance policies and which are up to date in the payment of the corresponding premiums, it being specified that the contractors which intervene on technical structures and equipment in performing the Lessee's works must be approved in advance by the Lessor, prior to any intervention. If the works to be carried out are subject to the ten-year construction warranty, the Lessee shall, subject to its own liability, ensure that the intervening contractors have taken out the insurance required by applicable regulations. The Lessee must be able to provide substantiation of compliance with the provisions of this Article on the first demand of the Lessor.

- g) The Lessee shall carry out its works at its own expense, in strict compliance with applicable regulations in matters of health, accident prevention, safety, respect for the environment as resulting from the Building and Housing Code, the Environmental Code, the Employment Code and best trade practices, using materials which are of perfect quality and in compliance with the documents approved by the Lessor, all of the above being in such manner that the Lessor shall never be pursued in this respect.

The Lessee shall bear all costs incurred by these works and all consequences arising as a result, in particular with respect to the requirements of health and safety rules, labour regulations and environmental law (including environmental performance).

The Lessee's works must not have any impact on safety or the environmental performance of the Leased Premises and/or of the Property and/or of its communal areas. That failing, the Lessee shall alone bear full responsibility for the same.

Any use of the communal areas of the Property by the Lessee and/or its contractors, in the framework of the maintenance or repair of the Leased Premises or for any other works by the Lessee (including fitting-out works on entry into possession or the restoration of the Leased Premises at the end of its possession), including for the requirements of the disposal of rubble, supplies, developments, or the Lessee's removals, must be submitted to the Lessor or its agent for prior authorisation.



Likewise, in the event of use of any lifting equipment, site equipment, machine or skip by the Lessee in the vicinity of the Property, it must obtain the prior consent of the Lessor as well as all required administrative authorisations (such authorisations to be obtained at its own expense and under its own responsibility).

- h) The Lessee shall invite the Lessor to come to observe the completion of the works, carried out in accordance with the complete works file as validated by the Lessor.

The engineering office and project manager of the Lessee must, within one month following completion of the works, provide an observation of proper performance and, where relevant, the Lessee shall substantiate to the Lessor that the works conform to the building authorisations and to the Lessor's instructions.

The Lessee shall provide, following the performance of works, a certified true copy of the various insurance policies which are to be taken out by it and by all of the parties intervening in the performance of such works, and the documents certifying payment of the final premiums or such policies, the as-built plans, the final report without reservations by the inspection body, and the "File for later intervention on the construction" (D.I.U.O. - "*dossier d'intervention ultérieure sur l'ouvrage*"). Failing communication of these documents by the Lessee to the Lessor following the performance of the works, notice of breach shall be sent by the Lessor to the Lessee by registered letter with return receipt requested to deliver the concerned document(s) within a fifteen (15) days period from the date of sending of this notice.

Failure to provide the concerned document(s) at the expiry of the abovementioned period, a penalty shall be owed by the Lessee to the Lessor equal to (i) one hundred euros (€100) excluding taxes per day late during the 1st month of delay, (ii) three hundred euros (€300) excluding taxes per day late, during the 2nd month of delay and (iii) five hundred euros (€500) excluding taxes per day late during the 3rd month of delay.

- i) In the context of performing any works in the Leased Premises, the Lessee undertakes:
- (i) not to cause any disturbance going beyond ordinary neighbourly disturbances for the other occupiers of the Property or neighbouring buildings,
  - (ii) to take personal responsibility for dealing with all claims and complaints that may be made by the other occupiers of the Property and by third parties with respect to said works, and
  - (iii) to protect the Lessor and hold it harmless against any liability that it may incur towards any person due to property damage or intangible loss arising directly or indirectly from the Lessee's works.

The Lessee shall alone bear all of the financial consequences of loss or damage arising from the works that it carries out and shall indemnify the Lessor for any loss that it may suffer due to such works, even if the Lessee's works or contractors have been approved by the Lessor.

#### 11.8.2 Accession

The fate of any and all works, extensions, structural modifications, or improvements made by the Lessee in the Leased Premises, at the time of the Lessee's departure from the Leased Premises, is specified in Article 19 below.

#### 11.9 Reception - Caretaking - Cleaning

The Lessee shall take personal responsibility for entering into those contracts, as of the Effective Date of the Lease, that it deems necessary for reception, caretaking and cleaning services for the Leased Premises.

#### 11.10 Plates and Signs

The Lessor has installed, in the hall of the Property, a "directory" on which the Lessee may install a plate, the type and the dimensions of which will have been approved in advance by the Lessor.

Subject to the preceding terms, the Lessee may not, even temporarily, place any directions or other sign (whether illuminated or not), any plate or other installation outside the Leased Premises (including on the inside of the Property) and/or outside the Property, except with the express written authorisation of the Lessor. The Lessee must, in this case, obtain the necessary authorisations concerning advertising, trade signs and down-road signs.

The Lessee cannot display any object in the windows or on the walls or place any on sills.

#### 11.11 Parking places

Since this rental includes the rental of parking places, the Lessee further undertakes:

- (i) not to wash vehicles, or carry out any repair or maintenance work such as radiator water change, oil change, greasing, etc. on the parking places;
- (ii) to take all necessary measures so that the use of the parking places is strictly reserved to members of its personnel and visitors who are accredited by it;
- (iii) not to use the parking places for storage, as archive premises, reserves or stores for any objects whatsoever;
- (iv) to comply with regulatory rules and/or special rules for the operation and safety of the parking places;
- (v) to comply with the particular instructions for use as may be given to it by the Lessor or by persons in the Lessor's employment or service,
- (vi) to collect and to return to the Lessor on its demand the means of access (magnetic cards, keys etc.) which are provided to it, in order to allow for their replacement and at the end of the Lease.

No vehicle may be parked, day or night, outside the parking places which are allocated to the Lessee.

## ARTICLE 12 SUBLET - DOMICILIATION - ASSIGNMENT - LEASE TO MANAGEMENT

### 12.1 Sublet - Domiciliation

12.1.1 The Lessee must occupy the Leased Premises itself and may not make all or part of the Leased Premises available to any other party, in any form whatsoever, including, *inter alia*, sublet, lease to management, domiciliation (even if temporarily, without charge, or on a precarious basis), without having obtained the prior written authorisation of the Lessor, failing which the Lease shall be terminated under those conditions laid down in Article 18.

12.1.2 To be validly made, the request for the Lessor's authorisation must be sent by the Lessee to the Lessor by registered letter with return receipt requested, and must contain all necessary and useful information concerning the candidate, together with notification of the full text of the draft sublet agreement. The Lessor shall send its response (without being obliged to give reasons or substantiation for the same) at the latest within twenty (20) business days following receipt of the request. Absence of response within this period shall be deemed a refusal by the Lessor.

12.1.3 In the event of sublet (as authorised by the Lessor in accordance with this Article 12.1), the charges and conditions of the sublease must be compatible with all of those set forth in the Lease. In the event of incompatibility, the clauses of the Lease shall prevail. Any sublet agreement for the whole of the Leased Premises, if authorised by the Lessor, must be entered into terms which are strictly identical to those of the Lease.

The subtenant's activity must not undermine the upmarket nature of the Leased Premises and Property, or be harmful to their tranquillity, and must conform to the intended use as provided for in the Lease.

The duration of the sublet shall be, at most, equal to the duration of the Lease still to run, and shall end at the latest at the end of the Lease. The sublet shall, in addition, end fully and automatically (i) in the event that the Lease ends early for any reason whatsoever prior to the expiry of its contractual term, or (ii) if any one of the conditions set forth in this Article ceases to be met.

As a consequence, any sublet granted by the Lessee pursuant to these terms shall, at most, only be effective over the duration of the Lease, and the Lessee may only sublet at its own risk and while taking personal responsibility for dealing with its subtenant, which will never have any legal ties with the Lessor, including even at the time of any renewal of the principal rental. The Lessee shall take personal responsibility for the eviction of the subtenant in the event that the Lease comes to an end for any reason whatsoever and shall bear the cost of any eviction indemnity or other sum that may be due to the subtenant.

12.1.4 In all cases, no sublet may be entered into less than eight (8) business days following notification inviting the Lessor to attend for the execution of the planned sublease - and which has been notified to the Lessor in advance under those conditions laid down in Article 12.1.2 - specifying the planned place, date and time for the signature of said sublease agreement.

Moreover, the Lessee undertakes to communicate a copy of the sublease agreement to the Lessor within five (5) business days following the signature of said agreement.

12.1.5 In the event of sublet, the Lessee shall remain debtor for the entire amount of rent, fees, charges and incidental sums and shall remain bound by all of the obligations owed pursuant to the Lease, such that the Lessor's relations shall only be with one single tenant, holder of the Lease for the entirety of the premises and which shall alone be liable for payment of the Rent and for the performance of the charges and conditions of the Lease, with the Lessor not agreeing under any circumstances to having any legal relations whatsoever with any possible subtenants. The works for the restoration of the Leased Premises as a consequence of sublets shall be exclusively borne by the Lessee.

The subtenant(s) shall not have any direct right with respect to the Lessor and, in particular, for matters of renewal, with the Leased Premises forming a single indivisible contractual whole.

At any time, prior to or during any sublets, on the first demand of the Lessor or its agent notified by registered letter to the Lessee and to the subtenant in question, the rent under the sublease shall be payable directly to the Lessor or its agent for an amount deducted from the current Rent.

12.1.6 Any sublease agreement granted by the Lessee must compulsorily reproduce, verbatim, the terms of Articles 12.1.3, 12.1.4, 12.1.5, which shall be binding on the subtenant, together with the following clause by which the subtenant represents that it has full knowledge and acknowledges that:

- (i) since the fate of the sublease will follow that of the Lease, the expiry or termination of the latter for any reason whatsoever shall fully and automatically cause the termination of the former;
- (ii) the Leased Premises form an indivisible whole and therefore the subtenant cannot, under any circumstances whatsoever, rely on a direct right against the Lessor, including in particular at the end of the Lease or its termination for any reason whatsoever.

The Lessee must, in any sublease, have the subtenant waive all claims and oblige the subtenant to have its insurers waive all claims that they might be entitled to bring against the Lessor in the event of harmful event its agents and insurers *[sic]*.

The Lessee undertakes to pay to its subtenant(s) any and all indemnities of any nature whatsoever that may be due pursuant to the provisions of the Commercial Code on commercial leases, without it being possible for the Lessor to be pursued in this respect.

The Lessee shall take personal responsibility for the payment of fitting-out works and restoration of the Leased Premises as a consequence of any sublet.

12.1.7 If any of the above requirements is not met, the sublet shall be deemed to be irregular.

## 12.2 Assignment

Any assignment of entitlement to the lease on its own is strictly prohibited.

The Lessee may only assign the Lease as a whole and solely to the purchaser of its business concern, and subject to the following being imperative conditions for the validity of the assignment:

- (i) the prior payment of all arrears of Rent in principal, charges and incidentals,

- (ii) the delivery to the Lessor of an enforceable writ of original recorded counterpart of the deed of assignment within one month of its signature, at the Lessee's expense, failing which the Lease may be fully and automatically terminated,
- (iii) the payment by the assignee to the Lessor, on the date of assignment of the Lease, of a complementary security deposit equal to three (3) months of the Rent in force on the date of assignment of the Lease in order to increase the total amount of the security deposit held by the Lessor to six (6) months of Rent.

The assignor shall then be the joint and several guarantor of the assignee and for each successive assignee, for the payment of the Rent, charges and incidentals and, generally, for the performance of all of the clauses of the Lease, for the duration of the Lease, it being specified that an assignment shall be deemed to arise in the framework of this clause where there is any substitution of the person of the Lessee by way of merger, spin-off, takeover or other transaction producing identical effects.

No assignment may be made less than one (1) month following prior notification sent by the Lessee to the Lessor by registered letter with return receipt requested or by extrajudicial service, inviting it to attend for the execution of the planned assignment, containing notification of the full text of the draft deed of assignment and specifying the planned place, date and time for the final completion of that assignment.

The deed of assignment must not contain any adverse impact on the Lessor's prior rights and rights of action, and any clause of the assignment which is contrary to or contradicts the clauses and conditions of the Lease shall automatically be deemed null and void.

Moreover, the deed of assignment shall provide that the amount of the security deposit paid to the Lessor shall remain fully earned by it, with the assignor taking personal responsibility for obtaining its reimbursement with respect to the assignee. This clause shall not apply where, in the framework of insolvency proceedings, the Lessor has already applied the whole amount of the security deposit against those sums due as debts as provided for in Article 18 of the General Terms and Conditions.

These provisions shall apply mutatis mutandis in the event of the transfer of the Lease in any other form (merger, spin-off, takeover or other transaction producing identical effects).

### **12.3 Lease to Management (*location gérance*)**

Any lease of the business to management shall be prohibited, on penalty of termination of the Lease, as the Lessee must personally operate in the Leased Premises.

## **ARTICLE 13 DESTRUCTION OF THE LEASED PREMISES**

### **13.1 Complete destruction**

In the event that as a consequence of a fire or explosion, whatever the cause, or any harmful event whatsoever, the Leased Premises are destroyed or made unusable in their entirety, the Lease shall be fully and automatically terminated, without any indemnity being owed by either party, but without prejudice to the rights of the Lessor against the Lessee if such destruction is attributable to it, and vice versa.

## 13.2 Partial destruction

In the event that as a consequence of a fire or explosion, whatever the cause, or any harmful event whatsoever, the Leased Premises are destroyed or made unusable in part, the Parties shall proceed as specified below:

13.2.1 If the partial destruction concerns, or makes unusable, less than forty percent (40%) of the private (exclusive-use) floor areas of the Leased Premises, the Lessor alone shall, by way of derogation from Article 1722 of the Civil Code, be entitled to terminate the Lease, fully and automatically, without any indemnity being owed by either party, (i) without this limiting the Lessor's rights against the Lessee if the partial destruction can be attributed to the latter, including in the event of breach by the Lessee of any of its obligations under the Lease, and (ii) provided that the Lessor's right to have reconstruction works carried out (at the Lessee's risk and expense of the destruction is attributable to it).

To do so, the Lessor shall notify the termination or non-termination of the Lease to the Lessee, by registered letter with return receipt requested, within a period of thirty (30) days as of the occurrence of the event of loss (or, where applicable, the filing of the report of the Expert - as this term is defined below), with termination being effective forty-five (45) days following the sending of said letter (except with the express written agreement of the Lessor for a longer period). If the Lessor fails to notify the termination of the Lease under the above conditions and within the above time limit, it shall be deemed to have opted for the continuation of the Lease.

In the event that the Lease is terminated pursuant to the above provisions, no indemnity shall be owed by the Lessor to the Lessee for loss of possession and enjoyment, operating loss or in any other respect.

In the event that the Lease is not terminated by the Lessor, the Lessor shall grant the Lessee a rent reduction (unless the partial destruction can be attributed to the Lessee) for the period of the partial loss of possession and enjoyment, calculated on a pro rata basis according to the destroyed floor areas and applicable as of the date of the event of loss until the end of the Lease or, where applicable, the date on which the Lessor completes the Reconstruction Works (as this term is defined below) concerning the destroyed floor area.

In addition, in the event that the Lessor decides to carry out the works for the repair, restoration, reconstruction or replacement of the damaged, deteriorated or destroyed parts of the Leased Premises (hereinafter referred to as the "Reconstruction Works"):

- (i) the Lessee shall bear the performance of such Reconstruction Works in the Leased Premises, without being able to claim any indemnity or reduction of the Rent (other than the rent reduction referred to above), even where such works last for more than forty (40) days and whatever inconveniences may arise as a result, by way of derogation from Article 1724 of the Civil Code; the Lessor shall make its best efforts in order to limit the disturbance caused to the Lessee in this respect,
- (ii) the Lessor may have the Reconstruction Works carried out at the Lessee's risk if the destruction is attributable to it; and

(iii) the Lessor shall alone conserve the right to reimbursement of the cost of these Reconstruction Works, whether from its insurance company or, as applicable, from the insurance company of the Lessee or of any third party and the Lessee.

13.2.2 If the partial destruction concerns, or makes unusable, more than forty percent (40%) of the private (exclusive-use) floor areas of the Leased Premises or if the partial destruction is such as to wholly deprive the Lessee of possession and enjoyment of the Leased Premises, then, by way of derogation from Article 1722 of the Civil Code, the Lease may be terminated fully and automatically, without any indemnity being owed by either party, on the request of the Lessor or of the Lessee (unless the partial destruction can be attributed to the Lessee in which case it cannot terminate the Lease) without this limiting the Lessor's rights against the Lessee if the partial destruction can be attributed to the latter, including in the event of breach by the Lessee of any of its obligations under the Lease.

To do so, the Party wishing to terminate the Lease shall notify the termination of the Lease to the other Party, by registered letter with return receipt requested, within a period of thirty (30) days as of the occurrence of the event of loss (or, where applicable, the filing of the report of the Expert). The termination shall be effective forty-five (45) days following the sending of said notice by either Party. If neither Party notifies the termination of the Lease under the above conditions and within the above time limit, the Parties shall be deemed to have opted for the continuation of the Lease.

In the event that the Lease is terminated pursuant to the above provisions, no indemnity shall be owed by the Lessor to the Lessee for loss of possession and enjoyment, operating loss or in any other respect.

In the event that neither of the Parties terminates the Lease under the above conditions and within the above time limit:

(i) the Lessor shall grant the Lessee a rent reduction (unless the partial destruction can be attributed to the Lessee) for the period of the partial loss of possession and enjoyment, calculated on a pro rata basis according to the destroyed floor areas and applicable as of the date of the event of loss until the completion of the Reconstruction Works by the Lessor;

(ii) the Lessor undertakes to study the possibility of carrying out the Reconstruction Works for the destroyed floor area of the Leased Premises and to inform the Lessee, in writing, of its decision whether or not to carry out the Reconstruction Works (hereinafter referred to as the "**Decision**") within a period of eight (8) months as of the occurrence of the event of loss (or, where applicable, the filing of the report of the Expert), with the Lessor not being bound by any obligation to give the reasons for its decision to refuse to carry out the Reconstruction Works.

In the event that the Lessor does not inform the Lessee of its Decision, within the aforementioned period of eight (8) months, the Lessee may terminate the Lease, by registered letter with return receipt requested sent to the Lessor within a period of thirty (30) days of the end of the aforementioned period of eight (8) months. This termination shall be effective at the end of the period indicated by the Lessee in said letter (this period not being able to be less than forty-five (45) days except with the express written agreement of the Lessor for a longer period) and no indemnity shall be owed by the Lessor to the Lessee for loss of possession and enjoyment, operating loss or in any other respect.

In the event that the Lessor decides to carry out the Reconstruction Works, it must inform the Lessee of the forecast timetable for the Reconstruction Works in the notification of the Decision to the Lessee (hereinafter referred to as the "**Decision Notification**"). The Lessee may then decide:

- (i) either to terminate the Lease by notifying such termination to the Lessor by registered letter with return receipt requested, within a period of thirty (30) days as of the Decision Notification, if the forecast timetable for the Reconstruction Works provides for a duration of works exceeding one and a half years as of the Decision Notification. This termination shall be effective at the end of the period indicated by the Lessee (this period not being able to be less than forty-five (45) days except with the express written agreement of the Lessor for a longer period) in the termination letter and no indemnity shall be owed by the Lessor to the Lessee for loss of possession and enjoyment, operating loss or in any other respect;
- (ii) or to continue the Lease, in which case:
  - the Lessee shall bear the performance of such Reconstruction Works in the Leased Premises, without being able to claim any indemnity or reduction of the Rent (other than the rent reduction referred to above), even where such works last for more than forty (40) days and whatever inconveniences may arise as a result, by way of derogation from Article 1724 of the Civil Code; the Lessor shall make its best efforts in order to limit the disturbance caused to the Lessee in this respect;
  - the Lessor may have the Reconstruction Works carried out at the Lessee's risk and expense if the destruction is attributable to it or at the risk and expense of whoever they may be applied to, and shall make its best efforts to comply with the forecast timetable of works that it has communicated to the Lessee in the context of the Decision Notification;
  - the Lessor shall alone conserve the right to reimbursement of the cost of these Reconstruction Works, whether from its insurance company or, as applicable, from the insurance company of the Lessee, notably in the event that the event of loss is attributable to the Lessee, or from any third party or from the Lessee.



13.2.3 In the cases referred to in this Article and in the absence of agreement between the Parties as to the calculation of the percentage destroyed floor areas of the Leased Premises or of the Rent reduction, this calculation shall be made by an expert chosen by mutual agreement between the Lessor and the Lessee (hereinafter the "Expert"). If they should fail to appoint such an expert within fifteen (15) business days following the date of the event of loss, this appointment shall be made on the Lessor's petition by the Presiding Judge of the *Tribunal de grande instance* (District Court) with jurisdiction over the location of the Property, sitting in *référé*s (urgent summary / interlocutory proceedings), with the cost and fees for the order being borne in equal shares by the Lessor and the Lessee, and similarly for the fees of the chosen or appointed Expert, the decision concerning the same being final between the Parties.

## ARTICLE 14 INSURANCE

### 14.1 Lessor's insurance

The Lessor has taken out, with insurance companies of reputed solvency, a policy insuring damage to real property and the pecuniary consequences of non-contractual liability that the Lessor may incur as owner.

This insurance has been obtained on the basis of its reconstruction as new (amount inclusive of taxes).

The Lessor's insurance includes cover for the following ancillary risks: loss of rent, arising from any loss or damage, for a minimum of 24 months and pecuniary consequences, indirect damage to the building, expert appraisers' fees, cost of demolition and clearing consecutive to an event of loss, and the amount of premiums for insurance policies which would have to be taken out at the time of reconstruction or renovation of the Leased Premises.

The insurance premiums thereby paid by the Lessor shall be fully reimbursed by the Lessee, as these premiums are deemed to be charges within the meaning of Article 6 of these General Terms and Conditions.

### 14.2 Lessee's insurance

The Lessee shall have the following risks insured, effective as of the Effective Date of the Lease and for the entire duration of the Lease, with an insurance company of reputed solvency which is authorised to provide insurance in France:

- (i) the property damage to works and improvements (fitting-out and furnishing) whether carried out at its expense or not, and all material objects or other moveable property belonging to the Lessee which furnish the Leased Premises, for the usually-covered risks including in particular those arising from events such as fire, lightning, explosion, water damage, cost of rubble clearing, demolition, window breakage, leaks from sprinklers or any other liquid, falling aircraft and airborne objects, malevolent act, impact by land-going vehicles, natural disaster, storm and hail on roofs, smoke, riot and civil uprising, expert appraiser's fees, and all expenditure made necessary for the renovation of the Leased Premises.
- (ii) its loss of use or deprivation of enjoyment and possession, for a minimum of 24 months.

- (iii) its non-contractual liability for any accidental bodily injury, property damage or immaterial damage consecutive or accidental losses caused to third parties, directly provoked by its activity, property belonging to the Lessee as referred to in point (a) hereinabove, and by those persons in its employment or service.

The insurance taken out by the Lessee must provide that its termination may only be effective thirty (30) days following notification by the Lessee's insurers to the Lessor.

The Lessee undertakes:

- not to infringe any of its insurance policies in any manner whatsoever,
- to pay the premiums pertaining to its insurance policy or policies, duly and on due date,
- to substantiate performance of the preceding clauses, on the Lessor's first demand, by producing the insurance policy or policies and the receipts for payment of the premiums pertaining thereto,
- to notify the Lessor of any fact or circumstance which may make it necessary to provide for an addendum to the Lessor's insurance policies.

If the Lessee fails to take out such insurance policies and/or fails to pay the premiums, the Lessor reserves the right to do so [in its place]. In this case, the Lessee undertakes to reimburse it for all sums paid by it in this respect, said sums being fully and automatically incremented, without notice of breach or prior summons, by interest at the late payment interest rate referred to in the Special Terms and Conditions as of the date on which those sums were paid by the Lessor.

If the activity exercised by the Lessee leads to premium surcharges for the Lessor or for neighbours, the Lessee shall be obliged to indemnify the Lessor for the amount of such surcharge paid by it and, in addition, to protect the Lessor and hold it harmless against all claims by the other tenants of the Property and/or neighbours. The Lessee must notify the Lessor of any circumstance which could aggravate the risks that are insured by the Lessor's policy, failing which it shall be personally liable towards the Lessor for the consequences of its silence.

For the purpose of ensuring the performance of the preceding provisions, the Lessee shall send to the Lessor, prior to its entry into the premises, a detailed certificate from its insurer specifying:

- the heads of cover,
- the cover amounts and deductibles,
- the up-to-date payment of premiums, and
- the validity period.

Over the course of the Lease, the Lessee shall inform its insurer together with the Lessor and the manager of the Property, by registered letter with return receipt requested, of any harmful event or damage in the Leased Premises and/or in the Property or any event of such nature as to give rise to a harmful event or damage, even if there is no apparent damage, within eight (8) days as of the discovery of the same, failing which it shall be personally liable for damage where the amount thereof could not be successfully claimed from the company insuring the Property due to such omission or delay of the claim. It shall send a copy of its insured event declaration to the Lessor. In particular, it shall advise the Lessor in advance of any repairs that may fall to the Lessor.

That failing, the Lessee shall bear the cost of repairs and of any direct or indirect loss arising for the Lessor from such harmful event or such damage, including all consequences for which compensation cannot be obtained, and shall be liable towards the Lessor for the failure to declare said harmful event or damage in good time.

It is expressly agreed that the Lessor may, at any time over the duration of occupation of the Leased Premises by the Lessee, itself take out or demand that the Lessee take out any complementary insurance that may be necessary in order to complete the heads of cover referred to above, in the event that this is imposed by law or in the event of a change in the nature of the activities or use of the Leased Premises by the Lessee.

### **14.3 Waiver of claims**

The Lessee hereby waives and shall have its insurers, both present and future, waive any claims that they may be entitled to bring against the Lessor and its insurers, in the event of accidental events covered by the policies.

The Lessee shall produce the confirmation by its insurers, both present and future, of such waiver of claims.

As reciprocal terms, the Lessor hereby waives and shall have its insurers, both present and future, waive any claims that they may be entitled to bring against the Lessee and its insurers, in the event of accidental events covered by the policy or policies which are taken out.

## **ARTICLE 15 ENVIRONMENT**

**15.1** The Lessee shall take personal responsibility for periodical inspections concerning the search for dangerous substances (and asbestos in particular) in the Leased Premises, together with the complementary works that are necessary during its possession, connected in particular with the specific fitting-out or other works carried out by it or on its behalf and shall send the Lessor, on its demand, a copy of each report drawn up in this context.

For the performance of works carried out by it or on its behalf, including during the Lease as the case may be, the Lessee undertakes to ensure that no material is used which is recognised, at the time of the works, as being liable to constitute a danger for the safety of occupiers of the Leased Premises and/or of the Property.

If materials used by it or on its behalf should later come to be prohibited by a new legal provision, the Lessee shall take personal responsibility for dealing with all consequences thereof: search for materials, diagnostics, removal or other treatment, without being entitled to make any claim against the Lessor.

All inspections, verifications and works which, due to existing or future regulations concerning the safety of persons or the environment and the health of persons, govern the Leased Premises and/or the Property, and the outfitting and developments, installations and equipment contained therein, shall in their entirety be borne by the Lessee which hereby waives any claims against the Lessor for the damage and the perturbation of its possession that may arise as a consequence.

- 15.2 If the Lessee should proceed with installing in the Leased Premises any installation classified for the protection of the environment or any installation or equipment which is not classified but which nevertheless presents a hazard for the environment, it must obtain the prior written agreement of the Lessor and, in the event of its agreement, it shall be the operator and undertakes to insure, at its own expense, the maintenance, repairs and any replacements that may be necessary for any reason whatsoever.

Where it is the sole beneficiary of the same, and each time it is so authorised by the administrative authorities, the Lessee undertakes to declare itself as operator of any installation classified for the protection of the environment (ICPE) required for the exploitation of the Leased Premises. The Lessee shall take personal responsibility for the administrative authorisations to be obtained such that the Lessor shall never be pursued in this respect. The Lessee shall inform the Lessor of the steps that it has taken in this sense and shall transmit to it all documents pertaining thereto, including the receipt for the declaration and/or the administrative order granting authorisation, together with any letters from the administrative authorities concerning this installation. In case of failure of providing these documents by the Lessee to the Lessor, on request of the Lessor, a notice will be sent by the Lessor to the Lessee by registered letter with return receipt requested to have to provide the concerned document(s) within a fifteen (15) day period, from the date of sending of this notice. Failing such presentation of the document(s) at the expiry of the abovementioned period, a penalty will be owed by the Lessee to the Lessor equal to (i) one hundred euros (€100) excluding taxes per day late during the 1st month of delay, (ii) three hundred euros (€300) excluding taxes per day late, during the 2nd month of delay and (iii) five hundred euros (€500) excluding taxes per day late, during the 3rd month of delay.

The Lessee undertakes to make the ICPE compliant with all regulations in force, now and in future, such that the Lessor shall not be pursued in this respect and/or such that it does not have to bear the cost thereof. The Lessee undertakes to operate and maintain the ICPE in such manner that this installation is not such as to cause any nuisance whatsoever to third parties and/or to the other tenants of the Property.

In addition, and unless notified otherwise by the Lessor, the Lessee must proceed with the removal of any ICPE which it has itself installed over the duration of the lease, and with any renovation works pertaining thereto, as of the end of its possession. Subject to obtaining the prior written agreement of the Lessor, the Lessee must also proceed with all formalities with the administrative authorities for the ceasing of the ICPE's activity and shall substantiate the same to the Lessor.

In the event that the administrative authorities require the Lessor to declare itself as operator of the ICPE installed and operated in the Property by the Lessee, and where the authorisation to operate or receipt of the declaration is refused to the Lessor after it has filed the application for authorisation or the declaration, the Lessee shall not have any right of claim against the Lessor in this respect. In any event:

- (i) all costs connected with the filing of the application for authorisation or the declaration shall be borne by the Lessee,
- (ii) the Lessee shall, solely at its own expense, maintain the ICPE in question and bring it into compliance with all regulations in force, now and in future, such that the Lessor shall never be pursued in this respect or bear the cost thereof,
- (iii) the Lessee shall, solely at its own expense, cause the ICPE to be operated and maintained in such a manner that this installation shall not be such as to cause a nuisance of any nature to third parties and/or to the other tenants of the Property, and
- (iv) the Lessee shall protect and indemnify the Lessor and hold it harmless against any claim made against it with respect to the ICPE for which the Lessor has declared itself to be the operator.

Moreover, the Lessee expressly undertakes to comply with all of the prefectoral or regulatory prescriptions whether applicable to such ICPEs or not, and in particular those of any prefectoral order granting authorisation to operate which it becomes the holder of as well as all prescriptions of any future complementary order.

**15.3** In the event that the Leased Premises are located in a zone covered by a plan for the prevention of technological hazards (*plan de prévention des risques technologiques*) or by a plan for the prevention of foreseeable natural hazards (*plan de prévention des risques naturels prévisibles*), whether prescribed or approved, or in a seismic zone as defined by Decree adopted in the *Conseil d'Etat*, a statement of the foreseeable natural hazards, technological hazards or seismic risks pertaining to the zone in which the Leased Premises are located, shall be appended to the Lease pursuant to Article L. 125-5 of the Environmental Code (**Appendix 11**).

The Lessor hereby informs the Lessee that no harmful event which would give rise to the payment of compensation in accordance with Article L. 125-2 of the Code of the environment or L. 128-2 of the Insurance Code, has occurred during the period in which it has been the owner of the Leased Premises and, to date, it is not aware of any harmful event of this type having occurred in the Leased Premises.

#### **15.4 Asbestos**

The summary sheet concerning the Leased Premises which the Lessee will have the use of, as provided for in Appendix 3 of the Order of 22 August 2002 adopted to implement Decree 96-97 as amended, is appended to this Lease (**Appendix 12**).

The Lessee represents that it has examined the items contained in that statement, together with the safety instructions to be respected in the event of presence of asbestos, and undertakes to inform any contractor appointed by it or by persons in its employment or service who are led to carry out works in the Leased Premises, in such manner that the Lessor shall never be pursued in this respect.

Moreover, the Lessee shall, throughout the entire duration of the Lease, allow the Lessor and/or its representatives to carry out any diagnostics that it may deem necessary to carry out, without any right of claim whatsoever against the Lessor, including in particular with respect to asbestos. The Lessee cannot claim any indemnification or reduction in the rent for any nuisance caused in this respect.

#### **15.5 Environmental Appendix**

The Parties hereby undertake, each insofar as it is concerned, to collaborate and make their best efforts to improve the environmental performance of the Property and of the Leased Premises, including in particular with respect to their conditions of operation and use, particularly in the following areas: control over energies, water consumption and waste management. For this purpose, the Parties undertake to comply with the terms of the environmental performance appendix hereto (**Appendix 13**).

The Lessee undertakes to comply with this Appendix and to communicate the anticipated data while complying with the constraints specified therein and, if necessary, adapting the Leased Premises to the standards described therein.

The Environmental Performance Appendix shall be updated on each renewal of the Lease or on any prior date if necessary. In particular, if regulations or an enforceable or final judicial decision should require more restrictive environmental performance targets, notably in terms of energy consumption or the use of natural resources, these targets shall fully and automatically replace the targets set forth in the Environmental Performance Appendix.

Finally, and generally, the Lessee shall bear all of the consequences associated with the regulations referred to above and shall defer, at its sole expense, to any enforceable or final judicial decision which holds against the Lessor or the Lessee concerning its use of the Leased Premises.

#### **15.6 Energy performance diagnostic**

An energy performance diagnostic concerning the Property appears in **Appendix 14**, which the Lessee represents having examined prior to the date hereof and which it shall deal with under its personal responsibility.

#### **ARTICLE 16 VISIT TO THE LEASED PREMISES**

In addition to the possibility granted to it in Article 11.6 of the General Terms and Conditions, it is agreed that in the event that the Lessor should decide to sell the Property, it may visit the Leased Premises with the potential buyer or its agents, while respecting an advance notice of at least forty-eight hours (48h).

Moreover, once notice of non-renewal has been given by the Lessee or by the Lessor, and at least during the last six (6) months of possession by the Lessee under the Lease or its renewals, and subject to at least 24 hours advance warning before each visit, the Lessee shall allow the Lessor's representative(s), together with the representative(s) of any candidate tenant, visit the Leased Premises every day from ten o'clock in the morning (10:00) to five o'clock in the afternoon (17:00) and at any other time with the Lessee's authorisation (which may only be refused on legitimate grounds), and to allow a board or banner, even on gauze, to be attached outside the Leased Premises or at any other place that the Lessor deems suitable.

## ARTICLE 17 LIABILITY AND CLAIMS

**17.1** The Lessee may not under any circumstances do anything or allow persons acting under its responsibility or with its authorisation to do anything which may damage or degrade the Leased Premises and/or the Property. The Lessee shall ensure that the tranquillity and proper upkeep of the Leased Premises and/or of the Property are not perturbed by it, by its personnel or by its visitors and shall be held liable for any damage caused by it, by those in its employment or service, or by its agents, customers, suppliers or visitors.

The Lessee shall cause any justified complaints to cease and shall carry out any works required such that the Lessor shall never be pursued in this respect.

**17.2** The Lessee shall not bring any liability claim or complaint against the Lessor for any disturbance and/ or deprivation of possession and enjoyment caused by any third party and shall take personal responsibility for dealing with any claims to be brought against the person causing the loss or damage, with the Lessor causing it, where applicable, to enter by way of subrogation into its rights for this purpose.

**17.3** The Lessee waives any liability claim or complaint against the Lessor, any and all agents of the Lessor and their insurers, and undertakes to obtain the same waiver of claim from its insurers, for the following cases:

- (i) damage to and/or destruction, whether partial or total, of its furniture, equipment and, generally, all objects belonging to it or which it holds in any respect whatsoever, and any deprivation of possession and enjoyment and any operating loss, even in the event of total or partial loss of its business concern, including any damage caused to it or losses suffered by the intangible assets of such business concern, even where the damage or destruction arises due to a construction defect, or caused by another occupier of the Property, caretaker or guard or any other person for whom the Lessor bears [vicarious] liability;
- (ii) in the event of theft or any criminal act (or attempted act) or any other unlawful aggression suffered in the Property and/or in the Leased Premises by the Lessee, by those in its employment or service, by its customers or by its visitors, as the Lessor does not assume any surveillance obligation;
- (iii) in the event of interruption or improper functioning of the Property's various communal services and equipment (water, heating, electricity, including the failure of installations for the "high quality inverter-regulated" electricity supply, air conditioning, etc.) or in the event of the stoppage of lifts and elevators even if for a prolonged period;

- (iv) in the event of harmful acts by other occupiers of the Property, their personnel, suppliers and customers and generally any third parties, the Lessee taking personal responsibility for dealing with any claims to be brought against the person causing the property damage or intangible loss, including any disturbance or deprivation of enjoyment or possession, with the Lessor causing it, where applicable, to enter by way of subrogation into its rights for this purpose;
- (v) in the event of damage caused to the Leased Premises and to the objects located therein following leaks, infiltration, humidity, riot, strike or other circumstances, with the Lessee to insure itself against these risks without any claim against the Lessor;
- (vi) in the event of accident occurring in the Property or in the Leased Premises, whatever the cause except in the event of exclusive fault by the Lessor or its personnel,
- (vii) in the event of expropriation on public utility grounds, all of the Lessee's rights being reserved against the expropriating party.

## **ARTICLE 18 TERMINATION CLAUSE - SANCTIONS FOR FAILURE TO OBSERVE THE LESSEE'S OBLIGATIONS**

### **18.1 Termination clause**

18.1.1 It is expressly provided that in the absence of payment of any single instalment or fraction of an instalment of Rent, charges or incidentals on due date, any arrears due as a consequence of index-linked adjustment or revision of the Rent or renewal of the Lease, any sums due with respect to its occupation, the costs of served summons to pay and later court costs, or in the event of failure to perform any one of the conditions of the Lease, and one (1) month following summons to pay or to perform which has remained without effect, the Lease shall be fully and automatically terminated at the Lessor's discretion without any petition being required before the courts, even in the event of payment or performance after the expiry of the above period. This clause is set forth for the sole benefit of the Lessor and it may waive it at its discretion.

Jurisdiction is, for the avoidance of doubt, attributed to the judge in charge of *référé*s (urgent summary / interlocutory proceedings) to observe the breach by the Lessee and the application of this clause, and to require the eviction of the Lessee.

18.1.2 In the event of termination of the Lease, whether by right (fully and automatically) or by judicial decision, due to the Lessee's fault:

- the total amount of the Rent to be paid in advance, even if part of it has not yet been so paid, together with the security deposit, shall be fully earned by the Lessor,

without prejudice to any other damages for the harm caused by the Lessee's acts as may or may not have provoked such termination and the very circumstance of this termination, and without prejudice to the provisions of Article 1760 of the Civil Code.



All fees and procedural costs, costs of served summons and suit, protective measures or enforcement measures, as well as all costs for registry searches and notifications as necessary in the context of pursuing the performance of the Lease, shall be borne by the Lessee.

In the event that the Lessee does not vacate the Leased Premises following termination, whether by the full and automatic termination or judicial termination of the Lease, it shall owe the Lessor an occupation indemnity determined on a fixed basis of double the Rent which could have applied in the absence of termination, incremented by charges and taxes in force on the date of termination of the Lease, payable at the end of each week for the preceding [weekly] period, without prejudice to the Lessor's right to complementary compensation on substantiating the loss actually suffered, due in particular to the time required to re-let the Leased Premises. This indemnity shall be due for the period beginning on the effective date of the termination until the Leased Premises are effectively vacated.

## **18.2 Sanctions**

18.2.1 In the event of failure by the Lessee to observe the obligations owed by it under the Lease, in particular concerning the maintenance, repair and renovation of the Leased Premises, and without this limiting the terms of Article 18.1 hereinabove, the Lessor shall be entitled, eight (8) days (except in the event of urgency where the Lessor may intervene immediately, without notice) following the sending of mere notice by registered letter with return receipt requested which has remained without effect, to have the breached obligation carried out by the service provider of its choosing, at the Lessee's risk and expense. The costs of this intervention shall be added, where relevant, to the next instalment of Rent, independently of any damages and the possible implementation of the termination clause.

18.2.2 In the event of failure to pay the Rent and/or incidentals and/or any other sums due under this lease, on due date, said sums shall bear interest at the rate contractually agreed in the Special Terms and Conditions, as of their due date pursuant to the Lease until their effective payment; independently of any damages and the possible implementation of the termination clause.

In the event of failure to pay the Rent and/or incidentals and/or any other sums due under this lease, on due date, and eight (8) days after sending a registered letter with return receipt requested which has remained without effect, the sums due by the Lessee may be collected by bailiff, on the sole initiative of the Lessor, and these sums shall then be automatically incremented by 10% as fixed indemnification for the associated costs, independently of the possible implementation of the termination clause. This indemnity shall be in addition to the sums due under the preceding paragraph.

## ARTICLE 19 END OF THE LEASE - ACCESSION - RESTITUTION OF THE LEASED PREMISES

**19.1** On its departure from the Leased Premises (including in the event of early termination of the Lease), the Lessee shall return the Leased Premises together with any works and installations which have become the property of the Lessor by accession pursuant to the option provide for in Article 19.2 below, in a condition compliant with the specifications set forth in **Appendix 21** for Premises 4B and in a condition conforming to the schedule of condition on entry for Premises 4A, compliant with regulations in force at that time (including for the functioning of equipment and installations of the Leased Premises and security) and free of any furniture.

**19.2** All works, fittings and installations which amount to fixtures, whether authorised by the Lessor or not, and whether pertaining to works for installation, finishing, improvement, fitting-out, modification, repair or for compliance with standards, made during the Lessee's occupation of the Leased Premises, shall become the property of the Lessor, at its discretion, by way of accession, on the departure of the Lessee, without any indemnity of any sort.

The Lessor shall have the right, on the contrary, to require the Lessee to remove all or part of the works and installations referred to in the above paragraph and to return all or part of the Leased Premises to their original condition as agreed by the Parties, i.e. open-plan offices, with partitions and cables (low current) removed, and in a condition compliant with the specifications set forth in **Appendix 21** for Premises 4B and in a condition conforming to the schedule of condition on entry for Premises 4A, at the Lessee's exclusive risk and expense, it being specified that if this renovation should cause damage which cannot be avoided, the Lessee shall be obliged to bear the consequences thereof and proceed, at its own expense, with the repair work required so that the Leased Premises are returned in accordance with the provisions of Article 19.1 above.

**19.3** As of notice of non-renewal by the Lessee or by the Lessor, as the case may be, the Lessor may at any time, and at the latest four (4) months before the date of the end of the Lease, proceed with a formal observation of the condition of the Leased Premises and their equipment in the presence of a bailiff – whose costs shall be borne for one half each by the Parties, and the Lessee hereby authorises, in advance, the Lessor and the bailiff to enter the Leased Premises for the purposes of this formal observation.

In the event of termination of the Lease pursuant to Article 18 above, the aforementioned formal observation may be made at any time as of the delivery by the Lessor of the summons to pay or to perform as referred to in Article 18.1.1, and the Lessee hereby authorises, in advance, the Lessor and the bailiff to enter the Leased Premises for the purposes of this formal observation of the condition of the Leased Premises and their equipment.

Within a period of one (1) month following this formal observation of the condition of the premises, the Lessor shall send the Lessee:

(i) the list of works, fittings, installations, works that it wishes to retain, and those that it wishes to have removed pursuant to Article 19.2 above;

- (ii) the list of repairs to be made which are the responsibility of the Lessee pursuant to Article 19.1 above.

The Lessee shall proceed with all of these removals and repairs, at its own expense, for the date of expiry of the Lease, or the date of its departure if earlier, under the supervision of the Lessor's *maître d'œuvre* (works project manager, architect etc.), whose fees it shall bear. Before beginning its works, the Lessee shall transmit its renovation works file to the Lessor, drawn up in accordance with the provisions of Article 11.8 above. As a general matter, the Lessee shall carry out its works in accordance with all of the provisions of that same Article.

In the event that the Lessee does not proceed with repairs and removals provided for in the lists referred to in points (i) and (ii) above (and, generally, with the repairs and replacements owed pursuant to the Lease) before the date of expiry of the Lease (or before the date of its departure, in the event of early departure from the Leased Premises before such expiry date), the Lessor shall have the choice between:

- either refusing the keys and demanding that the Lessee proceed with works for replacement, repair, cleaning, removals etc. which are required,
- or proceeding itself with such works, at the Lessee's expense, with these costs being set off against the amount of the security deposit.

In the two cases provided for above, the Lessee shall owe the Lessor an indemnity equal to one and a half times the Rent, calculated on a *pro rata temporis* basis, increased by charges and taxes in effect throughout the time in which the Leased Premises are immobilised as required to carry out the repairs and/or works owed by the Lessee, beyond the end of the Lease, with the Lessor undertaking to take all steps to have such works and/or repairs carried out. This indemnity shall be payable at the end of each week for the preceding [weekly] period.

**19.4** In the event that the Lessee begins its works without having first transmitted to the Lessor the renovation works file, drawn up in accordance with the provisions of Article 11.8.1 above, or in the event that the Lessee carries out its works without complying with the observations of the Lessor or its *maître d'œuvre* (works project manager, architect etc.) concerning the scope, nature and quality of the works carried out by the Lessee, the Lessor may demand that the Lessee stop its renovation works. In this event, the Lessee shall owe the Lessor an indemnity equal to the Rent incremented by 50% , calculated on a *pro rata temporis* basis, increased by charges and taxes in effect throughout the time in which the Leased Premises are immobilised as required to carry out the repairs owed by the Lessee, beyond the end of the Lease. This indemnity shall be payable at the end of each week for the preceding [weekly] period.

**19.5** In the event that the Lessee, or any occupiers brought in by it, forfeits any right of occupation for any reason whatsoever (expiry, application of the termination clause, etc.) and has not vacated the Leased Premises under those conditions defined above:

- (i) the Lessor may seek the eviction of the Lessee or any occupiers introduced by it, which shall be considered to be occupants without entitlement or authority, and

- (ii) the Lessee shall owe a monthly occupation indemnity equal to double the Rent in force on the date on which the Lessee should have proceeded with restitution of the Leased Premises, plus charges and taxes in force on that date. This occupation indemnity shall be due by the Lessee until the date on which the Leased Premises are effectively vacated. This indemnity shall be payable weekly.

## ARTICLE 20 STAFF CANTEEN

Collective catering intended to cover the needs of users of the Property is provided by a staff canteen ("*restaurant inter-entreprises*") and its ancillary premises, located inside the Property (hereinafter the "**RIE**").

The Lessor shall make the RIE available to the Lessee, collectively with other users of the Property, gathered into the associations referred to below, it being specified that the Lessee shall pay to the Lessor, as consideration for making available the floor areas dedicated to the RIE, a fee which it already included in the amount of the Rent as provided for in the Special Terms and Conditions.

The Lessee, having expressed its interest therein, hereby accedes, as of this day, to the associations of users of the RIE, the founding documents and management documents of which appear in **Appendix 15** to **Appendix 18**, under those conditions laid down in those founding documents, this accession being for the same duration as the duration of the Lease and to be renewed in the event of renewal of the Lease. The Lessee represents that it has examined, via the agent of the associations in question, the financial operating method of the RIE, it being specified that the Lessee cannot under any circumstances seek the liability of the Lessor in this respect.

The Lessee shall, in particular, bear all of the expenses pertaining to the RIE (including utilities consumption) and notably the expenses pertaining to the upkeep, maintenance, inspection, compliance with standards and renewal of all of the furniture, equipment and material of the RIE, even if the Lessee ceases to be a member of the associations of users of the RIE and/or ceases to use the RIE, and the Lessee shall owe all of these expenses for as long as it has the capacity of Lessee.

The Lessee undertakes to have any subtenants, and each successive assignee that may succeed to it in possession of the Leased Premises, joint the associations of users of the RIE for the duration of the Lease. That failing, it shall remain personally bound for all charges and obligations which it would have been bound by if it had remained a member of the associations of users of the RIE.

The Lessee must always retain, for the premises housing the RIE, their intended use of collective catering. The Lessee may not under any circumstances modify the equipment, material, furniture and decoration of the RIE without the prior written consent of the Lessor. The Lessee shall ensure that the operation of the RIE does not stop and is neither interrupted or suspended, and that the premises housing the RIE retain their intended use for collective catering.

The Lessee shall alone bear full liability for any damage that it or its personnel may cause to people and property due to the use of the RIE, without being entitled to pursue or claim against the Lessor on this subject, with the Lessee expressly waiving any claim against the Lessor.

The Lessee undertakes to comply with the rules of organisation of the RIE, subject to the sanction of the termination clause provided in the Lease.

The Lessee shall take personal responsibility, without right of claim or recourse against the Lessor, for any authorisation or consent by its Works Council as may be necessary in the context of the management of catering for its employees.

## **ARTICLE 21 MISCELLANEOUS PROVISIONS**

**21.1** The Lease may not be the subject of any registered pledge or lien by the Lessee.

**21.2** The Lessee undertakes to inform the Lessor of any fact or circumstance that may affect its economic, legal or financial situation, including any merger or transformation, and any amendment to its Articles of Association which may have an impact on the Lease.

The Lessee hereby guarantees compliance ("*se porte fort*") by its shareholders who will not proceed with any amendment of its Articles of Association having the effect of transferring the Lessee's registered offices to a State other than metropolitan France.

The Lessee undertakes to send to the Lessor, within one month following registration of any amendment with the Clerk's Office [of the Commercial Court], an updated "Kbis" trade register extract together with a certified true copy of the deeds observing this amendment.

**21.3** No tolerance by the Lessor concerning the clauses and conditions of this agreement may ever be construed as any sort of amendment to the agreement, and the Lessor may always bring an end to such tolerance.

**21.4** If any one of the provisions of the Lease should be held to be null and void as a consequence of a judicial decision, or is modified as a consequence of a decision by a national or European authority, the Parties shall in good faith endeavour to adapt the conditions for its performance, it being agreed that such nullity shall not affect the other provisions of the Lease.

**21.5** In the event of sale or transfer or all or part of ownership in the Property, the Lease shall be fully and automatically transferred in favour of the new owner, it being agreed that such transfer extends to and includes all security interests and incidentals, including any first-demand guarantees and any personal guarantees which have been granted in favour of the Lessor, and the Lessee undertakes to notify this condition and bring it to the attention of all guarantors, or immediately to issue new valid guarantees for the new owner, failing which this Lease may be terminated. The same applies in the event of transfer of the security deposit to the new owner of the Property who shall thereby become the sole debtor of the Lessee, which hereby expressly accepts the same.

## **ARTICLE 22 ELECTION OF DOMICILE AND JURISDICTION**

For the performance of this lease and that which shall follow on herefrom, the Lessor hereby elects domicile [for valid service] in its registered offices and the Lessee in the Leased Premises.

For disputes pertaining to this lease, the Parties attribute jurisdiction to the courts of the judicial district in which the Leased Premises are located, notwithstanding multiple defendants or impleader.

**ARTICLE 23 COSTS**

All of the costs and duties for this lease agreement, including all costs of registration if applicable, and those arising as a consequence hereof or in following on herefrom, including the expenditure incurred by the Lessor for any action brought against the Lessee in order to ensure the application of the clauses and conditions of the Lease, shall be borne by the Lessee which hereby expressly undertakes to pay the same within the limit of the sums awarded in this respect by the seised courts.

Each of the parties shall bear the cost of fees for its lawyers who acted for the negotiation, drafting and execution of this lease agreement and for its intermediary.

EXECUTED IN

ON

IN THREE ORIGINAL COUNTERPARTS

ONE COUNTERPART FOR EACH OF THE PARTIES AND ONE COUNTERPART FOR REGISTRATION

THE LESSOR

THE LESSEE

## APPENDICES

<b>Appendix 1</b>	<i>“Kbis” trade register extract of the Lessee</i>
<b>Appendix 2</b>	<i>Plans of the Leased Premises</i>
<b>Appendix 3</b>	<i>2012 Forecast Budget</i>
<b>Appendix 4</b>	Principle of the invoicing of charges
<b>Appendix 5</b>	Invoicing of the rent and of the Property and R.I.E charges
<b>Appendix 6</b>	Articles of Association of the Lessee
<b>Appendix 7</b>	Non-exhaustive list of charges and expenses owed by the Lessee in accordance with Article 6 of the General Terms and Conditions
<b>Appendix 8</b>	List of maintenance contracts
<b>Appendix 9</b>	Internal Regulations of the Property
<b>Appendix 10</b>	Internal Regulations of the Sports Zone
<b>Appendix 11</b>	Information sheet on major natural and technological hazards and its appendices (copy of the regulatory zoning of the Seine industrial hazards prevention plan (PPPI) dated 9 January 2004 (PPRI – one A3 sheet) and copy of the perimeter of quarry risk zones(one A3 sheet)
<b>Appendix 12</b>	Asbestos summary sheet
<b>Appendix 13</b>	Environmental Performance Appendix
<b>Appendix 14</b>	Energy Performance Diagnostic
<b>Appendix 15</b>	Association Capitole Equipements 2011 Budget
<b>Appendix 16</b>	R.I.E Equipements accession form
<b>Appendix 17</b>	Association Equipements management mandate
<b>Appendix 18</b>	Association Equipements Articles of Association
<b>Appendix 19</b>	Internal Regulations of the Auditorium
<b>Appendix 20</b>	Descriptive file for the Fitting-Out Works
<b>Appendix 21</b>	Description of renovation works for Premises 4B and renovation condition of the Leased Premises on the Lessee’s departure
<b>Appendix 22</b>	Pre-work asbestos diagnosis
<b>Appendix 23</b>	Draft of Citibank Guarantee

## TABLE OF CONTENTS

<b>TITLE I - SPECIAL TERMS AND CONDITIONS</b>	<b>3</b>	
Article 1	Description of the Leased Premises	3
Article 2	Entry into effect of the Lease - Condition of the Leased Premises	4
Article 3	Rent	6
Article 4	Charges	10
Article 5	Duration	10
Article 6	Late payment interest	11
Article 7	Bank Guarantee	11
Article 8	Access to the Auditorium AND THE FITNESS AREA	12
Article 9	Right of way – Emergency exit	12
Article 10	AUTHORISATION FOR DOMICILIATION AND SUBLET	13
<b>TITLE II - GENERAL TERMS AND CONDITIONS</b>	<b>14</b>	
Article 1	Legal framework	14
Article 2	Description of the Leased Premises	14
Article 3	Intended use of the Leased Premises	15
Article 4	Handover - Condition of the Leased Premises	16
Article 5	Rent	16
Article 6	Charges	19
Article 7	Taxes	24
Article 8	Network and Utilities contracts	24
Article 9	VAT	25
Article 10	Security deposit	25
Article 11	Rental conditions	26
Article 12	Sublet - Domiciliation - Assignment - Lease to Management	39
Article 13	Destruction of the Leased Premises	41
Article 14	Insurance	45
Article 15	Environment	47
Article 16	Visit to the Leased Premises	50
Article 17	Liability and claims	51
Article 18	Termination clause - Sanctions for failure to observe the Lessee's obligations	52
Article 19	End of the Lease - Accession - Restitution of the Leased Premises	54
Article 20	Staff canteen	56
Article 21	Miscellaneous Provisions	57
Article 22	Election of domicile and Jurisdiction	57
Article 23	Costs	58



**Certification of Chief Financial Officer  
Pursuant to Section 302 of  
the Sarbanes-Oxley Act of 2002**

I, Brendan Brennan, certify that:

1. I have reviewed this annual report on Form 20-F of ICON plc (“the registrant”).
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 6, 2013

/s/ Brendan Brennan

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Brendan Brennan  
Chief Financial Officer

**Certification of Chief Executive Officer  
Pursuant to Section 302 of  
the Sarbanes-Oxley Act of 2002**

I, Ciaran Murray, certify that:

1. I have reviewed this annual report on Form 20-F of ICON plc (“the registrant”).
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 6, 2013

/s/Ciaran Murray

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Ciaran Murray  
Chief Executive Officer

**Certification Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of ICON plc (the "Company") on Form 20-F for the year ending December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brendan Brennan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 6, 2013

/s/ Brendan Brennan

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Brendan Brennan  
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the report or as a separate disclosure document. A signed original of this written statement required by section 906 has been provided to ICON plc and will be retained by ICON plc and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of ICON plc (the "Company") on Form 20-F for the year ending December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ciaran Murray, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 6, 2013

/s/Ciaran Murray

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Ciaran Murray  
Chief Executive Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the report or as a separate disclosure document. A signed original of this written statement required by section 906 has been provided to ICON plc and will be retained by ICON plc and furnished to the Securities and Exchange Commission or its staff upon request.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors  
ICON plc

Dear Sirs:

We consent to the incorporation by reference in the registration statement on Form S-8 (No. 333-152802) of ICON plc of our reports dated March 6, 2013, with respect to the consolidated balance sheets of ICON plc as of December 31, 2012 and 2011 and the related consolidated statements of operations, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2012, and the effectiveness of internal control over financial reporting as of December 31, 2012, which reports appear in the December 31, 2012 Annual Report on Form 20-F of ICON plc.

/s/ KPMG

KPMG  
Chartered Accountants  
Dublin, Ireland  
March 6, 2013