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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action that you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all of your registered holding of Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy but not any accompanying personalised Application Form, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The distribution of this document and/or the accompanying Form of Proxy and/or the Application Form in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Directors, whose names appear on page 4 of this document, and the Company, accept responsibility for the information contained in this document (other than information relating to Invesco Asset Management Limited). To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document (other than information relating to Invesco Asset Management Limited) is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Ordinary Shares are admitted to trading on AIM. An application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. Conditional upon completion of the Placing and the Subscription, it is expected that admission to trading on AIM and dealings in the New Ordinary Shares will commence on 2 February 2010.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document. A prospective investor should consider carefully whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him.**

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# Lombard Medical Technologies PLC

*(incorporated in England and Wales under the Companies Act 1985 with registered number 04636949)*

**Placing of 970,484,407 New Ordinary Shares and  
Subscription for 331,535,000 New Ordinary Shares to raise £13 million  
Offer to Qualifying Participants of up to 196,920,873 New Ordinary Shares,  
Approval for waiver of obligations under Rule 9 of the Takeover Code  
and  
Notice of General Meeting**

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Evolution Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to the Company in relation to the transaction referred to herein. The responsibilities of Evolution Securities Limited as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any person. Evolution Securities Limited and Eden Financial Limited are acting as joint brokers to the Placing. Persons receiving this document should note that neither Evolution Securities Limited nor Eden Financial Limited will be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for advising any other person on the arrangements described in this document. Neither Evolution Securities Limited nor Eden Financial Limited has authorised the contents of, or any part of, this document and no liability whatsoever is accepted by either of them for the accuracy of any information or opinions contained in this document or for the omission of any information.

**This document does not constitute a prospectus for the purposes of the Prospectus Rules and has not been, and will not be, approved by or filed with the Financial Services Authority. In issuing this document, the Company is relying on the exemption from issuing a prospectus in section 86 and paragraph 9 of Schedule 11A of the Financial Services and Markets Act 2000 (as amended) and on paragraphs 43 and 60 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). Details of these exemptions are set out in part II of this document. Applications in respect of the Offer from persons not falling within such exemptions will be rejected and the Offer contained in this document is not capable of acceptance by such person.**

This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for any securities in any jurisdiction in which such an offer or solicitation is unlawful and any failure to comply with these restrictions may constitute a violation of applicable securities laws in such jurisdictions. The New Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or under the securities laws of any state or other jurisdiction in the United States nor will they qualify for distribution under any of the relevant securities laws of Canada, Australia, South Africa or Japan, nor has any prospectus in relation to the New Ordinary Shares been lodged with or registered by the Australian Securities and Investments Commission. The New Ordinary Shares are only being offered and sold outside the United States in transactions exempt from the registration requirements of the Securities Act in compliance with Regulation S of the Securities Act and within the United States to "accredited investors" in reliance on Regulation D of the Securities Act. Accordingly, absent registration or unless a relevant exemption from registration is available, the New Ordinary Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into the United States, Canada, Australia, South Africa or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Overseas shareholders and any person (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the United Kingdom should seek appropriate advice before taking any action.

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document which contains the unanimous recommendation of the Directors that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting referred to below. Please read the whole of this document and, in particular, the risk factors set out in Part III of this document.

**Notice of a General Meeting of the Company, to be held at the offices of Berwin Leighton Paisner LLP at Adelaide House, London Bridge, London EC4R 9HA at 11.00 a.m. on 1 February 2010, is set out at the end of this document. Shareholders will find enclosed a Form of Proxy for use at the General Meeting. To be valid, the Form of Proxy should be completed and returned to Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by not later than 11.00 a.m. on 28 January 2010. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.**

## CONTENTS

	<b>Page</b>
<b>Directors, secretary and advisers</b>	4
<b>Placing, Subscription and Offer statistics</b>	5
<b>Expected timetable of principal events</b>	5
<b>Definitions</b>	6
<b>Glossary</b>	9
<b>Part I Letter from the Chairman</b>	10
<b>Part II Details of the Placing, Subscription and Offer</b>	16
<b>Part III Risk Factors</b>	18
<b>Part IV Financial Information on Lombard</b>	21
<b>Part V Information on IAML</b>	23
<b>Part VI Additional Information</b>	30
<b>Part VII Terms and Conditions of the Offer</b>	37
<b>Notice of General Meeting</b>	41

## DIRECTORS, SECRETARY AND ADVISERS

Directors	Simon John Neathercoat (Non-Executive Chairman) John Barry Rush (Chief Executive Officer) Brian Howlett (Executive Director) Timothy Richard Hall (Finance Director) Dr. Timothy Cook (Independent Non-Executive Director) Richard Marvin Johnston (Non-Executive Director) Craig Robert Rennie (Non-Executive Director) Professor Martin Terry Rothman (Independent Non-Executive Director) Michael Anthony Stevens (Senior Independent Non-Executive Director)
Company secretary	William Rhodri Jones FCA
Registered office	Lombard Medical House 4 Trident Park Didcot Oxfordshire OX11 7HJ
Nominated Adviser and Broker	Evolution Securities Limited 100 Wood Street London EC2V 7AN
Joint broker to the Placing	Evolution Securities Limited 100 Wood Street London EC2V 7AN
Joint broker to the Placing	Eden Financial Limited Moorgate Hall 155 Moorgate London EC2M 6XB
Solicitors to the Company	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
Solicitors to the Joint Brokers	Orrick, Herrington & Sutcliffe (Europe) LLP 107 Cheapside London EC2V 6DN
Registrars	Capita Registrars Limited Northern House Woodsome Park Fenay Bridge Huddersfield, West Yorkshire HD8 0GA
Receiving Agents	Capita Registrars Limited Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## PLACING, SUBSCRIPTION AND OFFER STATISTICS

Issue Price	1p
Number of Ordinary Shares in issue as at the date of this document	841,304,766
Number of Placing Shares being placed on behalf of the Company	970,484,407
Number of Subscription Shares	331,535,000
Maximum number of Offer Shares	196,920,873
Estimated proceeds receivable by the Company, net of expenses*	£11.8 million
Number of Ordinary Shares in issue following Admission*	2,143,324,173
Number of New Ordinary Shares as a percentage of the enlarged issued ordinary share capital of the Company following the Fundraising*	60.75 per cent.

\* Assuming no subscription under the Offer

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date	6.00 p.m. on 11 January 2010
Date of this document and posting of the Application Forms and Forms of Proxy	13 January 2010
Latest time and date for receipt of completed Application Forms and Forms of Proxy	11.00 a.m. on 28 January 2010
General Meeting	11.00 a.m. on 1 February 2010
The results of General Meeting announced through a Regulatory Information Service	1 February 2010
Admission and dealings in the New Ordinary Shares expected to commence on AIM	8.00 a.m. on 2 February 2010
CREST accounts expected to be credited for the New Ordinary Shares in uncertificated form	2 February 2010
Expected date for posting of share certificates for the New Ordinary Shares in certificated form	by 9 February 2010

Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service. References to time in this document are to London time.

If you have any questions on how to complete the Form of Proxy or the Application Form, please contact Capita Registrars on telephone number 0871 664 0321 or +44 208 639 3399 from outside the UK. This helpline is open from 9.00 a.m. to 5.00 p.m. on business days (i.e. Monday to Friday). Please note that calls to the helpline cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Please note that calls to the helpline may be monitored or recorded and that the helpline is not able to advise on the merits of the matters set out in this document or provide any legal, financial or taxation advice.

The Company's SEDOL code is B0Q5QP5 and ISIN code is GB00B0Q5QP56.

## DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“€2.2 Million Maximum”	the aggregate maximum subscription under the Offer (before expenses) of less than €2.2 million (being €2.5 million less €298,000 already subscribed for under the Company’s previous offers dated 26 September 2008 and 9 January 2009)
“Act”	the UK Companies Act 2006 (as amended from time to time)
“A Deferred Shares”	A deferred shares of 0.862 pence each in the capital of the Company
“Admission”	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	a market operated by London Stock Exchange
“AIM Rules”	the rules for companies with a class of securities admitted to AIM and their nominated advisers governing the admission to and operation of AIM as published by London Stock Exchange from time to time
“Application Form(s)”	the application form(s) in respect of the Offer accompanying this document
“B Deferred Shares”	B deferred shares of 1 pence each in the capital of the Company
“Capita Registrars”	a trading name of Capita Registrars Limited, registrars and receiving agent to the Company
“Company” or “Lombard”	Lombard Medical Technologies PLC
“CREST”	the Relevant System (as defined by the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear is the Operator (as defined by the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (as amended) (SI 2001/3755)
“Directors” or “Board”	the directors of the Company whose names are set out on page 4 of this document, or any duly authorised committee thereof
“Eden”	Eden Financial Limited, joint broker to the Placing
“Enlarged Share Capital”	the Ordinary Shares in issue immediately following Admission
“Evolution Securities”	Evolution Securities Limited, nominated adviser and broker to the Company and joint broker to the Placing
“Evysio”	Evysio Medical Devices ULC
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Financial Promotion Order”	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
“Form(s) of Proxy”	the form(s) of proxy for use in connection with the General Meeting accompanying this document
“FSA”	the Financial Services Authority
“Fundraising”	the Placing, Offer and Subscription
“GM” or “General Meeting”	the general meeting of the Company to be held at 11.00 a.m. on 1 February 2010 to approve the Resolutions
“GM Notice”	the notice convening the GM which is set out at the end of this document
“Group”	the Company, its subsidiaries and its subsidiary undertakings
“IAML”	Invesco Asset Management Limited, a wholly-owned subsidiary of Invesco, acting as agent for and on behalf of its discretionary managed clients
“Independent Shareholders”	the Shareholders other than IAML

“Invesco”	Invesco Limited
“Issue Price”	1 pence per New Ordinary Share
“London Stock Exchange”	London Stock Exchange plc, its subsidiaries and its subsidiary undertakings
“New Ordinary Shares”	the new Ordinary Shares to be issued in connection with the Fundraising
“Optionholders”	the holders of options under the Option Schemes
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company
“Offer”	the offer of the Offer Shares on the terms and conditions set out in this document and the Application Form accompanying this document
“Offer Shares”	up to 196,920,873 New Ordinary Shares to be issued to Qualifying Participants under the Offer
“Option Schemes”	the Lombard Medical Technologies PLC Share Option Plan and the Lombard Medical Technologies PLC Share Option Plan (2005)
“Panel”	The Panel on Takeovers and Mergers
“Placees”	subscribers for Placing Shares pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 13 January 2010 between the Company, Evolution Securities and Eden relating to the Placing, details of which are set out in paragraph 1 of Part II of this document
“Placing Shares”	the 970,484,407 New Ordinary Shares to be issued in connection with the Placing
“Placing”	the proposed placing of the Placing Shares to the Placees pursuant to the Placing Agreement
“Prospectus Rules”	the Prospectus Rules published by the FSA
“Qualifying Employees”	persons employed by any member of the Group on the Record Date who are in any jurisdiction in which an offer to sell or invitation to subscribe for the Offer Shares is not unlawful and does not require the Offer or the Offer Shares to be approved by, or registered with, any regulatory body
“Qualifying Participants”	Qualifying Employees and Qualifying Shareholders
“Qualifying Shareholders”	Shareholders on the register of members of the Company on the Record Date who are in any jurisdiction in which an offer to sell or invitation to subscribe for the Offer Shares is not unlawful and does not require the Offer or Offer Shares to be approved by, or registered with, any regulatory body
“Record Date”	the record date in relation to the Offer, being 6.00 p.m. on 11 January 2010
“Resolutions”	the resolutions set out in the GM Notice and “Resolution” shall mean any one of them
“Rule 9”	Rule 9 of the Takeover Code
“Rule 9 Subscription Threshold”	the maximum number of Offer Shares which, when aggregated with the relevant Qualifying Participant’s existing holding of, or interest in, Ordinary Shares, does not exceed or equal: <ul style="list-style-type: none"> <li>(i) together with any person acting in concert with that Qualifying Participant 30 per cent. of the total voting rights of the Company; or</li> <li>(ii) together with any person acting in concert with those Qualifying Participants who currently hold or are interested in more than 30 per cent. of the total voting rights of the</li> </ul>

Company, but less than 50 per cent. of the total voting rights of the Company, that percentage (between 30 per cent. and 50 per cent.) of voting rights of the Company

“Shareholders”	holders of Ordinary Shares
“Subscribers”	certain persons who have conditionally agreed to subscribe for the Subscription Shares pursuant to the Subscription Agreements
“Subscription”	the subscription for the Subscription Shares pursuant to the Subscription Agreements
“Subscription Agreements”	the agreements made between the Company and the Subscribers, further details of which are set out in Paragraph 2 of Part II of this document
“Subscription Shares”	the 331,535,000 New Ordinary Shares to be issued to the Subscribers pursuant to the Subscription Agreements
“subsidiaries” and “subsidiary undertakings”	have the meaning set out in section 1162 of the Act
“Takeover Code”	The City Code on Takeovers and Mergers
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“US”	the United States of America, each state thereof, its territories and possessions, and all areas subject to its jurisdiction
“Waiver”	the waiver granted by the Panel (subject to the passing of the Whitewash Resolution) in respect of the obligation of IAML to make a mandatory offer under Rule 9 in connection with the Placing, as more particularly described in paragraph 8 of Part I of this document
“Whitewash Resolution”	the ordinary resolution of the Independent Shareholders concerning the Waiver to be proposed at the GM in connection with the issue of New Ordinary Shares to IAML pursuant to the Placing and set out in the GM Notice as Resolution 1
“£” and “p”	respectively pounds and pence sterling, the lawful currency of the United Kingdom

## GLOSSARY

The following definitions apply throughout this document unless the context otherwise requires:

aneurysm	a balloon-like enlargement of a blood vessel resulting from a weakening in the vessel wall
Aorfix™	the Company's lead product being an endovascular stent graft for the treatment of abdominal aortic aneurysms
abdominal aortic aneurysms or AAA	a balloon-like enlargement of the aorta which, if untreated, may rupture and cause death
CE Mark	the manufacturer's declaration, following appropriate assessment by a CE Notified Body, that the product conforms to the essential requirements of the relevant European health, safety and environmental protection legislations. Once awarded, the CE Mark permits the marketing of the product throughout the European Union
FDA	the US Food and Drug Administration
PMA	Pre-Market Approval
stent graft	a tubular device made of fabric attached to an expandable metal structure. Once the metal structure is expanded, the device forms a tube

## Part I

### Letter from the Chairman

## LOMBARD MEDICAL TECHNOLOGIES PLC

(incorporated in England and Wales under the Companies Act 1985 with registered number 04636949)

*Directors:*

Simon Neathercoat (*Non-Executive Chairman*)  
John Rush (*Chief Executive Officer*)  
Brian Howlett (*Executive Director*)  
Timothy Hall (*Finance Director*)  
Dr. Timothy Cook (*Independent Non-Executive Director*)  
Richard Johnston (*Non-Executive Director*)  
Craig Rennie (*Non-Executive Director*)  
Professor Martin Rothman (*Independent Non-Executive Director*)  
Michael Stevens (*Senior Independent Non-Executive Director*)

*Registered office:*  
Lombard Medical House  
4 Trident Park  
Basil Hill Road  
Oxfordshire  
OX11 7HJ

*To Shareholders, Qualifying Participants and, for information purposes only, to Optionholders*

Dear Shareholders and Qualifying Participants,

**Placing of 970,484,407 New Ordinary Shares and  
Subscription of 331,535,000 New Ordinary Shares to raise £13 million  
Offer to Qualifying Participants of up to 196,920,873 New Ordinary Shares,  
Approval for waiver of obligations under Rule 9 of the Takeover Code  
and  
Notice of General Meeting**

### 1. Introduction

Your Board announced today that it proposes to raise £13 million (before expenses) by way of a placing and subscription of 1,302,019,407 New Ordinary Shares at a price of 1 pence per Ordinary Share through Evolution Securities and Eden, joint brokers to the Placing. In conjunction with the Placing and Subscription, the Board also announced today details of an offer to Qualifying Shareholders and Qualifying Employees that may raise up to an additional approximately €2.2 million (approximately £2 million) through the issue of up to 196,920,873 New Ordinary Shares.

The Fundraising is conditional upon, amongst other things, the Directors obtaining appropriate Shareholder authorities at the GM to, *inter alia*, disapply statutory pre-emption rights which would otherwise apply to the allotment of the New Ordinary Shares. In addition, the Fundraising is conditional upon the Independent Shareholders waiving IAML's obligation which will arise under Rule 9 as a result of its subscription for New Ordinary Shares pursuant to the Placing.

**Shareholders' attention is drawn to the statements on working capital set out in Paragraph 5 of Part I of this document. Shareholders are advised to read this document in its entirety and not just this Part I.**

The purpose of this document is to provide you with information about the background to and the reasons for the Fundraising, to explain why the Board considers the Fundraising to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions including, in particular, the Whitewash Resolution to be proposed at the General Meeting, notice of which is set out at the end of this document, and to seek your approval for the issue of the New Ordinary Shares.

### 2. Information on Lombard

Lombard is a UK company quoted on AIM and, together with its subsidiaries, is a medical devices group developing stent grafts and other medical products for use in the treatment of vascular disease.

The Company's lead product, Aorfix™, is a bifurcated endovascular stent graft for use in the treatment of abdominal aortic aneurysms. The Company's headquarters is located in Oxfordshire, with operations in Prestwick, Ayrshire and Boston, US.

Further background on the Company can be found on the Company's website ([www.lombardmedical.com](http://www.lombardmedical.com)).

### **3. Background to and reasons for the Fundraising**

The Directors believe that the Company has made significant progress during 2009, reducing costs and focusing resources on building the long-term success of Aorfix™.

In June 2009, the Company received CE Mark approval in Europe for the use of Aorfix™ in the treatment of high-angle-neck aneurysms of up to 90 degrees. The approval, together with a growing body of clinical data from the Company's "RADAR" registry, helped increase sales in the five main European countries (being the UK, Germany, Italy, France and Spain) by 39 per cent. in the quarter to 31 October 2009 compared to the previous quarter. This trend of increased sales continued through November. However, December sales were lower due to the holidays, weakened general economic conditions in Europe and some concerns over the Company's financial health.

The unique attributes of Aorfix™ allow it to treat an estimated 20 to 30 per cent. of patients with either a proximal neck angulation of more than 60 degrees or tortuous iliac arteries (more than 60 degrees) that cannot be satisfactorily treated with competitor products.

Further progress has been made in the US FDA trial for Aorfix™ with the patients required for the surgical control trial fully recruited and the low-angle trial recruited to a level considered sufficient to provide the submission requirement of 40 patients with 12 month follow-up. Recruitment into the trial of high-angle neck aneurysms is almost complete with 118 patients having been treated with Aorfix™ out of a submission requirement of 120 patients with a 12-month follow up. The Directors expect to recruit additional patients into the trial (to allow for normal patient loss to follow-up) so as to meet the 120 patient submission requirement at 12 months. Therefore, the Company expects to continue to enrol into 2010 and to submit for clinical approval in 2011 with PMA approval targeted for Q3 2011.

The Company has received FDA permission to file the PMA for Aorfix™ in a series of six modules. The FDA has indicated that it will review the five non-clinical modules whilst the clinical trial is ongoing, which will reduce the review time required by the FDA once the clinical trial is complete. The first two of these modules have been submitted and accepted by the FDA. The third module was submitted in December 2009 and the remaining two non-clinical modules will be submitted during the year with the final module containing the clinical data to be submitted in 2011.

As announced on 12 October 2009, the Company has appointed John Rush as its CEO. John is a US national and brings broad experience of leading and managing both publicly-listed and private medical device companies.

After his appointment John led a review of the Company's commercialisation strategy of Aorfix™ which concluded that Shareholder value would be maximised if, before seeking an acquirer or commercial partner, the Company first gains market share in the five main European markets and obtains FDA approval for Aorfix™ in the USA.

In order to fund this strategy your Board proposes to raise £13 million before expenses, by way of the Placing and the Subscription which will provide adequate working capital to take the Company up to the anticipated receipt of FDA approval of Aorfix™ and to fund the following activities:

- the expansion of the European sales and marketing infrastructure;
- submission of the remaining PMA modular filings and completion of the clinical trial in the US to gain FDA regulatory approval for Aorfix™;
- development of a next generation delivery system for Aorfix™; and
- the improvement of operational efficiency.

### **4. Current trading and prospects**

Despite positive trends in quarter over quarter growth in the five main European markets up to 30 November 2009, a lack of sales promotion resources, combined with the generally declining European market conditions, uncertainty about the Company's finances and the holiday season have made this growth temporarily unsustainable. These issues in Europe combined with a similar lack of resources in the US trial have had a negative effect on overall sales for 2009, which are expected to be below analysts' expectations of £2.7 million.

On 30 November 2009, the Company completed the disposal of its polymer coatings business for a total consideration of £1 million (before expenses) in cash as part of its strategy to focus resources on Aorfix™.

## 5. Working Capital

As at 31 December 2009, the Company had cash and short-term deposits of £1.3 million.

The Directors believe that, based on current forecasts, following receipt of the net proceeds of the Fundraising the Company will have sufficient cash to fund it up to Q4 2011, by which time it anticipates having received FDA approval for Aorfix™. The achievability of these forecasts is dependent on a number of key assumptions, in particular, increased market penetration in Europe in 2011 and the resulting sales increase; successful completion of the Aorfix™ US trial and receipt of FDA approval by Q4 2011; and expansion of the Company's manufacturing facilities. If the Group does not perform in line with these key assumptions underlying the forecasts, the Company's cash resources may be absorbed earlier than forecasted.

**Without the Fundraising, the Board will need to consider alternative sources of funding, which may or may not be forthcoming. Based on the Directors' current expectations, if the Company were unable to secure appropriate alternative financing, it will exhaust its working capital resources early this year and hence it would not have sufficient resources to trade through to the receipt of FDA approval for Aorfix™.**

## 6. The Placing

The Company proposes to raise approximately £9.7 million (before expenses) through the issue of the Placing Shares at the Issue Price through Evolution Securities and Eden, joint brokers to the Placing. The Issue Price represents a discount of 4.76 per cent. to the closing middle market price of 1.05 pence per Ordinary Share on 12 January 2010, being the last practicable date prior to the announcement of the Fundraising. The Placing Shares will represent approximately 45.28 per cent. of the Company's issued ordinary share capital immediately following Admission (assuming no take-up under the Offer).

### *Subscription by IAML*

IAML, an existing Shareholder with an interest in 221,579,756 Ordinary Shares, representing approximately 26.34 per cent. of the Company's issued share capital as at the date of this document, has agreed to subscribe for 733,600,000 Placing Shares. Following Admission, IAML will have an interest in 955,179,756 Ordinary Shares representing approximately 44.57 per cent. of the Company's issued share capital as enlarged by the Fundraising (assuming no take-up under the Offer).

Under Rule 9, IAML would normally, as a result of its proposed shareholding following its subscription for the Placing Shares, be obliged to make a general offer to all Shareholders to acquire the Ordinary Shares held by them in the Company. However, in this instance, the Panel has agreed to waive the obligation to make a general offer that would otherwise arise subject to the approval of the Independent Shareholders on a poll at the General Meeting which will be sought pursuant to the Whitewash Resolution. Further information relating to the Waiver is set out in paragraph 8 of Part I of this document.

The participation of IAML in the Placing constitutes a related party transaction under the AIM Rules. The Directors consider, having consulted the Company's nominated adviser, Evolution Securities, that the terms on which IAML is participating in the Placing are fair and reasonable insofar as the Shareholders are concerned.

The Placing has not been underwritten by Evolution Securities or Eden.

## 7. The Takeover Code

The terms of the Fundraising give rise to certain considerations under the Takeover Code. Brief details of the Panel, the Takeover Code and the protection they afford are given below.

The Takeover Code is issued and administered by the Panel. The Company is a company to which the Takeover Code applies and as such, its Shareholders are entitled to the protections afforded by the Takeover Code. The Takeover Code and the Panel operate principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover. The Takeover Code also provides an orderly framework in which takeovers are conducted.

Under Rule 9 where any person acquires an interest in shares which (taken together with shares in which he is already interested and in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person, and any person acting in concert with him, is normally required by the Panel to make a

general offer in cash to the shareholders for the remaining shares in that company not held by him and his concert party.

Rule 9 further provides that where any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer would normally be required if any further interests in shares are acquired by any such person.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer or any person acting in concert with him for any interest in shares of the company, within the 12 months preceding the date of the announcement of such offer.

Under the Takeover Code, a concert party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate, to obtain or consolidate control of a company subject to the Takeover Code.

## **8. Whitewash**

The Panel has agreed, subject to Resolution 1 (as set out in the GM Notice) being passed on a poll by the Independent Shareholders, to waive IAML's obligation to make a general offer for the Ordinary Shares which would arise as a result of the proposed subscription by IAML of Placing Shares. To be passed, Resolution 1 will require a simple majority of the votes cast on a poll vote. As the Waiver must be approved by the Independent Shareholders, IAML will not be able to vote on Resolution 1.

The Directors who own existing Ordinary Shares, have confirmed that, having considered the Fundraising, they will each vote in favour of the Resolutions.

If the Resolutions are passed at the General Meeting, the voting rights attributable to IAML following Admission would be up to approximately 44.57 per cent. of the Enlarged Share Capital (assuming no take-up under the Offer), without incurring any obligation under Rule 9 to make a general offer. However, any further increase in the Ordinary Shares held by IAML will be subject to the provisions of Rule 9.

For the avoidance of doubt, the Waiver, which is valid only for so long as the authority granted pursuant to the Waiver Resolution remains in force, applies only in respect of increases in shareholdings of IAML resulting from the Fundraising and not in respect of other increases in its holdings. IAML has not taken part in any decision of the Board relating to the Waiver.

The Waiver will be invalidated if any purchases of Ordinary Shares are made by IAML in the period between the date of this document and the General Meeting.

## **9. The Subscription**

Certain investors have entered into the Subscription Agreements whereby they will subscribe for 331,535,000 New Ordinary Shares at the Issue Price thereby raising a further £3.3 million (before expenses) in aggregate.

### ***Subscription by Evysio***

Evysio, an existing Shareholder with an interest in 100,000,000 Ordinary Shares, representing approximately 11.89 per cent. of the Company's issued share capital as at the date of this document, will subscribe for 100,000,000 Subscription Shares. Following Admission, Evysio will have an interest in 200,000,000 Ordinary Shares representing approximately 9.33 per cent. of the Company's issued share capital as enlarged by the Fundraising (assuming no take-up under the Offer).

The participation of Evysio in the Subscription constitutes a related party transaction under the AIM Rules. The Directors consider, having consulted the Company's nominated adviser, Evolution Securities, that the terms on which Evysio is subscribing for New Ordinary Shares are fair and reasonable insofar as the Shareholders are concerned.

### ***Subscriptions by the Directors***

As part of the Subscription, the following Directors have agreed to subscribe for approximately £0.1 million (before expenses) of Subscription Shares at the Issue Price:

<i>Name</i>	<i>Number of Subscription Shares</i>	<i>Amount £</i>
Simon Neathercoat	1,000,000	10,000
John Rush	1,000,000	10,000
Brian Howlett	500,000	5,000
Timothy Hall	285,000	2,850
Dr. Timothy Cook	1,000,000	10,000
Craig Rennie	5,000,000	50,000
Professor Martin Rothman	1,000,000	10,000
Michael Stevens	1,000,000	10,000
	<b>10,785,000</b>	<b>107,850</b>

Together, the Placing and the Subscription will raise a total of £13 million before expenses.

### **10. The Offer**

The Company considers it important that Qualifying Participants have an opportunity to participate in the Fundraising. We have been advised that Qualifying Participants can subscribe for Offer Shares, in aggregate, for up to €2.2 million without the Company having to produce a prospectus which would be time consuming and costly. At current exchange rates, €2.2 million equates to approximately £2 million. In the event that Qualifying Participants apply for an aggregate amount that is greater than €2.2 million and/or greater than the Rule 9 Subscription Threshold, the Directors will use their discretion to scale back such applications such that this maximum and/or threshold is not exceeded. For further information on the Offer, please see Part II of this document.

In order to apply for Offer Shares, Qualifying Participants should complete the Application Form in accordance with the instructions set out in Part VII of this document and on the Application Form and return it and the appropriate remittance, by post, to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal business hours only) to Capita Registrars at that address together, in each case, with payment in full, so as to be received no later than 11.00 a.m. on 28 January 2010.

### **11. General Meeting**

Set out at the end of this document is a notice convening the GM to be held at 11.00 a.m. on 1 February 2010 at the offices of Berwin Leighton Paisner LLP at Adelaide House, London Bridge, London EC4R 9HA, at which the following Resolutions will be proposed for the purposes of implementing the Fundraising:

- Resolution 1 – to approve the Waiver (this resolution will be taken on a poll of the Independent Shareholders voting in person and by proxy);
- Resolution 2 – to delete from the Company’s memorandum and articles of association references to the Company’s authorised share capital, following the abolition of the concept of authorised share capital by the Act.
- Resolution 3 – to authorise the Directors, for the purposes of section 551 of the Act, to allot New Ordinary Shares with a nominal value of up to £14,989,403 in connection with the Fundraising and otherwise with a nominal value of up to £7,810,000; and
- Resolution 4 – to disapply statutory pre-emption rights in relation to the issue of the New Ordinary Shares, rights issues and otherwise with a nominal value of up to £3,511,000 for cash in accordance with Section 571 of the Act.

**Shareholders should note that the Resolutions are inter-conditional and, if any one of them is not passed, the Fundraising will not proceed. Without the Fundraising, the Board will need to consider alternative sources of funding, which may or may not be forthcoming.**

## **12. Action to be taken**

**A Form of Proxy for use at the GM accompanies this document. Whether or not you intend to be present at the meeting, you are asked to complete the Form of Proxy in accordance with the instructions thereon and to return it by post to the Company's registrars, Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received as soon as possible, but in any event no later than 11.00 a.m. on 28 January 2010. The completion and return of a Form of Proxy will not preclude Shareholders from attending the GM and voting in person should they so wish.**

## **13. Recommendation**

The Directors who have been so advised by Evolution Securities in relation to the Waiver, consider the Waiver and the Fundraising to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. In providing advice to the Directors, Evolution Securities has taken into account the Directors' commercial assessments. Accordingly, the Directors unanimously recommend that:

- (a) Shareholders vote in favour of the Resolutions 1 to 4 (although IAML will abstain, and have undertaken to take all reasonable steps to ensure that its associates will abstain, from voting on the Waiver resolution) to be proposed at the General Meeting; and
- (b) Independent Shareholders vote in favour of the Whitewash Resolution to be proposed at the General Meeting,

as they intend to do in respect of their own beneficial holdings of Ordinary Shares amounting, in aggregate, to 112,142,209 Ordinary Shares, representing approximately 13.33 per cent. of the existing issued ordinary share capital of the Company.

Yours faithfully

*Simon Neathercoat*  
*Non-Executive Chairman*

## Part II

### Details of the Placing, Subscription and Offer

#### 1. The Placing

Pursuant to the terms of the Placing Agreement, Evolution Securities and Eden, joint brokers to the Company, have conditionally agreed to use their reasonable endeavours, as agents for the Company, to place the Placing Shares at the Issue Price with certain institutional and other investors. The Placing Agreement is conditional upon, *inter alia*, the Subscription Agreements becoming unconditional in all respects and not having been terminated in accordance with their terms (save for any condition relating to Admission or the Placing Agreement becoming unconditional), the Resolutions being duly passed at the GM and Admission becoming effective on or before 8.00 a.m. on 2 February 2010 (or such later time and/or date as the Company, Evolution Securities and Eden may agree, but in any event by no later than 8.00 a.m. on 28 February 2010).

The Placing Agreement contains warranties from the Company in favour of Evolution Securities and Eden in relation to, *inter alia*, the accuracy of the information contained in this document and certain other matters relating to the Group and its business. In addition, the Company has agreed to indemnify Evolution Securities and Eden in relation to certain liabilities they may incur in respect of the Placing. Evolution Securities and Eden have the right to terminate the Placing Agreement in certain circumstances prior to Admission, including, for *force majeure* or in the event of a material breach of the warranties set out in the Placing Agreement.

The Directors are subscribing for 10,785,000 Placing Shares at the Issue Price and will, at Admission, hold approximately 5.74 per cent. of the Enlarged Share Capital assuming no subscription under the Offer.

#### 2. The Subscription

The Subscribers have agreed, subject to, *inter alia*, Shareholders' approval, to subscribe for the Subscription Shares at the Issue Price. The Subscription will raise approximately £3.3 million before expenses for the Company.

The Subscription Agreements contain certain representations and warranties given by the Subscribers to the Company. The Subscription Agreements are conditional on the Placing Agreement having become unconditional in all respects in accordance with its terms (save for Admission).

#### 3. The Offer

The Offer comprises an offer of up to 196,920,873 of Offer Shares with the aggregate consideration to be received by the Company limited to €2.2 million. The Directors reserve the right to exercise their discretion in the allocation of successful applications, including, without limitation, to ensure no Offer Shares are issued so as to exceed €2.2 million or the Rule 9 Subscription Threshold.

The Offer is only open to Qualifying Participants and there is no minimum subscription per applicant. No Qualifying Participant may subscribe for Offer Shares in excess of €2.2 million or the Rule 9 Subscription Threshold. Qualifying Shareholders who are joint Shareholders may only apply for Offer Shares as joint applicants.

The Offer is conditional on Shareholders' approval and the Placing Agreement and Subscription Agreements becoming unconditional in all respects and not having being terminated in accordance with their respective terms and conditions.

The Offer will close at 11.00 a.m. on 28 January 2010 unless previously closed or extended.

Applications must be made on the terms and conditions set out in Part VII of this document and in the Application Form and by duly completing and returning the Application Form and appropriate remittance.

#### 4. Dealings and Settlement

The New Ordinary Shares to be allotted and issued pursuant to the Fundraising will be allotted and issued fully paid and will, on issue, rank *pari passu* with the existing Ordinary Shares, including the right to receive, in full, all dividends and other distributions thereafter declared, made or paid after the date of issue together with all rights attaching to them and free from all liens, charges and encumbrances of any kind. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM.

It is expected that, subject to the Placing Agreement and the Subscription Agreements becoming unconditional in all respects, the New Ordinary Shares to be issued will be registered in the names of the Placees and/or Subscribers, respectively, and issued either: (a) in certificated form, with the relevant share certificate expected to be despatched by post, at the applicant's risk; or (b) in CREST where an applicant who is a "system member" (as defined in the CREST Regulations) in relation to CREST has so elected in which case delivery (to the designated CREST account) of the New Ordinary Shares is expected to take place on 2 February 2010, unless the Company exercises its right to issue such New Ordinary Shares in certificated form.

No temporary documents of title will be issued. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

#### **5. Prospectus Rules and Financial Promotion Order**

Since the Offer is limited to €2.2 million, the Offer falls within an exemption in Schedule 11A of Financial Services and Markets Act 2000 (as amended). Since the Placing and Subscription with UK Subscribers are directed at qualified investors only, the Placing and such Subscription fall within an exemption in Section 86 of Financial Services and Markets Act 2000 (as amended). As such this document does not constitute a prospectus.

Furthermore, this document is exempt from the general restriction contained in section 21 of the Financial Services and Markets Act 2000 (as amended) relating to the communication of invitations or inducements to engage in investment activity on the grounds that it is being made available by the Company only to Qualifying Participants. Accordingly, the Offer is only capable of being accepted by Qualifying Participants. As this document relies on the exemption set out in paragraph 43 of the Financial Promotion Order (non real time communications by or on behalf of a body corporate to members of that body corporate) and paragraph 60 of the Financial Promotion Order (participation in employee share schemes), it has not been drawn up in accordance with the FSA's Handbook or its Conduct of Business Sourcebook.

## Part III

### Risk Factors

An investment in the Company involves significant risks and is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the whole amount invested) which may result from such an investment. Prospective investors should carefully review and evaluate the risks and the other information contained in this document before making a decision to invest in the Company. If in any doubt, prospective investors should immediately seek their own personal financial advice from their independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities or other advisers such as legal advisers and accountants.

If any of the following risks actually occur, the Company's business, financial condition, capital resources, results and/or future operations could be materially and adversely affected. In such circumstances, the trading price of the New Ordinary Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Company's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Company or the Group. There can also be no guarantee that the Company's investment objectives will be achieved.

Prospective investors should be aware that the value of New Ordinary Shares and the income from them may go down as well as up and that they may not be able to realise their investment. In addition, it is possible that the market price of New Ordinary Shares in the Company may be less than the underlying net asset value per New Ordinary Share.

References to the Company are also deemed to include, where appropriate, each member of the Group.

#### History of losses

The Group has experienced operating losses in each year since its inception and, as at 30 June 2009, had accumulated losses of £54 million. The Group will incur further losses and there can be no assurance that the Group will ever achieve significant revenues or profitability.

#### Working capital and significance of the Fundraising

As at 31 December 2009, the Company had cash and short-term deposits of £1.3 million.

The Directors believe that, based on current forecasts, following receipt of the net proceeds of the Fundraising the Company will have sufficient cash to fund it up to Q4 2011, by which time it anticipates having received FDA approval for Aorfix™. The achievability of these forecasts is dependent on a number of key assumptions, in particular, increased market penetration in Europe in 2011 and the resulting sales increase; successful completion of the Aorfix™ US trial and receipt of FDA approval by Q4 2011 and expansion of the Company's manufacturing facilities. If the Group does not perform in line with these key assumptions underlying the forecasts, the Company's cash resources may be absorbed earlier than forecasted.

**However, in the event that the Resolutions are not approved at the General Meeting, the Fundraising will not proceed and the Board will need to consider alternative sources of funding, which may or may not be forthcoming. Based on the Directors' current expectations, if the Company were unable to secure appropriate alternative financing, it will exhaust its working capital resources early this year and hence it would not have sufficient resources to trade through to the receipt of FDA approval for Aorfix™.**

#### Divestment of non-core assets

The Company is in the process of divesting its non-core investment in Vascular Concepts Holdings Limited. Should the divestment does not proceed, this may have an adverse impact on the financial position of the Group.

#### Protection of patents and proprietary rights

The Company's ability to compete effectively with other companies depends, *inter alia*, on its exploitation of technology. However, there can be no assurance that competitors have not developed or will not develop substantially equivalent information or techniques or otherwise gain access to the

Company's technology. Nor can there be any assurance that patents will be issued with respect to the Company's applications now pending, or which may be applied for in the future, nor that the lack of any such patents will not have a material adverse effect on the Company's ability to develop and market its proposed products. Also, no assurance can be given that the Company will develop products which are patentable or that patents will be sufficiently broad in their scope to provide protection for the Company's intellectual property rights against third parties. Nor can there be any assurance as to the ownership, validity or scope of any patents which have been, or may in the future be, issued to the Company or that claims with respect thereto would not be asserted by other parties. Substantial costs may be incurred if the Company challenges the proprietary rights of others or is required to defend its proprietary rights.

The commercial success of the Company and the Group will also depend upon non-infringement of patents granted to third parties who may have filed applications or who have obtained or may obtain patents relating to products which might inhibit the Company's ability to develop and exploit its own products. If this is the case, the Company may have to obtain alternative technology or reach commercial terms on the exploitation of other parties' intellectual property rights. There can be no assurance that the Company will be able to obtain alternative technology or, if any licences are required, that the Company will be able to obtain any such licence on commercially favourable terms, if at all. This may have a material adverse effect on the Company and the Group.

#### **Liquidity of the New Ordinary Shares**

The future success of AIM and liquidity in the market for the New Ordinary Shares cannot be guaranteed. In particular, the market for the New Ordinary Shares may be, or may become, relatively illiquid and, therefore, the New Ordinary Shares may be or may become difficult to sell. Admission to AIM does not imply that there will always be a liquid market for the New Ordinary Shares.

#### **Stock market perception**

The stock market perception of securities related to the medical products sector may change and, accordingly, the value of the New Ordinary Shares may fluctuate.

#### **Competition**

The Company expects competition both for its existing products and for those currently under development. Competition may come from companies which have greater research, development, marketing, financial and personnel resources than the Company. Competitors may precede the Company in developing and receiving regulatory approval or may succeed in developing a product that is more effective or economically viable than that developed by the Company. Such activities could render the Company's technology and products obsolete and/or otherwise non-competitive.

#### **Potential threat of drug-based treatments**

Drug-based treatments or therapies may supersede medical devices in cardiovascular applications although this potential threat is reduced by slow lead times in drug-based product development and the length of time required in obtaining regulatory approvals.

#### **Product development slower than anticipated**

In the event that the Company does not meet anticipated product development and revenue levels, the working capital requirements of the Company could be adversely affected.

#### **Development approvals**

Development of products may be hindered by the length of time required to obtain regulatory approvals, to carry out clinical trials and to obtain licences and by future regulatory changes or developments. Indeed, some products that undergo development may never obtain the requisite regulatory approvals to reach production and this may materially affect the business and value of the Company. FDA approval has not yet been obtained for Aorfix™.

#### **Delay to FDA approval**

There is a risk that the FDA may take longer than the Company currently anticipates to approve Aorfix™.

**Market penetration rates**

The Company's business model assumes that, over time, its product will be adopted by the market. However, it is possible that penetration rates may be slower than the Company's forecasts assume.

**Key suppliers**

The Company is dependent upon an important sub-assembler and a number of key suppliers in the production of Aorfix™. Although the Company retains business interruption insurance and holds strategic stocks of key raw materials, a long-term interruption in the supply of a key raw material or the ability of the sub-assembler to deliver could result in an interruption of the supply of Aorfix™ which could delay the US trial and FDA approval, and slow market penetration in Europe.

**Manufacture**

The Company manufactures its products within a strict regulatory environment. Although the Company rigorously tests any changes to the manufacturing process prior to its implementation there remains a risk that small changes to the process required to improve manufacturing capacity and efficiency may have an unforeseen detrimental impact on product quality that could result in a temporary interruption to product supply.

**This document is not a prospectus**

The Company is relying on an exemption contained in Schedule 11A of the Financial Services and Markets Act 2000 (as amended) resulting in this document not being considered to be a prospectus. Consequently, this document does not include all information that an investor would receive if it were a prospectus.

## Part IV

### Financial information on Lombard

#### Incorporation of relevant information by reference

The information listed below relating to Lombard is hereby incorporated by reference into this document.

- | <i>No.</i> | <i>Information</i>  | <i>Source of Information</i>   |
|------------|---|--|
| 1.         | Turnover, net profit or loss before and after taxation, the charge for tax, extraordinary items, minority interest, the amount absorbed by dividends and earnings and dividends per share for Lombard for the years ended 31 December 2006, 2007 and 2008 | <p><b><i>Lombard annual report for the year ended 31 December 2008, Consolidated Income Statement on page 28</i></b></p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p><u><a href="http://www.lombardmedical.com/upload/Annual%20Interim%20Reports/Annual%20Report%202008.pdf">http://www.lombardmedical.com/upload/Annual%20Interim%20Reports/Annual%20Report%202008.pdf</a></u></p> <p><b><i>Lombard annual report 2007 for the years ended 31 December 2007 and 2006, Consolidated Income Statement on page 32</i></b></p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p><u><a href="http://www.lombardmedical.com/upload/Annual%20Interim%20Reports/Annual%20Report%202007.pdf">http://www.lombardmedical.com/upload/Annual%20Interim%20Reports/Annual%20Report%202007.pdf</a></u></p> |
| 2.         | A statement of assets and liabilities for Lombard as at 31 December 2008  | <p><b><i>Lombard annual report for the year ended 31 December 2008 Consolidated Balance Sheet on page 29</i></b></p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p><u><a href="http://www.lombardmedical.com/upload/Annual%20Interim%20Reports/Annual%20Report%202008.pdf">http://www.lombardmedical.com/upload/Annual%20Interim%20Reports/Annual%20Report%202008.pdf</a></u></p>   |
| 3.         | A cash flow statement as provided in the audited accounts for Lombard for the year ended 31 December 2008   | <p><b><i>Lombard annual report for the year ended 31 December 2008 Consolidated Cash Flow Statement on page 30</i></b></p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p><u><a href="http://www.lombardmedical.com/upload/Annual%20Interim%20Reports/Annual%20Report%202008.pdf">http://www.lombardmedical.com/upload/Annual%20Interim%20Reports/Annual%20Report%202008.pdf</a></u></p>   |
| 4.         | Significant accounting and any changes, material variations together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures  | <p><b><i>Lombard annual report for the year ended 31 December 2008, the Notes to the Financial Statements on pages 34 to 55</i></b></p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p>  |

No. Information

Source of Information

<http://www.lombardmedical.com/upload/Annual%20Interim%20Reports/Annual%20Report%202008.pdf>

***Lombard annual report for the year ended 31 December 2007, the Notes to the Financial Statements for the years ended 31 December 2007 and 2006 on pages 38 to 59***

If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

<http://www.lombardmedical.com/upload/Annual%20Interim%20Reports/Annual%20Report%202007.pdf>

The unaudited results of Lombard for the six months ended 30 June 2009 is available free of charge on Lombard's website at the link below

<http://www.lombardmedical.com/upload/Annual%20Interim%20Reports/Interim%20Report%202009.pdf>

Information in relation to 1, 2, 3 and 4 above has not been published in an inflation adjusted form.

## Part V

### Information on IAML

The information set out in this Part V which relates to IAML has been accurately reproduced from information provided by IAML. As far as Lombard is aware and is able to ascertain from information provided by IAML, no facts have been omitted which would render the information in this Part V inaccurate or misleading.

#### 1. Information on IAML

IAML is a wholly-owned subsidiary of Invesco, one of the world's largest independent investment groups. Invesco provides investment products for retail, institutional and high net worth clients around the world. Invesco operates in the institutional and retail segments of the investment management industry in North America, Europe and Asia Pacific, with clients in more than 100 countries. As at 30 September 2009, Invesco had \$417 billion in assets under management. Invesco is incorporated in Bermuda and quoted on the New York Stock Exchange. In making investments, IAML is at all times acting as agent for and on behalf of its discretionary managed clients.

IAML is an asset management company which is authorised and regulated by the Financial Services Authority. Its clients include mutual funds such as investment companies with variable capital, as well as institutional clients. It manages its clients' assets pursuant to investment management agreements with individual clients. As at 31 December 2008, IAML had over £10 billion worth of assets under management.

##### 1.1 Directors

The directors of IAML are as follows:

James Robertson	Chief Executive Officer
Marc Doman	Director
Rod Ellis	Director
Paul Joubert	Director
Graeme Proudfoot	Director
Andrew Rofe	Director
John Rowland	Director
Ian Trevers	Director
Bob Yerbury	Director
Charles Henderson	Director
Lu Ann Katz	Director

##### 1.2 Incorporation and registered office

Invesco Asset Management Limited, 30 Finsbury Square, London EC2A 1AG

##### 1.3 Share capital

As at 30 September 2009, the share capital of Invesco comprised 459,500,000 common shares of \$0.20 each.

#### 2. Disclosure of interests and dealings in shares

##### 2.1 Definitions

For the purposes of paragraphs 2 and 8 of this Part V:

- (a) “**acting in concert**” has the meaning attributable to it in the Takeover Code;
- (b) “**arrangement**” includes any indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to equity securities which may be an inducement or deal or refrain from dealing;
- (c) “**associate**” of any company means:
  - (i) its parent, subsidiary and fellow subsidiaries, their associated companies, and companies of which any such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of “associated company” status);

- (ii) its connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
- (iii) its directors and the directors of any company covered (i) above (together in each case with their close relatives and related trusts); and
- (iv) its pension funds or the pension funds of a company covered in (i) above;
- (d) “**connected adviser**” has the meaning attributed to it in the Takeover Code;
- (e) “**control**” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives *de facto* control;
- (f) “**dealing**” or “**dealt**” includes the following:
  - (i) the acquisition or disposal of equity securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to equity securities, or of general control of equity securities;
  - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a trade option contract) in respect of any equity securities;
  - (iii) subscribing or agreeing to subscribe for equity securities;
  - (iv) the exercise or conversion of any equity securities carrying conversion or subscription rights (whether in respect of new or existing securities);
  - (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly to equity securities;
  - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell equity securities; and
  - (vii) Any other action resulting, or which may result, in an increase or decrease in the number of equity securities in which a person is interested or in respect of which he has a short position;
- (g) “**derivative**” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (h) “**disclosure date**” means 12 January 2010, being the latest practicable date prior to the posting of this document;
- (i) “**disclosure period**” means the period commencing on 13 January 2009, being the date twelve months prior to the date of the posting of this document and ending on the disclosure date;
- (j) “**equity securities**” has the meaning given in section 560 of the Act, in relation to IAML or Lombard securities;
- (k) “**exempt principal trader**” or “**exempt fund manager**” has the meaning attributed to it in the Takeover Code;
- (l) being “**interested**” in equity securities includes where a person:
  - (i) owns equity securities;
  - (ii) has a right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to equity securities or has general control of them;
  - (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire equity securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
  - (iv) is party to any derivative whose value is determined by reference to their price and which results, or many result, in his having a long position in them;

- (m) “**paragraph 1 associate**” means, in relation to a company, its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of “associated company” status);
- (n) “**relevant IAML securities**” means ordinary shares in IAML (or derivatives referenced thereto) or, rights to subscribe for or to convert securities into, ordinary shares and options (including traded options) in respect thereof;
- (o) “**relevant Lombard securities**” means ordinary shares in Lombard (or derivatives referenced thereto) or, rights to subscribe for or to convert securities into, ordinary shares and options (including traded options) in respect thereof; and
- (p) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, agreement to sell or any delivery obligation or right to require any other person to purchase or take delivery.

## 2.2 IAML interests in Lombard

IAML is currently interested in 221,579,756 Ordinary Shares representing 26.34 per cent. of the voting rights of the Company. IAML has agreed to subscribe for 733,600,000 New Ordinary Shares under the Placing, where its interest will increase to 44.57 per cent. of the Enlarged Share Capital (assuming no take-up under the Offer) after the Fundraising.

The relevant interests in Lombard and its maximum potential controlling position, now and following completion of the Fundraising, will be as follows:

<i>Number of existing Ordinary Shares</i>	<i>Percentage holding in Lombard</i>	<i>Number of Placing and Open Offer Shares</i>	<i>Percentage of Enlarged Share Capital (assuming no take-up under the Offer)</i>
221,579,756	26.34	733,600,000	44.57

## 2.3 Market dealings in relevant Lombard securities by IAML

Save as disclosed below, no dealings have taken place during the twelve months prior to the date of this document in relevant Lombard securities by IAML or any other person acting in concert with IAML.

<i>Date</i>	<i>Number of Ordinary Shares</i>	<i>Nature of transaction</i>	<i>Acquisition price per Ordinary Share</i> £
9.1.2009	141,386,844	Placing	0.01
9.1.2009	42,424,356	Placing	0.01
9.1.2009	2,988,800	Placing	0.01
25.2.2009	17,615,901	Conversion <sup>(1)</sup>	0.03
25.2.2009	382,299	Conversion <sup>(1)</sup>	0.03
13.3.2009	14,520	In lieu of accrued interest <sup>(2)</sup>	not applicable

(1) Conversion of the unsecured convertible redeemable loan notes 2009 issued in October 2008 (“Loan Notes”) into Ordinary Shares

(2) Accrued interest on the Loan Notes received in the form of Ordinary Shares

## 2.4 As at the close of business on the disclosure date, save as disclosed in this paragraph 2 and paragraph 8:

- (a) IAML had no interest in or right to subscribe for, nor had any short position in relation to, any relevant Lombard securities, nor had it dealt in any relevant Lombard securities during the disclosure period;
- (b) none of the directors of IAML (including any members of such directors’ respective immediate families) had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Lombard securities, nor had any such person dealt in any relevant Lombard securities during the disclosure period;

- (c) no person acting in concert with IAML had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Lombard securities, nor had any such person dealt in any relevant Lombard securities during the disclosure period;
- (d) there were no arrangements which existed between IAML, or any person acting in concert with IAML, and any other person in connection with or dependent upon the outcome of the Fundraising;
- (e) neither IAML nor any person acting in concert with IAML had borrowed or lent any relevant Lombard securities, save for any borrowed shares which have either been on-lent or sold.

### 3. Market quotations

The following table shows the closing middle market quotations of existing Ordinary Shares, as derived from the Daily Official List of the London Stock Exchange on the first business day of each of the six months immediately before the date of this document and on 12 January 2010 (being the latest practicable date prior to the posting of this document).

<i>Date</i>	<i>Price per Ordinary Share (pence)</i>
12 January 2010	1.05
4 January 2010	1.08
1 December 2009	1.15
2 November 2009	1.08
1 October 2009	1.28
1 September 2009	1.50
3 August 2009	1.70

### 4. Irrevocable undertaking

IAML has entered into an irrevocable undertaking with Lombard dated 12 January 2010, pursuant to which IAML has agreed, *inter alia*, to subscribe for 733,600,000 New Ordinary Shares under the Placing and vote in favour of the Resolutions, to the extent it is permitted by law to do so.

### 5. Material change

Save as set out in the three paragraphs below, there has been no material change in the financial or trading position of Invesco since 30 September 2009 (the date to which the latest unaudited accounts of Invesco were prepared and disclosed in a 10-Q filing).

On 19 October 2009, Invesco announced that it entered into a definitive agreement to acquire Morgan Stanley's retail asset management business, including Van Kampen Investments. The transaction was initially valued at \$1.5 billion, including \$500.0 million in cash and 44.1 million common shares, which will result in Morgan Stanley obtaining a 9.4% equity interest in Invesco. The transaction has been approved by the board of directors of both companies and is expected to close in mid 2010, subject to customary regulatory, client and fund shareholders approvals.

On 29 October 2009, a \$33.8 million acquisition earn-out was paid to the former owners of W.L. Ross & Co., consisting of \$6.5 million calculated at the 3 April 2009, earn-out measurement date and \$27.3 million calculated at the 3 October 2009 earn-out measurement date. As a result of the transaction, goodwill was increased by this amount. The transaction also resulted in the remaining maximum contingent payment being reduced to \$110 million.

On 15 December 2009, Invesco settled \$294.2 million outstanding on its 4.5% unsecured senior notes, as planned.

### 6. IAML's intentions regarding Lombard's business

IAML has informed the Board that it currently intends to allow Lombard to run the Company in line with the Company's strategy. IAML does not have any intentions regarding Lombard's business that would affect:

- the strategic plans of the Company;

- the employment of Lombard's personnel, including the continued employment of, or the conditions of employment of, any of the Group's management; or
- the locations of Lombard's business or operating subsidiaries.

IAML does not have any immediate intentions to dispose of or otherwise change the use of any of the fixed assets within the Group.

#### **7. Long-term justification for proposed transaction and source of funds**

IAML believes Lombard owns a potentially valuable product, Aorfix™, that can potentially treat patients who have abdominal aortic aneurysms that cannot be satisfactorily treated with competitor products. IAML's belief is based on information provided by Lombard and set out in this document. As a result, IAML is committing funds to investing in Lombard under the proposed transaction. This will enable Lombard to progress its product which, upon receipt of FDA approval, should generate attractive long-term returns for IAML's investors. IAML's investment will be made from investments made into its funds from its underlying fund investors.

#### **8. Additional disclosure required by the Takeover Code**

As at the close of business on the disclosure date, save as disclosed in paragraph 2, this paragraph 8 and paragraph 6 of Part VI of this document:

- none of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Lombard securities;
- no paragraph 1 associate of Lombard had any interest in, or right to subscribe for, or had any short position in relation to, any relevant Lombard securities;
- no pension fund of Lombard or of a paragraph 1 associate of Lombard had any interest in or right to subscribe for, or had any short position in relation to, any relevant Lombard securities;
- no employee benefit trust of Lombard or of a paragraph 1 associate of Lombard had any interest in or right to subscribe for, or had any short position in relation to, any relevant Lion securities;
- no connected adviser to Lombard or to a paragraph 1 associate of Lombard or to a person acting in concert with Lombard, nor any person controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or exempt fund manager) had any interest in or right to subscribe for, or had any short position in relation to, any relevant Lombard securities;
- neither Lombard nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, any relevant IAML securities, nor has any such person dealt in any relevant IAML securities during the disclosure period;
- Lion has not redeemed or purchased any relevant Lombard securities during the disclosure period;
- there were no arrangements which existed between Lombard or any associate of Lombard and any other person to transfer any relevant Lombard securities;
- neither Lion nor any person acting in concert with Lion had borrowed or lent any relevant Lion securities, save for any borrowed shares which have either been on-lent or sold; and
- no repayment of or security for any IAML liability depends to a significant extent on the business of Lion.

Neither IAML or any persons acting in concert with it have entered into agreements, arrangements or understandings (including any compensation arrangement) with any of the Company's Directors, recent directors, Shareholders, recent Shareholders or any person interested or recently interested in existing Ordinary Shares which are connected with or dependent upon the outcome of the Fundraising. IAML has entered into no agreement, arrangement or understanding to transfer any interest acquired in Lion, as a result of the Fundraising.

## 9. Financial information on Invesco

Incorporation of relevant information by reference

The information listed below relating to Invesco is hereby incorporated by reference into this document.

### *No. Information*

1. Turnover, net profit or loss before and after taxation, the charge for tax, extraordinary items, minority interest, the amount absorbed by dividends and earnings and dividends per share for Invesco for the years ended 31 December 2006, 2007 and 2008

### *Source of Information*

***Invesco annual report for the year ended 31 December 2008, Consolidated Statements of Income on page 62 and dividends on page 21***

If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

[http://www.invesco.com/invest/reports/form\\_10-K.pdf](http://www.invesco.com/invest/reports/form_10-K.pdf)

***Invesco annual report 2007 for the years ended 31 December 2007 and 2006, Consolidated Statements of Income on page 62 and dividends on page 23***

If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

[http://www.invesco.com/invest/reports/form\\_10-K\\_2007.pdf](http://www.invesco.com/invest/reports/form_10-K_2007.pdf)

2. A statement of assets and liabilities for Invesco as at 31 December 2008

***Invesco annual report for the year ended 31 December 2008 Consolidated Balance Sheets on page 61***

If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

[http://www.invesco.com/invest/reports/form\\_10-K.pdf](http://www.invesco.com/invest/reports/form_10-K.pdf)

3. A cash flow statement as provided in the audited accounts for Invesco for the year ended 31 December 2008

***Invesco annual report for the year ended 31 December 2008 Consolidated Statements of Cash Flows on page 63***

If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

[http://www.invesco.com/invest/reports/form\\_10-K.pdf](http://www.invesco.com/invest/reports/form_10-K.pdf)

4. Significant accounting and any changes, material variations together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures

***Invesco annual report for the year ended 31 December 2008, Notes to the Consolidated Financial Statements on pages 65 to 108***

If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

[http://www.invesco.com/invest/reports/form\\_10-K.pdf](http://www.invesco.com/invest/reports/form_10-K.pdf)

No. Information

Source of Information

***Invesco annual report for the year ended 31 December 2008, Notes to the Consolidated Financial Statements for the years ended 31 December 2007 and 2006 on pages 66 to 117***

If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

[http://www.invesco.com/invest/reports/form\\_10-K\\_2007.pdf](http://www.invesco.com/invest/reports/form_10-K_2007.pdf)

The unaudited quarterly results of Invesco for quarters ended 31 March 2009, 30 June 2009 and 31 December 2009 are available free of charge on Invesco's website at <http://www.invesco.com/invest/release.html>

The annual reports and interim results are available in "read only" format and can be printed from Invesco's website. Lombard will provide within two business days, without charge, to each person to whom a copy of this document has been delivered, upon their written or verbal request, a copy of any documents incorporated by reference in this document. Copies of any documents incorporated by reference in this document will not be provided unless such a request is made. Requests for copies of any such document should be directed to Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by telephoning the shareholder helpline on 0871 664 0321 or +44 208 639 3399 from outside the UK.

Information in relation to 1, 2, 3 and 4 above has not been published in an inflation adjusted form.

## Part VI

### Additional information

#### 1. Responsibility Statement

- 1.1 The Directors whose names and positions appear in paragraph 2 below, and the Company, accept responsibility for the information contained in this document (other than information relating to IAML). To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document (other than information relating to IAML) is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 For the purposes of Rule 19.2 of the Takeover Code only, IAML's Directors whose names appear in paragraph 1.1 of Part V of this document, accept responsibility for the information contained in this document relating to IAML. To the best of their knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors of the Company

Each of the Directors has entered into an agreement with the Company providing for them to act as a director. Their annual fees, excluding all reasonable expenses incurred in the course of their duties which will be reimbursed by the Company and other principal terms of such agreements, are as follows:

<i>Name</i>	<i>Position</i>	<i>Effective date of contract</i>	<i>Current annual remuneration (including benefits)</i>	<i>Compensation on early termination</i>	<i>Notice period</i>
Simon Neathercoat	Non-Executive Chairman	1.10.2007	£52,500	£32,500	6 months
Michael Stevens	Senior Independent Non-Executive Director	13.12.2005	£20,000	Not applicable	3 months
John Rush	Chief Executive Officer	12.10.2009	\$300,000	\$300,000	30 days
Brian Howlett	Executive Director	14.11.2005	£156,372	Not applicable	Contract terminates on 31.3.2010
Timothy Hall	Finance Director	7.11.2005	£133,900	Not applicable	12 months
Dr Timothy Cook	Independent Non-Executive Director	1.10.2007	£20,000	Not applicable	3 months
Richard Johnston	Non-Executive Director	13.12.2005	£20,000	Not applicable	3 months
Craig Rennie	Non-Executive Director	1.10.2007	£20,000	Not applicable	3 months
Professor Martin Rothman	Independent Non-Executive Director	13.12.2005	£20,000	Not applicable	3 months

None of the above contracts have been replaced or amended within the 6 months prior to the date of this document.

The registered office of the Company is Lombard Medical House, 4 Trident Park, Basil Hill Road, Didcot, Oxfordshire OX11 7HJ. The Company's telephone number is +44 (0) 1235 750 800.

#### 3. The Company

The Company was incorporated and registered in England and Wales on 14 January 2003 under the Companies Act 1985 with registered number 04636949 as a private company limited by shares with the name Advanced Medical Technologies Limited. On 28 April 2003, the Company re-registered as a public limited company with the name Advanced Medical Technologies PLC. The Company changed its name to Lombard Medical Technologies PLC on 9 January 2004.

The Company's legal and commercial name is Lion PLC. The principal legislation under which the Company operates is the Act.

#### 4. Subsidiaries

The Company is the holding company of the Group and has the following principal subsidiaries:

<i>Name</i>	<i>Country of registration or incorporation</i>	<i>Principal activity</i>	<i>Percentage of issued share capital held by the Company</i>
Anson Medical Limited	UK	Medical implants	100
Lombard Medical Technologies, Inc	US	US clinical trials	100
Culzean Medical Devices Limited	UK	Production of medical fabrics	100
LionMedical Limited	UK	Investment holding	100
PolyBioMed Limited	UK	Dormant	100

All the above companies are wholly-owned (directly or indirectly) by the Company.

Except for Lombard Medical Technologies, Inc. and Culzean Medical Devices Limited, the above companies have their registered office at Lombard Medical House, 4 Trident Park, Basil Hill Road, Didcot, Oxfordshire, OX11 7HJ. Except for Lombard Medical Technologies, Inc. and Culzean Medical Devices Limited each company is registered in England and Wales and operates principally within the United Kingdom. Lombard Medical Technologies, Inc. is registered in Delaware, USA with its registered office at Corporation Trust Centre, 1209 Orange Street, Wilmington, Newcastle, Delaware, USA. Culzean Medical Devices Limited is registered in Scotland with its registered office at 6 Skye Road, Shawfarm Industrial Park, Prestwick, Ayrshire KA9 2TA.

## 5. Share Capital

The ordinary share capital of the Company as at the date of this document and following the Fundraising is as follows:

	<i>Existing Ordinary Share Capital</i>	<i>Following the Fundraising<sup>1</sup></i>
Number of existing Ordinary Shares	841,304,766	2,143,324,173
Number of A Deferred Shares	373,857,388	373,857,388
Number of B Deferred Shares	136,186,011	136,186,011

<sup>1</sup> Assuming no take-up under the Offer

Save as disclosed in this document, the Company has no present intention to issue any Ordinary Shares.

The provisions of section 561(1) of the Act (to the extent not disapplied pursuant to section 570 of the Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 of the Act) which are, or are to be, paid up in cash and will apply to the authorised but unissued share capital of the Company, except to the extent disapplied by Resolution 4. Subject to certain limited exceptions, unless the approval of Shareholders at the General Meeting is obtained, the Company must normally offer the New Ordinary Shares to be issued for cash to Shareholders on a *pro rata* basis.

The provisions of section 549 of the Act provide that the Directors must not allot shares in the Company unless they are authorised to do so under section 551 of the Act. Section 551 of the Act provides that the Shareholders may authorise the Directors to allot shares in the Company by passing an ordinary resolution of the members in general meeting. In order to offer the New Ordinary Shares, the Directors require the approval of the Shareholders, as set out in resolutions 3 and 4 to allot the New Ordinary Shares.

No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

No commissions, discounts, brokerages or other special terms have been granted by the Company or any other member of the Group in connection with the Fundraising.

Other than under the Option Schemes or as set out below no share or loan capital of the Company or any other member of the Group will be under option or has been agreed conditionally or unconditionally to be put under option.

## 6. Directors and interests in shares

6.1 As at the date of this document, the interests of the Directors and their immediate families (all of which are beneficial) in the issued share capital of the Company and, so far as is known to the Directors or could with reasonable diligence be ascertained by them, persons connected with them (within the meaning of sections 252 to 255 of the Act) which, if the connected person were a Director, would otherwise be disclosed pursuant to this paragraph are, or are expected to be, as follows:

<i>Director</i>	<i>As at the date of this document</i>			<i>Following the Fundraising<sup>4</sup></i>		
	<i>Number of existing Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of New Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>	<i>Number of New Ordinary Shares under option</i>
Simon Neathercoat	1,430,891	0.17%	1,000,000	2,430,891	0.11%	5,600,000
John Rush <sup>5</sup>	—	—	1,000,000	1,000,000	0.05%	33,652,191
Brian Howlett <sup>1</sup>	1,522,277	0.18%	500,000	2,022,277	0.09%	14,000,000
Timothy Hall <sup>2</sup>	1,115,000	0.13%	285,000	1,400,000	0.07%	10,000,000
Richard Johnston <sup>3</sup>	—	—	—	—	—	1,800,000
Professor Martin Rothman	3,611,115	0.43%	1,000,000	4,611,115	0.22%	6,000,000
Michael Stevens	1,710,035	0.20%	1,000,000	2,710,035	0.13%	2,000,000
Dr. Timothy Cook	1,515,120	0.18%	1,000,000	2,515,120	0.12%	1,000,000
Craig Rennie	101,237,771	12.03%	5,000,000	106,237,771	4.96%	1,000,000

<sup>1</sup> Mr B Howlett also holds 6,000 A warrants and 6,000 B warrants.

<sup>2</sup> Mr T R Hall also holds 6,000 A warrants and 6,000 B warrants.

<sup>3</sup> Mr R M Johnston holds a share in the Camden Partners' funds which themselves hold Ordinary Shares as detailed in the table below.

<sup>4</sup> Assuming no take-up under the Offer.

<sup>5</sup> If the Fundraising completes, John Rush will be granted options over such number of Ordinary Shares as equals 4 per cent. of the number of New Ordinary Shares issued pursuant to the Fundraising, such options will be subject to certain performance and vesting criteria.

6.2 As at the date of this document, and save for the interests of the Directors disclosed above, the Company is aware of the following persons who are or will hold, directly or indirectly, voting rights representing 3 per cent. or more of the issued share capital of the Company to which voting rights are attached:

<i>Name</i>	<i>At the disclosure date</i>		<i>Number of New Ordinary Shares</i>	<i>Following the Fundraising<sup>1</sup></i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>		<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
IAML	221,579,756	26.34%	733,600,000	995,179,756	44.57%
evYsio Medical Devices ULC	100,000,000	11.89%	100,000,000	200,000,000	9.33%
Fidelity International Limited	61,483,678	7.31%	152,634,407	214,118,085	9.99%
Octopus Investments	51,109,704	6.08%	—	51,109,704	2.38%
Straus Partners	36,605,520	4.35%	50,000,000	86,605,520	4.04%
Patrick Paul	34,163,268	4.06%	20,000,000	54,163,268	2.53%
Camden Partners	32,720,011	3.89%	—	32,720,011	1.53%

<sup>1</sup> Assuming no take up under the Offer

Save as disclosed in this document, the Company is not aware of any person who will, immediately following the issue of the Placing Shares, Subscription Shares or Offer Shares, hold (for the purposes of Rule 5 of the Disclosure and Transparency Rules (“DTR 5”)) directly or indirectly, voting rights representing 3 per cent. or more of the issued share capital of the Company to which voting rights are attached or could directly or indirectly, jointly or severally, exercise control over the Company.

The persons including the Directors, referred to above, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other Shareholder.

Save as described in this document, the Company and the Directors are not aware of any arrangements, the operation of which may, at a subsequent date, result in a change of control of the Company.

The Directors currently hold, and have during the five years preceding the date of this document held, the following UK directorships or partnerships:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
Simon John Neathercoat	Derwent London plc Lombard Medical Technologies PLC	Aesica Pharmaceuticals Ltd Highbury House Communications plc Hutchinson 3G UK Holdings Limited Provident Insurance plc
John Barry Rush	Lombard Medical Technologies PLC	None
Brian Howlett	Anson Medical Limited Culzean Medical Devices Limited LionMedical Limited Lombard Medical Technologies, Inc. Lombard Medical Technologies PLC PolyBioMed Limited	Endostapler Limited Lombard Medical Plc (dissolved)

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
Timothy Richard Hall	Anson Medical Limited Culzean Medical Devices Limited LionMedical Limited Lombard Medical Technologies, Inc. Lombard Medical Technologies PLC PolyBioMed Limited	Endostapler Limited Lombard Medical Plc (dissolved)
Richard Marvin Johnston	Lombard Medical Technologies PLC	None
Prof. Martin Terry Rothman	Vascular Concepts Holdings Ltd HD Clinical Limited Lombard Medical Technologies PLC Site Specific Therapies Limited PerQtech Limited Trustee of Heart Cells Foundation	Lombard Medical Plc (dissolved) Chameleon Biosurfaces Limited The Anchorage Residents Management Limited The British Cardiac Society Astron Clinica Limited
Michael Anthony Stevens	Lombard Medical Technologies PLC Oxford Emergent Tuberculosis Consortium Ltd ENTHUSE Charitable Trust	EAG Plc
Dr Timothy Cook	Isis Innovation Limited Lombard Medical Technologies PLC Oxford Gene Technology Limited Oxford Philomusica Trust	Isis Angels Network Oxford Philomusica Productions Ltd Venturefest Oxford Ltd
Craig Robert Rennie	Lombard Medical Technologies PLC Penn Pharmaceutical Group Ltd Penn Pharmaceutical Holdings Limited Penn T Ltd Emmingtons Management Ltd	Penn Pharmaceutical Services Limited

## **7. Squeeze out**

Section 979 of the Act provides that if, within certain time limits, an offer is made for the share capital of the Company, the offeror is entitled to acquire compulsorily any remaining Ordinary Shares if it has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. in value of the Ordinary Shares to which the offer relates and in a case where the Ordinary Shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those Ordinary Shares. The offeror would effect the compulsory acquisition by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks from the date of the notice, pay the consideration for the Ordinary Shares to the Company to hold on trust for the outstanding Shareholders. The consideration offered to Shareholders whose Ordinary Shares are compulsorily acquired under the Act must, in general, be the same as the consideration available under the takeover offer.

## **8. Sell out**

Section 983 of the Act permits a minority Shareholder to require an offeror to acquire its Ordinary Shares if the offeror has acquired or contracted to acquire Ordinary Shares in the Company which amount to not less than 90 per cent. in value of all the voting Ordinary Shares in the Company and carry not less than 90 per cent. of the voting rights. Certain time limits apply to this entitlement. If a

Shareholder exercises its rights under these provisions, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

## **9. Notifications of Shareholdings**

The provisions of DTR 5 will apply to the Company and its Shareholders. DTR 5 sets out the notification requirements for Shareholders and the Company where the voting rights of a Shareholder exceed, reach or fall below the threshold of 3 per cent. and each 1 per cent. thereafter up to 100 per cent. DTR 5 provides that disclosure by a Shareholder to the Company must be made within two trading days of the event giving rise to the notification requirement and the Company must release details to a regulatory information service as soon as possible following receipt of a notification.

## **10. Stamp duty and stamp duty reserve tax (“SDRT”)**

No liability to stamp duty or SDRT will arise on the issue or allotment of New Ordinary Shares by the Company pursuant to the Fundraising.

Except as mentioned below, the transfer on sale of the New Ordinary Shares, both before and after the issue of certificates, and the transfer on sale of existing Ordinary Shares will generally be liable to *ad valorem* stamp duty at the rate (in broad terms) of 0.5 per cent. of the amount or value of the consideration paid or, if an unconditional agreement to transfer the Ordinary Shares is not immediately completed by a duly stamped transfer or where the transfer is effected under CREST, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration paid. Liability to pay the stamp duty or SDRT is that of the transferee or purchaser. In the case of transfers in CREST, SDRT will be collected in CREST in accordance with the rules of the CREST system.

Where a charge to stamp duty or SDRT arises under sections 67, 70, 93 or 96 of the Finance Act 1986 (which broadly apply where ordinary shares are transferred or, in certain circumstances, are issued to persons who issue depository receipts or provide clearance services, or their nominees or agents), stamp duty at the higher rate (in broad terms) of 1.5 per cent. or SDRT at the higher rate of 1.5 per cent. (as appropriate) will be payable on the amount or value of the consideration paid for the issue or subsequent transfer.

## **11. Litigation**

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group’s financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against any member of the Group.

## **12. Material contracts**

The following are the material contracts (not being contracts entered into in the ordinary course of business) which have been entered into within the two years prior to the date of this document by the Company:

- (i) the Placing Agreement;
- (ii) the Subscription Agreements;
- (iii) the Company entered into a placing agreement dated 26 September 2008 made between (1) the Company and (2) Nomura Code Securities Limited, under which Nomura Code Securities Limited agreed to use their reasonable endeavours to place convertible loan notes with certain institutional and other investors. The agreement contained warranties from the Company in favour of Nomura Code Securities Limited in relation to, *inter alia*, the accuracy of the information contained in a circular to the Shareholders of the Company issued at that time;
- (iv) the Company entered into subscription agreements each dated 26 September 2008 between (1) the Company and (2) each of Camden Partners Strategic Fund II-A, Camden Partners Strategic Fund II-B, Straus Partners LP, Straus-GEPT Partners LP, and Straus Healthcare Partners LP (the “2008 Subscription Agreements”) under which the subscribers agreed to subscribe for convertible loan notes. The 2008 Subscription Agreements contained certain representations and warranties given by the subscribers to the Company;
- (v) the Company entered into a placing agreement dated 9 January 2009 made between (1) the Company and (2) Nomura Code Securities Limited, under which Nomura Code Securities Limited agreed to use their reasonable endeavours to place Ordinary Shares and loan notes with

certain institutional and other investors. The agreement contained warranties from the Company in favour of Nomura Code Securities Limited in relation to, *inter alia*, the accuracy of the information contained in a circular to the Shareholders of the Company issued at that time;

- (vi) the Company entered into subscription agreements each dated 9 January 2009 between (1) the Company and (2) each of EvYsio, Straus Partners LP, Straus-GEPT Partners LP, Straus Healthcare Partners LP, and Mark Brewer (the “2009 Subscription Agreements”) under which the subscribers agreed to subscribe for Ordinary Shares. The 2009 Subscription Agreements contained certain representations and warranties given by the subscribers to the Company; and
- (vii) the Company entered into an agreement with (1) Bayer MaterialScience AG, (2) Bayer Plc (together with Bayer MaterialScience AG, “Bayer”) and (3) its wholly owned subsidiary, PolyBioMed Limited, on 16 November 2009 pursuant to which PolyBioMed Limited sold its polymer coatings business for a total consideration of £1 million in cash (before expenses). Under the terms of the agreement, PolyBioMed Limited sold the goodwill, contractual rights and intellectual property of its polymer coatings business to Bayer MaterialScience AG with the remaining assets sold to Bayer Plc. The agreement contained the usual warranties and indemnities for a transaction of this nature. The Company acted as guarantor for the obligations of PolyBioMed Limited arising in connection with the agreement. The Company and PolyBioMed Limited agreed for a period of three years from completion (30 November 2009), not to employ the three employees transferred to Bayer or to compete with business transferred to Bayer.

### **13. General**

The estimated costs and expenses relating to the Fundraising payable by the Company are estimated to amount to approximately £1.2 million (excluding VAT).

Evolution Securities and Eden have given and not withdrawn their respective written consents to the issue of this document with the inclusion of each of their names and references to them in the form and context in which they appear.

Save for the disposal of PolyBioMed Limited on 30 November 2009, there has been no significant change and no material change in the financial or trading position of the Group since 30 June 2009, being the date of the Group’s latest unaudited accounts, incorporated by reference into Part IV of this document.

### **14. Documents Available for Inspection**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of the Company and at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA from the date of this document until the conclusion of the General Meeting:

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association of IAML;
- (c) the audited consolidated accounts of the Company for the financial years ended 31 December 2008 and 31 December 2007;
- (d) the audited consolidated accounts of IAML for the financial years ended 31 December 2008 and 31 December 2007;
- (e) the Directors’ service agreements and/or letters of appointment (as applicable) with the Company;
- (f) the material contracts referred to in paragraph 12 of this Part;
- (g) the irrevocable undertaking from IAML referred to in paragraph 4 of Part V;
- (h) the written letters of consent as referred to in paragraph 13 of this Part; and
- (i) this document.

## Part VII

### Terms and Conditions of the Offer

- (a) The contract created by the acceptance by the Company (at the discretion of the Directors) of applications from Qualifying Participant(s) under the Offer is conditional upon Shareholders' approval of the Resolutions at the General Meeting and the Placing Agreement and Subscription Agreements becoming unconditional in all respects and not being terminated in accordance with their respective terms and conditions.
- (b) The right is reserved by the Company to present all cheques and bankers' drafts for payment on receipt and on which no interest will be payable to the applicant and to retain surplus application monies pending clearance of successful applicants' cheques. The Company also reserves the right to reject, in whole or in part, any application. If any application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or as the case may be the balance thereof, will be returned by crossed cheque in favour of the applicant, through the post at the sole risk of the person entitled thereto (on which no interest will be payable), within seven days of the closing of the Offer.
- (c) By completing and delivering an Application Form each Qualifying Participant who applies for Offer Shares:
  - (i) offers to subscribe for the amount of Offer Shares specified in such applicant's Application Form (or such lesser amount for which such applicant's application is accepted) on the terms of, and subject to, this document, including (without limitation) these terms and conditions, the articles of association of the Company and the terms and conditions set out in the Application Form;
  - (ii) represents and agrees that, in consideration of the Company agreeing that it will not prior to the closing date of the Offer issue any Offer Shares to any person other than by means of the procedures referred to in this document, such applicant's application shall not be revoked and this paragraph shall constitute a collateral contract between such applicant and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, Capita Registrars of such applicant's Application Form;
  - (iii) represents and warrants that such applicant's remittance will be honoured on first presentation and agrees that, if it is not so honoured, such applicant will not be entitled to receive a share certificate for the Offer Shares applied for unless and until such applicant makes payment in cleared funds for such Offer Shares and such payment is accepted by the Company in its absolute discretion (which acceptance may be on the basis that such applicant indemnifies the Company against all costs, damages, losses, expenses and liabilities arising out of, or in connection, with the failure of such applicant's remittance to be honoured on first presentation) and such applicant agrees that, at any time prior to the unconditional acceptances by the Company, the Company may (without prejudice to any other rights(s)) avoid the agreement to issue such Offer Shares and may issue such Offer Shares to some other person, in which case such applicant will not be entitled to any payment in respect of such Offer Shares;
  - (iv) agrees that, in respect of those Offer Shares for which such applicant's application has been received and is not rejected, acceptance of such applicant's application shall be constituted, at the election of the Company by notification of acceptance thereof to Capita Registrars;
  - (v) agrees that any monies returnable to such applicant may be retained by Capita Registrars pending clearance of such applicant's remittance and the completion of any verification of identity required by the Money Laundering Regulations 2007 and/or any amendment, modification, and/or re enactment of the same (the "Regulations") and that such monies will not bear interest;
  - (vi) authorises Capita Registrars to send a share certificate in respect of the number of Offer Shares for which such applicant's application is accepted and/or to send a crossed cheque for any monies returnable, by post, at the sole risk of the person entitled thereto, to the address of the person named as the applicant in the Application Form;

- (vii) represents and warrants that, if such applicant signs an Application Form on behalf of somebody else, such applicant has due authority to do so on behalf of that other person and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained herein and undertake to enclose such applicant's power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
  - (viii) agrees that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law, and that such applicant submits to the jurisdiction of the English Courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
  - (ix) confirms that in making such application such applicant is not relying on any information, representation and/or warranty in relation to the Company other than the information contained in this document and accordingly such applicant agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any such other information, representation and/or warranty;
  - (x) agrees that, having had the opportunity to read this document, such applicant shall be deemed to have had notice of all information concerning the Company contained herein including without limitation, the Risk Factors set out in Part III of this document;
  - (xi) in the case of any Qualifying Shareholder who is a joint Shareholder, agrees that such joint Shareholder applicants may only apply for Offer Shares as joint applicants;
  - (xii) confirms, represents and warrants that such applicant has read and complied with paragraph (f) below;
  - (xiii) represents and warrants that such applicant is not a person who, by virtue of being resident in, or a citizen of, any country outside the United Kingdom, is prevented by the law of any relevant jurisdiction from lawfully applying for Offer Shares;
  - (xiv) represents and warrants that such applicant is a Qualifying Participant and that such applicant is not (and is not applying as a nominee or agent of) a person liable to pay higher rate stamp duty under section 93 or section 96 of the Finance Act 1986 and/or tax under the Stamp Duty Reserve Tax Regulations 1986;
  - (xv) confirms, represents and warrants that such applicant has read the restrictions contained in paragraph (g) below and represents and warrants as provided therein;
  - (xvi) represents and warrants that such applicant is not under the age of 18;
  - (xvii) represents and warrants that such applicant is a person of the kind described in Article 43 or Article 60 of the Financial Promotion Order, being a Shareholder or employee of the Group at the Record Date; and
  - (xviii) agrees that all documents and cheques sent by post, by or on behalf of the Company or Capita Registrars, will be sent at the risk of the person(s) entitled thereto.
- (d) All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Capita Registrars Limited" re: Lombard Medical Technologies PLC A/C" and crossed "A/C Payee Only". Cheques should be drawn on the personal account to which the applicant has sole or joint title to such funds. Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the cheque or draft to such effect. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Capita Registrars to seek special clearance of

cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before all of the conditions of the Offer are fulfilled, the application monies will be kept in a separate non-interest bearing bank account. If the Offer does not become unconditional, no Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as reasonably practicable following the lapse of the Offer.

- (e) To ensure compliance with the Regulations, Capita Registrars may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements").

If Capita Registrars determines that the verification of identity requirements apply to any application, the relevant Offer Shares (notwithstanding any other term of the Offer) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. Capita Registrars is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any application and whether such requirements have been satisfied, and neither Capita Registrars nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, Capita Registrars has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Offer will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

The verification of identity requirements will not usually apply:

- if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005) on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; and
- if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- if the aggregate subscription price for the Offer Shares is less than €15,000 (approximately £12,500).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques should be made payable to "Capita Registrars Limited re: Lombard Medical Technologies PLC A/C" in respect of an application by a Qualifying Participant and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. However, third party cheques will be subject to the Regulations which would delay applicants receiving their Offer Shares. The account name should be the same as that shown on the Application Form; or
- (b) if the Application Form(s) is/are in respect of Offer Shares with an aggregate subscription price of €15,000 (approximately £12,500) or more and is/are lodged by hand by the applicant in person, or if the Application Form(s) in respect of Offer Shares is/are lodged

by hand by the applicant and the accompanying payment is a banker's draft or building society cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of identity of his or her address. If, within a reasonable period of time following a request for verification of identity, and in any case, Capita Registrars has not received evidence satisfactory to it as aforesaid, Capita Registrars may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

- (f) No person receiving a copy of this document and/or any Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including (without limitation) obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- (g) The Offer Shares have not been and will not be approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorised, passed upon or endorsed the merit of the Offer or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. The Offer Shares have not been and will not be registered under the United States Securities Act of 1993 (as amended) (the "Securities Act") or under the securities laws of any state or other jurisdiction in the United States and are being offered and sold outside the United States in compliance with Regulation S of the Securities Act and within the United States to "accredited investors" in reliance on Regulation D of the Securities Act, neither do they qualify for distribution under any of the relevant securities laws of Canada, Australia, South Africa or Japan, nor has any prospectus in relation to the Offer Shares been lodged with or registered by the Australian Securities and Investments Commission. Persons subscribing for Offer Shares shall be deemed, and (unless the Company is satisfied that Offer Shares can be issued without breach of security laws, including (without limitation) those of the United States, Canada, Australia, South Africa and/or Japan) shall be required to represent and warrant to the Company that they are not a person in the United States, Canada, Australia, South Africa and/or Japan and that they are not subscribing for such Offer Shares for the account of any such person and will not offer, sell, renounce, take up, transfer or deliver, directly or indirectly, such Offer Shares in the United States or to any such person or into Canada, Australia, South Africa and/or Japan.
- (h) Applicants are encouraged to submit their Application Forms early. In the event that applications are received for an amount in excess of €2.2 Million Maximum and/or the Rule 9 Subscription Threshold, the Directors reserve the right to exercise their discretion in the allocation of successful applications. The right is also reserved to reject in whole or in part any application or any part thereof for any reason whatsoever, including (without limitation) a breach of any of the terms, conditions, representations and/or warranties set out in this document and/or the Application Form and to treat as valid any application not in all respects completed in accordance with the instructions relating to the Application Form.
- (i) Save where the context otherwise requires, words and expressions defined in this document have the same meaning when used in the Application Form and any explanatory notes in relation thereto.

## NOTICE OF GENERAL MEETING

### LOMBARD MEDICAL TECHNOLOGIES PLC

(the “Company”)

Notice is hereby given that a General Meeting of the Company will be held at the offices of Berwin Leighton Paisner LLP at Adelaide House, London Bridge, London EC4R 9HA on 1 February 2010 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the resolutions below. Resolutions 2 and 4 will be proposed as special resolutions and resolutions 1 and 3 will be proposed as ordinary resolutions.

1. THAT subject to and conditional upon the passing of resolutions numbered 2, 3 and 4, the waiver granted by the Panel on Takeovers and Mergers, described in the circular issued by the Company of which this notice forms part (the “Circular”), of the obligations that would otherwise arise under Rule 9 of the City Code on Takeovers and Mergers for Invesco Asset Management Limited (“IAML”) to make a general offer to the shareholders of the Company as a result of the issue to IAML of 733,600,000 New Ordinary Shares in the capital of the Company pursuant to the terms of the Placing (as defined in the Circular) be and is hereby approved.
2. THAT, subject to and conditional on the passing of resolutions numbered 1, 3 and 4, all references to the authorised share capital of the Company in the memorandum and articles of association of the Company be deleted and a statement that the liability of members of the company is limited be added.
3. THAT, subject to and conditional on the passing of resolutions numbered 1, 2 and 4, the directors of the Company (the “Directors”) be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”), such authority to replace all existing authorities granted to the Directors, to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company:
  - (a) up to an aggregate nominal amount of £14,989,403 in connection with the Fundraising (as defined in the Circular); and
  - (b) otherwise than pursuant to paragraph 3(a) above, up to a maximum aggregate nominal amount of £7,810,000,such authority to expire on 31 January 2015 but so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted, or require such rights to be granted, after such expiry and the Directors may allot shares or grant rights pursuant to such an offer or agreement as if this authority had not expired.
4. THAT subject to and conditional on the passing of resolutions numbered 1, 2 and 3, the Directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 3 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
  - (a) up to an aggregate nominal amount of £14,989,403 in connection with the Fundraising (as defined in the Circular);
  - (b) in connection with an offer of such securities by way of a rights issue; and
  - (c) otherwise than pursuant to paragraph 3(a) and 3(b) above, up to an aggregate nominal amount of £3,511,000,and shall expire on 31 January 2015, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if this power had not expired.

“**Rights issue**” means an offer of equity securities open for acceptance for a period fixed by the Directors to holders on the register on a record date fixed by the Directors in proportion as nearly as may be to their respective holdings, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or legal or practical issues arising under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter.

By order of the board  
Rhod Jones  
Company Secretary

Dated: 13 January 2010

*Registered office:*  
Lombard Medical House  
4 Trident Park  
Didcot  
Oxfordshire OX11 7HJ

*Registered in England and Wales with number 04636949*

## EXPLANATORY NOTES TO THE NOTICE OF GENERAL MEETING

1. Members entitled to attend, speak and vote at the General Meeting may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the General Meeting. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Return of the Form of Proxy will not preclude a member from attending the General Meeting and voting in person.

To be effective the Form of Proxy must be completed in accordance with the instructions printed on it and received, together with any power of attorney or other authority (if any) under which the Form of Proxy is executed (or a notarially certified copy of such authority), by the registrars of the Company, Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.00 a.m on 28 January 2010.

2. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 6.00 p.m. on 28 January 2010 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
3. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
4. In the case of joint holders, the signature of one only of the joint holders is required on the Form of Proxy but the first named on the register of members of the Company will be accepted to the exclusion of other joint holders.
5. Unless the context otherwise requires, capitalised terms used in this Notice shall have the meaning ascribed them in the circular to, *inter alia*, shareholders dated 13 January 2010.

