

# ALPHABET SHARES AND THE IPEX FUND

## Your interest in PA's ventures

This document provides:

1. a detailed history of the now closed PA Ventures program where holders of legacy PA Ordinary shares received tracking interest in the Venture companies through Alphabet shares; and
2. information on the ongoing ventures investment through the Ipex Fund.

# 1. ALPHABET SHARES

Between 2001 and 2006 shareholders in PA Holdings Limited (the then parent company of the PA Group) received dividends on their PA Ordinary shares in the form of “Alphabet shares” in order to provide each generation of PA shareholders with an indirect interest in venture companies PA was investing in. If you held alphabet shares, it is important to remember

- 1) that you did not pay anything to receive alphabet shares (you have no money to recover/ no tax losses to claim), and
- 2) PA has already communicated and paid out all value arising from the now closed alphabet share program.

Venture companies are ‘start-up’ companies taking great ideas of PA consultants and seeking to turn these into viable separate businesses. This is a high risk strategy and most venture companies were expected to, and indeed did, fail and were closed for nil value.

## THE VENTURE COMPANIES AND THEIR TRACKER SHARES

The following alphabet shares were cancelled on 21 November 2008 following the closure of the venture company they used to track:

UBINETICS	<p>Following the sale of the two divisions of UbiNetics, the realisation proceeds were made available to shareholders in September 2005. Proceeds relating to U.2001 shares were returned to shareholders via a cash distribution through payroll. Proceeds of the U.2004.1 shares were made available for redemption in September 2005 where the total gain exceeded £50. These alphabet shares were issued at a price of £0.0001 i.e. they effectively have a zero base cost for capital gains tax purposes. Where the U.2004.1 gain was less than £50, the proceeds were returned via a cash distribution through payroll.</p> <p>The U.2004 shares were split in September 2005 into series .1 and series .2 shares. The series .2 shares relate to a potential earnout payment arising from the sale of UbiNetics for which a further realisation, the series .2 shares, may be triggered in the future. A further cash distribution through payroll is also possible for the U.2001 and the U.2004.2 shares. Further proceeds were received from the sale of UbiNetics in mid-2006, for which the U.2004.2 shares were split in U.2004.2a and U2004.2b shares. The U.2004.2a shares were made available for redemption in July 2005 where the total gain exceeded £50.</p> <p>The U.2001 shares were cancelled with no proceeds due to the shareholder. The U2004.2b shares (the Earnout) were redeemed for value between December 2008 and December 2010.</p>
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MERIDICA	<p>The Meridica alphabet shares were issued in 2001, 2002 and 2003, all at a price of £0.0001 i.e. they effectively have a zero base cost for capital gains tax purposes. These shares were split in December 2004 (when Meridica was sold to Pfizer) into series .1 and series .2 shares. The above realisation per share amounts for the series .1 shares were determined in December 2004. The series .1 shares were paid out from December 2004.</p> <p>The series .2 shares related to a potential earnout payment if certain conditions were met. PA’s earnout rights expired in December 2014 and no further payment was due from Pfizer.</p> <p>No further monies were then available to pay to Merdica alphabet shareholders and the series .2 shares were all cancelled for nil value on 16 June 2015.</p>
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CUBIKS	<p>Cubiks completed a partial-management buyout in April 2004. The proceeds arising were not sufficient to trigger any share payment to C alphabet shareholders.</p> <p>Further sale proceeds were available in 2008 which allowed for C alphabet shareholders to receive small payments in respect of their shares if their proceeds exceeded £50 in value</p>
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<p><b>TRANSFERRED TO IPEX FUND</b></p>	<p>These Venture companies were transferred into the Ipex Fund in June 20018:</p> <ul style="list-style-type: none"> <li>• Aditon</li> <li>• Aegate</li> <li>• Semblent</li> <li>• Plaquetec</li> </ul> <p>The alphabet shares in these companies were cancelled for nil value and replaced by interest in the Ipex Fund (call LPUs).</p>
<p><b>FAILED VENTURES</b></p>	<p>The following venture companies failed and the venture company closed.</p> <ul style="list-style-type: none"> <li>• Epix (formerly Predix/ Physiome)</li> <li>• Gentle Cloud</li> <li>• Miconode</li> <li>• Spotseeker</li> </ul> <p>As no value came to PA, nothing was available to distribute to the alphabet shares tracking these companies. The alphabet shares were cancelled for nil value in June 2015.</p>

Any questions on your individual (now cancelled) holdings of Alphabet shares should be addressed to [shareplans@paconsulting.com](mailto:shareplans@paconsulting.com)

## 2. THE IPEX FUND FROM 2008

On 24 June 2008, PA Holdings Limited completed a partial demerger which saw each PA Holdings Limited Ordinary share converted to:

- **One Ordinary share in PA Consulting Group** - a new parent company of the PA group.
- **One Ipex Holdings Ltd share** – an equity interest in the new company to manage most PA ventures

And in August 2008, shareholders received:

- **One Limited Partnership Unit ('LPU')** – an indirect interest in the 'Ipex Fund' holding the venture companies.

The reason for the demerger was to allow the expanding ventures work to be separated from the management of PA's consulting business. The Ipex Fund, through the demerger, took full ownership of these venture companies:

- Aegate,
- Aditon,
- Semblent,
- PlaqueTec,

In addition, PA gave the fund £60 million cash to continue to invest in the venture companies through to eventual sale to third parties (at which point a return to shareholders would be triggered).

### INVESTOR RETURNS FROM THE IPEX FUND

As at June 2018 the Ipex Fund has not sold any venture company, nor returned any cash to investors.

### THE IPEX FUND IS EXPECTED TO CEASE IN JULY 2018

The Ipex Fund had a planned life of 10 years before its remaining assets should be distributed to holders. There have been a number of changes in the Ipex Fund since it was set up and these are summarised below.

- In December 2013, the Ipex Holdings Limited shares were cancelled and converted into LPU2 units. This reduced administration for the Fund and allowed for a separate investment of cash (from larger Ipex 2008 investors) into the Fund. This new investment diluted the value of any future returns to the original 2008 investors.
- Since 2013, PA understands that further investments have been made into the Fund / directly to the remaining venture companies in order to fund them through to a future sale point. The potential returns to the 2008 investors has through these later investments been further diluted. Any returns to 2008 investors at fund cessation are then expected to be very minimal.

### YOUR INTEREST IN THE IPEX FUND

Questions on Ipex Fund should be address to the [Ipex management](#) who have managed the Ipex Fund entirely separately from PA since 2008.

If you were a 2008 investor into the Ipex Fund, you holdings are managed through the [Ipex Investor Zone \(manged by Link registrars\)](#) where you can see reports on investments provided by the Ipex Fund management.