

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART 2 OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT. The Scheme, if implemented, will result in the cancellation of the listing of SDL Shares on the London Stock Exchange's main market for listed securities. If you are in any doubt about the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or from another appropriately authorised financial adviser if you are taking advice in a territory outside the United Kingdom.**

If you sell, have sold or otherwise transferred all of your SDL Shares, please send this document (but not the personalised Forms of Proxy) at once to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, this document should not be forwarded or transmitted in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of that jurisdiction. If you have sold or transferred part only of your SDL Shares, you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected. The accompanying Forms of Proxy are personalised. If you have recently purchased or been transferred SDL Shares, you should contact Link Asset Services by telephoning the helpline, details of which are set out on page 10 of this document, to obtain replacements of these documents.

**The distribution of this document in whole or in part, directly or indirectly in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves of, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.**

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**RECOMMENDED ALL-SHARE COMBINATION  
OF  
SDL PLC  
AND  
RWS HOLDINGS PLC**

to be effected by means of a scheme of arrangement between SDL plc and SDL Scheme Shareholders under  
Part 26 of the Companies Act 2006

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**You should read carefully the whole of this document, any information incorporated into this document by reference from another source and the accompanying Forms of Proxy. Your attention is drawn to the letter from the Chairman of SDL in Part 1 of this document, which contains the unanimous recommendation of the SDL Directors that you vote in favour of the Scheme at the SDL Court Meeting and the SDL Resolution at the SDL General Meeting. A letter from Rothschild & Co explaining the Combination and the Scheme in greater detail appears in Part 2 of this document and constitutes an explanatory statement in compliance with section 897 of the Companies Act.**

Notices of the SDL Meetings, both to be held at the offices of DLA Piper UK LLP at 160 Aldersgate Street, London EC1A 4HT on 9 October 2020, are set out in Part 9 and Part 10 respectively of this document. The SDL Court Meeting will start at 10.00 a.m. and the SDL General Meeting will start at 10.15 a.m. (or as soon thereafter as the SDL Court Meeting has concluded or been adjourned).

**The SDL Board notes the guidance issued by the UK Government restricting social gatherings in view of the ongoing COVID-19 pandemic. Given the current guidance and the general uncertainty on what additional and/or alternative measures may be put in place, SDL Shareholders will not be permitted to attend the SDL Meetings physically, save for those SDL Shareholders permitted by the Chairman of the relevant SDL Meeting to establish**

a quorum. SDL will provide a facility for SDL Shareholders who wish to attend, ask questions and vote at the relevant SDL Meeting in real time should they wish to do so via a virtual meeting platform. SDL Shareholders wishing to use this facility should refer to the details in the notices of the SDL Meetings set out at Part 9 and Part 10 of this document and the explanation of the actions to be taken set out on pages 9 to 10 of this document.

The action to be taken by SDL Shareholders in respect of the SDL Meetings is set out on pages 9 to 10 of this document. Please read this information carefully. It is important that, for the SDL Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of SDL Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy or transmit a proxy instruction (either electronically or through CREST) as soon as possible.

**Completing and returning the Forms of Proxy, completing and transmitting a CREST Proxy Instruction or appointing a proxy electronically will not prevent you from attending and voting in person at either SDL Meeting, or any adjournment of either SDL Meeting, if you so wish and are so entitled.**

If you have any questions relating to this document (or any information incorporated into this document by reference from another source), the SDL Meetings or the completion and return of the Forms of Proxy, please telephone the helpline, details of which are set out on page 10 of this document.

### IMPORTANT NOTICES

Canaccord Genuity Limited (“**Canaccord Genuity**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for RWS and no one else in connection with the matters set out in this document and will not be responsible to anyone other than RWS for providing the protections offered to clients of Canaccord Genuity or for providing advice in relation to the contents of this document or any matters referred to herein.

Gleacher Shacklock LLP (“**Gleacher Shacklock**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for RWS and no one else in connection with the matters set out in this document and will not be responsible to anyone other than RWS for providing the protections offered to clients of Gleacher Shacklock or for providing advice in relation to the contents of this document or any matters referred to herein.

Joh. Berenberg, Gossler & Co. KG, London Branch (“**Berenberg**”), which is regulated by the German Federal Financial Supervisory Authority (BaFin) and subject to limited regulation in the United Kingdom by the Financial Conduct Authority, is acting exclusively for RWS and no one else in connection with the matters set out in this document and will not be responsible to anyone other than RWS for providing the protections offered to clients of Berenberg or for providing advice in relation to the contents of this document or any matters referred to herein.

Numis Securities Limited (“**Numis**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for RWS and no one else in connection with the matters set out in this document and will not be responsible to anyone other than RWS for providing the protections offered to clients of Numis or for providing advice in relation to the contents of this document or any matters referred to herein.

N.M. Rothschild & Sons Limited (“**Rothschild & Co**”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for SDL and for no one else in connection with the subject matter of this document and will not be responsible to anyone other than SDL for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this document.

Investec Bank plc (“**Investec**”), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom, is acting exclusively for SDL and for no one else in connection with the subject matter of this document and will not be responsible to anyone other than SDL for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this document.

Nplus1 Singer Advisory LLP (“**N+1 Singer**”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for SDL and for no one else in connection with the subject matter of this document and will not be responsible to anyone other than SDL for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this document.

## **Overseas Shareholders**

This document has been prepared for the purpose of complying with English law, the Takeover Code, the Market Abuse Regulation, the AIM Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of the United Kingdom.

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and/or regulation. Persons who are not resident in the United Kingdom, or who are subject to the laws of other jurisdictions, should inform themselves of, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to participate in the Combination or to vote their SDL Shares in respect of the Scheme at the SDL Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the SDL Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Combination disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by RWS or required by the Takeover Code and permitted by applicable law and regulation, the Combination will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Combination by any such use, means, instrumentality or from within a jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document and all documentation relating to the Combination are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this document and all documents relating to the Combination (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported vote in respect of the Combination.

If the Combination is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

The availability of the New RWS Shares under the Combination to SDL Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident or to which they are subject. Persons who are not resident in the United Kingdom or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable legal or regulatory requirements.

## **Notice to US investors**

SDL Shareholders in the United States should note that the Combination relates to the securities of an English company with a listing on the London Stock Exchange and is proposed to be made by means of a scheme of arrangement provided for under and governed by English law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Scheme is subject to procedural and disclosure requirements and practices applicable in the United Kingdom to a scheme of arrangement involving a target company in England listed on the London Stock Exchange, which are different from the disclosure requirements of the tender offer and proxy solicitation rules under the US Exchange Act. RWS reserves the right, subject to the prior written consent of the Panel and the terms of the Co-operation Agreement, to elect to implement the Combination by way of a Takeover Offer. If in the future RWS exercises its right to implement the Combination by way of a Takeover Offer, such Takeover Offer will be made in compliance with all applicable laws and regulations, including,

without limitation, to the extent applicable, Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such Takeover Offer would be made in the United States by RWS and no one else. In addition to any such Takeover Offer, RWS, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in SDL outside such Takeover Offer during the period in which such Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made, they would be made outside the United States and would comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service of the FCA and will be available on the London Stock Exchange website: <http://www.londonstockexchange.com/>.

The financial information included in this document and other documentation related to the Combination has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with US generally accepted accounting principles.

The New RWS Shares to be issued under the Scheme have not been and will not be registered under the US Securities Act or under any laws or with any securities regulatory authority of any state or other jurisdiction of the United States and may only be offered or sold in the United States in reliance on an exemption from the registration requirements of the US Securities Act. Accordingly, unless an exemption under relevant securities laws is available, including the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof, the New RWS Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly in, into or from the United States. Neither the SEC nor any US state securities commission has approved or disapproved of the New RWS Shares.

For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereunder, SDL will advise the Court that the Court's sanctioning of the Scheme will be relied on by RWS as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to SDL Shareholders at which all SDL Shareholders are entitled to appear in person (subject to measures restricting social gatherings in light of the COVID-19 pandemic) or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification is given to all SDL Shareholders.

None of the securities referred to in this document have been approved or disapproved by the SEC or any US state securities commission, nor have any such authorities passed judgment upon the fairness or the merits of the Combination or determined if this document is accurate or complete. Any representation to the contrary is a criminal offence.

SDL Shareholders in the United States also should be aware that the transaction contemplated herein may have tax consequences in the United States and that such consequences, if any, are not described herein. SDL Shareholders in the United States are urged to consult with independent professional advisors regarding the legal, tax and financial consequences of the Combination applicable to them.

It may be difficult for SDL Shareholders in the United States to enforce their rights and claims arising out of the US federal securities laws since RWS and SDL are organised in countries other than the United States and some or all of their officers and directors may be residents of, and some or all of their assets may be located in, jurisdictions other than the United States. SDL Shareholders in the United States may have difficulty effecting service of process within the United States upon those persons or recovering against judgments of US courts, including judgments based upon the civil liability provisions of the US federal securities laws. SDL Shareholders in the United States may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

### **Notice to Swiss investors**

This document is not intended to constitute an offer or solicitation to purchase or invest in the New RWS Shares. The New RWS Shares have not been and will not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“**FinSA**”) except: if the public offer is addressed solely at investors that qualify as professional clients within the meaning of the FinSA; or if the public offer is addressed at fewer than 500 investors pursuant to article 36(1)(b) of the FinSA; or in any other circumstances falling within article 36(1) of the FinSA.

The New RWS Shares have not been and will not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Code of Obligations (“**CO**”).

The New RWS Shares have not been and will not be admitted to any trading venue (stock exchange or multilateral trading facility) in Switzerland, in particular not the SIX Swiss Exchange Ltd. (“**SIX**”).

Neither this document nor any other offering or marketing material relating to the New RWS Shares constitutes a prospectus within the meaning of the FinSA or the CO or the Listing Rules of the SIX, and no such prospectus has been, or will be, prepared for or in connection with the offering of the New RWS Shares. Neither this document nor any other offering or marketing material relating to the New RWS Shares has been, or will be, filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of the New RWS Shares will not be supervised by, a review body licensed by the Swiss Financial Market Supervisory Authority.

This document does not constitute investment advice. It may only be used by those persons to whom it has been handed out in connection with the Combination and may neither be copied nor directly or indirectly distributed or made available to other persons.

### **Forward-looking statements**

This document (including information incorporated by reference into this document), any oral statements made by RWS or SDL in relation to the Combination and other information published by RWS or SDL may contain statements about RWS, SDL and the Combined Group that are or may be forward-looking statements. All statements other than statements of historical fact included in this document may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “goals”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects”, “hopes”, “continues”, “would”, “could”, “should” or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; and (ii) business and management strategies and the expansion and growth of RWS’s or SDL’s or the Combined Group’s operations and potential synergies resulting from the Combination.

Such forward-looking statements involve risks and uncertainties that could significantly affect expected results and/or the operations of RWS, SDL or the Combined Group and are based on certain assumptions and assessments made by RWS and SDL in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. Except as expressly provided in this document, they have not been reviewed by the auditors of RWS or SDL. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and you are therefore cautioned not to place reliance on these forward-looking statements which speak only as at the date of this document. Neither SDL nor RWS, nor any of their respective members, directors, officers, employees, advisers and any person acting on behalf of one or more of them assumes any obligation to update or correct the information contained in this document (whether as a result of new information, future events or otherwise) except as required by applicable law (including as required by the Takeover Code, the AIM Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules).

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business acquisitions or disposals. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

No member of the RWS Group or the SDL Group, nor any of their respective associates, directors, officers, employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur.

### **Quantified Financial Benefits Statement**

Statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither the Quantified Financial Benefits Statement nor any other statement in this document should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full financial year following Completion, or in any subsequent period, would necessarily match or be greater than or be less than those of RWS or SDL for the relevant preceding financial period or any other period. For the purposes of Rule 28 of the Takeover Code, the Quantified Financial Benefits Statement contained in this document is the responsibility of RWS and the RWS Directors.

### **Profit forecasts and estimates**

No statement in this document is intended to constitute a profit forecast or profit estimate and no statement in this document should be interpreted to mean that the earnings or future earnings per share of or dividends or future dividends per share of RWS or SDL for current or future financial years will necessarily match or exceed the historical or published earnings or dividends per share of RWS or SDL, as appropriate.

### **Rounding**

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

### **Disclosure requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Takeover Code applies must be made by no later than 3.30 p.m. on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing

Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8 of the Takeover Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Takeover Code applies must be made by no later than 3.30 p.m. on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Takeover Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with either of them (see Rules 8.1, 8.2 and 8.4 of the Takeover Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

#### **Information relating to SDL Shareholders**

Please be aware that addresses, electronic addresses and certain information provided by SDL Shareholders, persons with information rights and other relevant persons for the receipt of communications from SDL may be provided to RWS during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code.

#### **Requesting Hard Copy Documents**

Pursuant to Rule 30.3 of the Takeover Code, a person so entitled may request a copy of this document and any information incorporated into it by reference to another source in hard copy form. A person may also request that all future documents, announcements and information to be sent to that person in relation to the Combination should be in hard copy form.

SDL Shareholders may request a hard copy of this document (and any information incorporated by reference in this document) by writing to Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. It is important that you note that unless you make such a request, a hard copy of this document and any such information incorporated by reference in it will not be sent to you. You may also request that all future documents, announcements and information to be sent to you in relation to the Combination should be in hard copy form.

#### **Publication on websites**

This document, together with any information incorporated into this document by reference to another source, will be available (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions), free of charge, on the following websites during the course of the Combination:

- <https://www.rws.com/investor-relations/>; and
- <https://www.sdl.com/about/investor-relations>.

This document will also be submitted to the National Storage Mechanism and will shortly be available for inspection at <http://www.morningstar.co.uk/uk/NSM>.

**Further information**

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them.

This document does not constitute a prospectus or prospectus equivalent document. The New RWS Shares to be issued pursuant to the Combination are not being offered to the public by means of this document. The Combination is subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.

**Time**

All times shown in this document are London times, unless otherwise stated.

**Date**

This document is dated 17 September 2020.



## ACTION TO BE TAKEN BY SDL SHAREHOLDERS

### Voting at the SDL Meetings

The Scheme will require the approval of the SDL Scheme Shareholders at the SDL Court Meeting to be held at the offices of DLA Piper UK LLP at 160 Aldersgate Street, London, EC1A 4HT at 10.00 a.m. on 9 October 2020. Given the current UK Government guidance and the general uncertainty on what additional and/or alternative measures may be put in place restricting social gatherings in view of the COVID-19 pandemic, SDL Shareholders will not be permitted to attend the SDL Meetings physically save for those SDL Shareholders permitted by the Chairman of the relevant SDL Meeting to establish a quorum. SDL will provide a facility for SDL Shareholders who wish to attend, ask questions and vote at the relevant SDL Meeting in real time should they wish to do so via a virtual meeting platform. SDL Shareholders wishing to use this facility should refer to the details set out below.

The Scheme will also require the approval of SDL Shareholders of the SDL Resolution at the SDL General Meeting to be held at the same place at 10.15 a.m. on 9 October 2020 (or as soon thereafter as the SDL Court Meeting has concluded or been adjourned). Notices of the SDL Meetings are set out in Part 9 and Part 10 respectively of this document.

### Please check you have received with this document:

- a WHITE Form of Proxy for use at the SDL Court Meeting;
- a YELLOW Form of Proxy for use at the SDL General Meeting; and
- a reply-paid envelope for use in the United Kingdom.

If you have not received these documents, please contact Link Asset Services on the helpline, details of which are set out on page 10 of this document.

Whether or not you plan to attend the SDL Meetings in person using the virtual meeting facility, please complete the enclosed Forms of Proxy in accordance with the instructions printed on them and return them to: Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and, in any event, so as to be received by no later than:

- **10.00 a.m. on 7 October 2020 in the case of the WHITE Form of Proxy for the SDL Court Meeting; and**
- **10.15 a.m. on 7 October 2020 in the case of the YELLOW Form of Proxy for the SDL General Meeting,**

**(or in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned meeting. Non-working days shall not be taken into account for the purposes of calculating the deadline for returning Forms of Proxy for any adjourned meeting). A reply-paid envelope is provided for use in the United Kingdom only. Forms of Proxy returned by fax will not be accepted.**

If the WHITE Form of Proxy for use at the SDL Court Meeting is not received by Link Asset Services by 10.00 a.m. on 7 October 2020, it may be emailed to aydin.djermal@linkgroup.co.uk before the commencement of the SDL Court Meeting. However, if the YELLOW Form of Proxy for the SDL General Meeting is not received by Link Asset Services by 10.15 a.m. on 7 October 2020, it will be invalid.

If you hold your SDL Shares in CREST, you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes on the notices of each SDL Meeting set out in Parts 9 and 10 of this document).

Proxies submitted electronically through CREST must be sent as soon as possible, and in any event, so as to be received by no later than 10.00 a.m. on 7 October 2020 in the case of the SDL Court Meeting and by 10.15 a.m. on 7 October 2020 in the case of the SDL General Meeting (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

SDL Shareholders entitled to attend and vote at the SDL Meetings may appoint a proxy electronically by logging on to [www.signalshares.com](http://www.signalshares.com), selecting "Register for the Share Portal" and entering "SDL" in the box provided. "SDL" will be presented on the next screen and you should click on this. Once you have clicked on this, you should follow the prompts on the screen by entering your surname, your 11-digit investor code (which is shown on your share certificate or a dividend tax voucher), postcode, email address and selecting a password. Once you have registered, you will have the opportunity to appoint a proxy online. For an electronic proxy to be valid, your appointment must be received by Link Asset Services no later than 48 hours before the time and date set for the relevant meeting.

Completing and returning the Forms of Proxy, completing and transmitting a CREST Proxy Instruction or appointing a proxy electronically will not prevent you from attending and voting in person at the SDL Meetings, or any adjournment of the SDL Meetings, if you so wish and are so entitled.

#### **Virtual attendance at the SDL Meetings**

In order to vote at the relevant SDL Meeting electronically and ask questions via the online meeting platform, SDL Shareholders will need to download the latest version of the Lumi AGM application (the “App”) onto their smartphone device. The App is available in native application format (Android and iOS devices only) and can be downloaded from the Google Play Store™ Market or the Apple® App Store by searching by the application name “Lumi AGM”.

If you have previously downloaded the App, please ensure you are using the latest version by checking the status in the Google Play Store™ Market or the Apple® App Store. Please be aware that the App does not support Android 4.4 (or below) or iOS 9 (or below).

Alternatively, SDL Shareholders can access the Lumi virtual meeting platform via a mobile web client, which is compatible with the latest browser versions of Chrome, Firefox, Internet Explorer 11 (Internet Explorer v. 10 and below are not supported), Edge and Safari and can be accessed using any web browser, on a PC or smartphone device. If you would prefer to participate and/or vote using this method, please go to <https://web.lumiagm.com>.

Once you have downloaded the App, or accessed <https://web.lumiagm.com> from your web browser, you will be asked to enter the Lumi Meeting ID which is 158-619-102. You will then be prompted to enter your unique login and PIN number. Your unique login is your 11-digit Investor Code (“IVC”), including any zeros, and your PIN number is the last four digits of your IVC. If you are not in receipt of your IVC this can be found on a share certificate or dividend tax voucher, or alternatively you can sign in to [www.signalshares.com](http://www.signalshares.com) to obtain your IVC. If, however, you cannot find your IVC and do not have access to [www.signalshares.com](http://www.signalshares.com) then please contact Link Asset Services on +44 (0) 371 664 0321 before 9 October 2020 to obtain your IVC in order to log in to the meeting. Lines are open 9.00 a.m. to 5.30 p.m. excluding non-working days.

Access to the SDL Meetings will be available from 9.00 a.m. on 9 October 2020, although the voting functionality will not be enabled until the Chairman of the meeting declares the poll open. During the relevant SDL Meeting, you must ensure you are connected to the internet at all times in order to vote when the Chairman commences polling. Therefore, it is your responsibility to ensure connectivity for the duration of the relevant SDL Meeting via your wireless or other internet connection. A user guide to the App and <https://web.lumiagm.com> is available on Lumi’s website at <https://www.lumiglobal.com/hubfs/SDL.pdf>.

**IT IS IMPORTANT THAT, FOR THE SDL COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SDL SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY OR TRANSMIT A PROXY INSTRUCTION (EITHER ELECTRONICALLY OR THROUGH CREST) AS SOON AS POSSIBLE AND, IN ANY EVENT, BY NO LATER THAN 10.00 A.M. ON 7 OCTOBER 2020 IN THE CASE OF THE SDL COURT MEETING AND BY 10.15 A.M. ON 7 OCTOBER 2020 IN THE CASE OF THE SDL GENERAL MEETING (OR IN THE CASE OF ANY ADJOURNMENT, NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE HOLDING OF THE ADJOURNED MEETING. NON-WORKING DAYS SHALL NOT BE TAKEN INTO ACCOUNT FOR THE PURPOSES OF CALCULATING THE DEADLINE FOR RETURNING FORMS OF PROXY FOR ANY ADJOURNED MEETING).**

#### **HELPLINE**

If you have any questions relating to this document (or any information incorporated into this document by reference from another source), the SDL Meetings or the completion and return of the Forms of Proxy, please telephone Link Asset Services on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside of the United Kingdom will be charged at the applicable international rate. Lines will be open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Link Asset Services cannot provide advice on the merits of the Combination nor give any financial, legal or tax advice.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following indicative timetable sets out the expected dates for implementation of the Scheme.

<i>Event</i>	<i>Time and/or date</i> <sup>1</sup>
Latest time for lodging Forms of Proxy for the:	
<b>SDL Court Meeting (WHITE Form of Proxy)</b>	10.00 a.m. on 7 October 2020 <sup>2</sup>
<b>SDL General Meeting (YELLOW Form of Proxy)</b>	10.15 a.m. on 7 October 2020 <sup>3</sup>
Voting Record Time	6.00 p.m. on 7 October 2020 <sup>4</sup>
<b>SDL Court Meeting</b>	10.00 a.m. on 9 October 2020
<b>SDL General Meeting</b>	10.15 a.m. on 9 October 2020 <sup>5</sup>
RWS General Meeting	10.00 a.m. on 9 October 2020
<b>The following are indicative only and are subject to change</b> <sup>6</sup>	
Court Hearing to sanction the Scheme	A date expected to be no later than 14 days after the satisfaction or waiver of Conditions 3(c), (d) and (e) relating to the approval of the Combination by the relevant regulatory authorities and, in any event, prior to 11.59 p.m. on the Long-stop Date subject to the satisfaction or, if applicable, waiver of Conditions 2(a) to 2(d) and 3(a) to 3(e) (“ <b>D</b> ”)
Last time for dealings in, for registration of transfers of, and disablement in CREST of, SDL Shares	6.00 p.m. on D+1*
Scheme Record Time	6.00 p.m. on D+1*
Suspension of listing of, and dealings in, SDL Shares	8.00 a.m. on D+2*
<b>Effective Date</b>	D+2*
New RWS Shares issued to SDL Shareholders	on or soon after 8.00 a.m. on D+3*
Cancellation of listing of SDL on the premium segment of the Official List of the Main Market of the London Stock Exchange	by 8.00 a.m. on D+3*
Admission and commencement of dealings in New RWS Shares on AIM	by 8.00 a.m. on D+3*
CREST accounts of SDL Shareholders credited with New RWS Shares	on or soon after 8.00 a.m. on D+3* but not later than 14 days after the Effective Date
CREST accounts of SDL Shareholders credited with cash due in relation to the sale of fractional entitlements	within 14 days after the Effective Date
Despatch of (a) share certificates for New RWS Shares and (b) cheques for the cash due in relation to the sale of fractional entitlements	within 14 days after the Effective Date
Long-stop Date	17 June 2021 <sup>7</sup>

**Notes:**

- 1 The dates and times given are indicative only and are based on current expectations and are subject to change (including as a result of changes to the regulatory timetable).
- 2 The WHITE Form of Proxy for the SDL Court Meeting should be received by Link Asset Services before 10.00 a.m. on 7 October 2020, or, if the SDL Court Meeting is adjourned, not later than 48 hours before the time fixed for the holding of the adjourned meeting. Non-working days shall not be taken into account for the purposes of calculating the deadline for returning Forms of Proxy for any adjourned meeting. WHITE Forms of Proxy not so received may be emailed to aydin.djermal@linkgroup.co.uk before the commencement of the SDL Court Meeting.
- 3 The YELLOW Form of Proxy for the SDL General Meeting must be lodged with Link Asset Services before 10.15 a.m. on 7 October 2020 in order for it to be valid, or, if the SDL General Meeting is adjourned, not later than 48 hours before the time fixed for the holding of the adjourned meeting. Non-working days shall not be taken into account for the purposes of calculating the deadline for returning Forms of Proxy for any adjourned meeting. The YELLOW Form of Proxy cannot be handed to the Chairman of the SDL General Meeting at that meeting.
- 4 If an SDL Meeting is adjourned, only those SDL Scheme Shareholders (in the case of the SDL Court Meeting) and SDL Shareholders (in the case of the SDL General Meeting) on the register of members of SDL at 6.00 p.m. on the day which is two days before the adjourned meeting will be entitled to attend and vote.
- 5 To commence at the time fixed or, if later, immediately after the conclusion or adjournment of the SDL Court Meeting.
- 6 These times and dates are indicative only and will depend, among other things, on the date on which: (i) the Conditions are either satisfied, or (if capable of waiver) waived, (ii) the Court sanctions the Scheme and (iii) the Court Order sanctioning the Scheme is delivered to the Registrar of Companies. SDL will give notice of any change(s) by issuing an announcement through a Regulatory Information Service and, if required by the Panel, send notice of the change(s) to SDL Shareholders and other persons with information rights and, for information only, to participants in the SDL Share Plans. SDL must implement the Scheme in accordance with the expected timetable unless (i) the SDL Board withdraws its recommendation of the Scheme, (ii) the SDL Board announces its decision to propose an adjournment of an SDL Meeting or the Court Hearing, (iii) an SDL Meeting or the Court Hearing is adjourned, or (iv) any Condition is invoked in accordance with the Takeover Code.
- 7 This is the last date on which the Scheme may become Effective unless RWS and SDL agree a later date.
- \* All dates by reference to “D+1”, “D+2” and “D+3” will be to the date falling the number of Business Days immediately after date D, as indicated.

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**PART 1**  
**LETTER FROM THE CHAIRMAN OF SDL PLC**

*(Incorporated in England and Wales with registered number 02675207)*

*Directors:*

David Clayton (*Non-Executive Chairman*)  
Adolfo Hernandez (*Chief Executive Officer*)  
Xenia Walters (*Chief Financial Officer*)  
Glenn Collinson (*Non-Executive Director and Chairman of Remuneration Committee*)  
Amanda Gradden (*Non-Executive Director*)  
Gordon Stuart (*Non-Executive Director and Chairman of Audit Committee*)  
Christopher Humphrey (*Non-Executive Director*)  
Alan McWalter (*Senior Independent Non-Executive Director*)

*Registered office:*

New Globe House,  
Vanwall Business Park,  
Vanwall Road,  
Maidenhead, England,  
SL6 4UB

17 September 2020

*To all holders of SDL Shares and, for information only, to the holders of options or awards under the SDL Share Plans and persons with information rights in relation to SDL*

Dear Shareholder,

**Recommended all-share combination of SDL and RWS**

**1. Introduction**

On 27 August 2020, the boards of SDL and RWS announced they had reached agreement on the terms of a recommended all-share combination of RWS and SDL, pursuant to which RWS will acquire the entire issued and to be issued share capital of SDL, to be effected by means of a Court-sanctioned scheme of arrangement between SDL and SDL Scheme Shareholders under Part 26 of the Companies Act (the “**Combination**” to form the “**Combined Group**”).

I am writing to you today to set out the terms, and provide further details, of the Combination and the background to and reasons why the SDL Directors consider the terms of the Combination to be fair and reasonable and unanimously recommend that you vote in favour of the Scheme at the SDL Court Meeting and the SDL Resolution at the SDL General Meeting, both of which will be held on 9 October 2020 at the offices of DLA Piper UK LLP at 160 Aldersgate Street, London EC1A 4HT. The SDL Court Meeting will start at 10.00 a.m. and the SDL General Meeting will start at 10.15 a.m. (or as soon thereafter as the SDL Court Meeting has concluded or been adjourned).

**2. The Combination**

Under the terms of the Combination, which is subject to the Conditions and further terms set out in Part 3 of this document, SDL Scheme Shareholders shall receive:

**1.2246 New RWS Shares in exchange for each SDL Share**

Based on this Exchange Ratio and the Closing Price of 741 pence per RWS Share on 26 August 2020 (being the last Business Day prior to the Announcement), the Combination values each SDL Share at 907 pence and SDL’s existing issued and to be issued share capital at approximately £854 million, representing a premium of 52 per cent. to SDL’s Closing Price of 598 pence on 26 August 2020.

On the basis of the Exchange Ratio and the volume-weighted average share price per RWS Share over the six month period ended 26 August 2020 of 562 pence, the Combination values each SDL Share at 688 pence, representing a premium of 40 per cent. to SDL’s volume-weighted average share price over the same period.

Immediately following Completion, SDL Shareholders will own approximately 29.5 per cent. and RWS Shareholders approximately 70.5 per cent. of the Combined Group on a fully diluted basis.

The New RWS Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the RWS Shares in issue at the time the New RWS Shares are issued pursuant to the Combination, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date. Application will be made for the New RWS Shares to be admitted to AIM.

If any dividend or other distribution or return of capital (other than, or in excess of, an SDL Equalising Dividend or pursuant to the Capitalisation) is proposed, declared, made, paid or becomes payable by SDL in respect of an SDL Share on or after the date of this document and with a record date on or before the Scheme Record Time, RWS reserves the right to pay an equalising dividend to its shareholders (“**RWS Equalising Dividend**”). Any exercise by RWS of its right to pay an RWS Equalising Dividend shall be the subject of an announcement and shall not be regarded as constituting any revision or variation of the terms of the Scheme.

If RWS announces, declares, makes or pays any dividend or other distribution or return of capital (other than, or in excess of, an RWS Equalising Dividend) on or after the date of this document and prior to completion of the Combination, there will be no change to the Exchange Ratio; however, SDL reserves the right to pay an equalising dividend to its shareholders in this event (“**SDL Equalising Dividend**”).

In the event that the Combination is to be implemented by way of a Takeover Offer, the SDL Shares will be acquired by RWS pursuant to such offer fully paid and free from all liens, equitable interests, encumbrances and rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto.

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

#### *Summary*

The RWS Board and SDL Board believe that the Combination will deliver material value for both sets of shareholders and that there is a compelling strategic rationale for the Combination. In summary, the RWS Board and the SDL Board believe that the Combination will create the world’s leading language services and technology group which will have a number of competitive advantages, achieved through:

- Bringing together RWS’ specialist technical language services and SDL’s language technology expertise;
- Enhancing the customer proposition of the Combined Group and, over time, generating margin improvements and revenue synergy opportunities;
- Substantially strengthening the Combined Group’s language services positions in the life sciences and technology sectors;
- Positioning the Combined Group with attractive margins and a highly cash generative profile;
- Creating an enlarged group with a strong balance sheet and providing a platform from which to invest in organic and inorganic growth opportunities; and
- Generating substantial value from at least £15 million of cost synergies.

#### *Bringing together RWS’ specialist technical language services and SDL’s language technology expertise*

The Combined Group will have broad capabilities across a range of language services, language and content software and IP services, combining the strengths of RWS’ specialist technical translation and localisation capabilities with SDL’s software, machine translation and AI capabilities.

The Combination will bring together the technology-enabled language services of SDL with RWS’ translation and localisation business, creating a highly attractive customer proposition with pro forma revenue of over £700 million in the high growth language services market. With a global market opportunity of approximately \$57 billion currently served by a highly fragmented and competitive industry of over 18,000 language services providers, the Combined Group is expected to have a number of competitive advantages from its reputation for quality, specialist capabilities, scale and the breadth of its services.

The Combined Group will also have a highly attractive technology proposition enhanced by SDL’s leading software, machine translation and AI capabilities. As globalisation, technological developments and the value of data drive the need for process optimisation across all industries in which RWS’ and SDL’s clients operate, the Combined Group will provide the bandwidth to manage its clients’ data securely on tech-enabled scalable platforms which will drive further innovation, agility, and efficiency.

***Enhancing the customer proposition of the Combined Group and, over time, generating margin improvements and revenue synergy opportunities***

The Combined Group will be the largest language services and technology company in the world and will have an expanded geographical footprint across the US, UK, continental Europe, Asia, Canada and South America. The greater scale and capabilities of the Combined Group will create an enhanced product and service proposition for both companies' customers around the world.

The Combined Group will serve an expanded blue chip customer base with limited overlap across its core markets, and will benefit from the complementary nature of the two companies' existing customer bases. Clients include some of the largest global companies in the technology, life sciences, pharmaceutical, medical, chemical, automotive and telecoms industries, including 90 of the world's top 100 brands by value, all the top 10 pharmaceutical companies globally, many of the major West Coast technology businesses, and approximately half of the top 20 patent filers worldwide.

The highly complementary nature of the two companies' existing customer bases and product service offerings, combining SDL's proprietary technology and translation workflow software with RWS' specialist capabilities, are expected to generate increased translation volumes for the Combined Group through leveraging the two companies' significant investments in their respective technologies and capabilities, as well as through cross-selling and up-selling to customers.

The RWS Board expects that the Combination will, over time, provide opportunity for revenue synergies. For example, the Combination will create the opportunity to cross-sell RWS' IP Services to the SDL customer base and SDL's content technologies to the RWS customer base.

***Substantially strengthening the Combined Group's language services positions in the life sciences and technology sectors***

The Combination will bring together RWS' Life Sciences division with SDL's equivalent Life Sciences focused operations, creating a significant customer proposition in the \$1.9 billion high growth language services segment of the \$1.4 trillion Life Sciences industry. By bringing together the blue-chip life science client bases of the two companies and harnessing RWS' reputation for quality and SDL's technological capabilities, the Combined Group expects this segment to be a key driver of long term growth, supported by significant cross-selling and up-selling opportunities.

The Combination will also create a compelling customer proposition serving the technology industry by bringing together the large enterprise clients of RWS Moravia and SDL, which will benefit customers through an enhanced service, a streamlined delivery channel and additional innovative products, and the Combined Group through efficiencies and economies of scale. The Combined Group will also benefit from existing long term relationships with many of the major West Coast technology businesses, and the Combination will provide a full suite of services to help its technology clients continue to grow their brands globally and make content relevant and understandable to audiences worldwide, whilst maintaining a consistent and relevant brand voice.

***Positioning the Combined Group with attractive margins and a highly cash generative profile***

The Combination will create a Combined Group with pro forma FY2019 revenues of £732 million, FY2019 adjusted operating profit of £116 million, implying an attractive margin profile of over 15 per cent, before synergies, and FY2019 adjusted profit before tax of £109 million. RWS' management believes this can be further improved in the long term, as expected increases in translation volumes leverage previous significant investments in both companies' technologies and capabilities.

The Combined Group will also have a highly cash generative profile assisted by its limited capital requirements.

The RWS Board expects that the Combination will result in double digit earnings per share accretion in the first full financial year post Completion.

The SDL Board believes that the Combination will result in enhanced value for SDL Shareholders reflecting a combination of the agreed Exchange Ratio, participation in the continuation of RWS' dividend policy post Completion and the significant synergy potential of the proposed transaction.

***Creating an enlarged group with a strong balance sheet and providing a platform from which to invest in organic and inorganic growth opportunities***

At Completion, the Combined Group will have a strong balance sheet and significant financing available to it under RWS' \$120 million banking facility, and is expected to have a net cash position.

The Combined Group will be well positioned to invest in organic growth opportunities and to pursue the most attractive, value-enhancing acquisitions in the highly fragmented and competitive global language services sector. It is expected that these acquisitions would be complementary to the capabilities of the Combined Group and would either extend its range of services or increase its geographical coverage.

***Generating substantial value from at least £15 million of cost synergies***

The RWS Board, having reviewed and analysed the potential synergies of the Combination, and based on its experience of operating in the translation services, software and localisation sectors, is confident that as a direct result of the Combination, the Combined Group will generate attractive cost synergies and create additional shareholder value.

The RWS Board has consulted with the SDL management team on the scale of available cost synergies, and with the benefit of their experience of running a software business, as well as taking into account the factors it can influence, believes that the Combination will generate significant run-rate annual cost synergies of at least £15 million by the end of the financial year ended 30 September 2022, the first full year post Completion.

These anticipated cost synergies will accrue as a direct result of the Combination and would not be achieved on a standalone basis. The potential sources of quantified cost synergies are in addition to any savings previously targeted and already underway by either RWS or SDL.

The constituent elements of these quantified cost synergies, which are expected to originate from the cost bases of both RWS and SDL, comprise:

- **Combining corporate and support functions:** Approximately 40 per cent. of the cost savings are expected to be generated from the rationalisation and consolidation of corporate and support functions, including the removal of duplicate public company costs, the consolidation and rationalisation of the Board of the Combined Group and the executive leadership teams, and the combination of other group support functions;
- **Optimising the Combined Group's sales and marketing activities:** Approximately 40 per cent. of the cost savings are expected to be generated from the optimisation of the sales and marketing functions of the Combined Group, including by sharing best practices and removing duplicate activities;
- **Aligning certain third party spend:** Approximately 15 per cent. of the cost savings are expected to be generated from the alignment of expenses policies across the Combined Group and the removal of duplicative third party costs; and
- **Maximising operating efficiencies in overlapping language translation activities:** The balance of the cost savings is expected to be generated from limited actions to rationalise overlapping teams within the Combined Group's language translation activities.

In achieving these cost synergies, the Combined Group expects to incur aggregate cash implementation costs of approximately £17 million, which are all expected to be one-off in nature and incurred in the financial year in which Completion occurs.

Whilst there is pricing and volume risk in certain areas of customer overlap, based on the analysis to date and aside from the one-off integration cash costs referred to above, the RWS Directors do not expect material dis-synergies to arise as a result of the Combination.

Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out in Appendix 1 to this document. These estimated synergies have been reported on under the Takeover Code by PricewaterhouseCoopers, and by RWS' joint financial advisers, Canaccord Genuity and Gleacher Shacklock. The RWS Directors have confirmed that the Quantified Financial Benefits Statement remains valid. Each of PricewaterhouseCoopers, Canaccord Genuity and Gleacher Shacklock has also confirmed to RWS that the reports they produced in connection with the Quantified Financial Benefits Statement continue to apply. Copies of their reports were included in Parts B and C of Appendix 4 of the Announcement. References in this document to those estimated cost savings should be read in conjunction with Appendix 1.

In addition the Board of RWS has identified further cost savings, which have not been quantified and therefore have not been reported on under the Takeover Code.

#### **4. Strategic plans, employees, management and locations**

***Strategic plans for the Combined Group***

The Combination will create the world's leading global language services and technology group which will have a number of competitive advantages. RWS believes that the Combined Group will be able to maximise its future



growth and profitability potential by capitalising on the expanded and complementary product portfolio and geographic footprint, and by harnessing the teams, best practices and assets of both companies.

The Combined Group intends to move quickly to combine the existing businesses and upon Completion, the Combined Group will initiate a detailed review of the operations of both businesses to assess how they can work most effectively and efficiently together. The detailed review will define the target operating structure for the Combined Group, including evaluating opportunities to combine existing RWS and SDL divisions and support functions.

The detailed review, which is expected to take approximately three months following Completion, will provide the basis for the development of an integration programme designed to minimise disruption to customers and employees whilst delivering the expected opportunities and benefits of the Combination for the Combined Group's stakeholders. This detailed review will seek to identify the optimal structure for the Combination making the most of the expanded scale, footprint and capabilities the Combination will enjoy.

As part of this detailed review, the Board of RWS will consider combining the RWS Life Sciences division with SDL's Regulated Industries business, which includes Life Sciences, to create a stronger combined franchise. In addition, the Board of RWS will consider bringing together those operations of SDL and RWS which serve certain large enterprise customers (in SDL Language Services and RWS Moravia respectively) in order to drive the best possible customer service. The Board of RWS intends to leave RWS IP Services as a separate business unit. The Board of RWS intends to continue to run SDL Language Technologies and SDL Content Technologies as they are today. The detailed review will also consider opportunities for the Combined Group to provide more of its services through SDL's leading technology and translation workflow software in order to maximise efficiencies.

A key benefit of the Combination is the combination of SDL's proprietary technology and translation workflow software with RWS' specialist technical translation and localisation capabilities. In order to fully capture this benefit RWS expects the Combined Group will have an increased focus on technology and plans to create a new group CTO role. This role will take full responsibility for the Group's IT roadmap and resource.

In respect of corporate and support functions, including the board and executive leadership team, where overlap and duplication does exist, it is intended that, following a detailed review of the options available, activities will be consolidated to better support the future strategy of the Combined Group.

### ***Governance***

The Combined Group will draw on the significant talent in both companies to optimise the benefits of the Combination for customers, shareholders and other stakeholders.

Under the terms of the Combination, it is intended that:

- Andrew Brode, Chairman of RWS, will become Chairman of the Board of the Combined Group;
- Richard Thompson, CEO of RWS, will become CEO of the Combined Group;
- Desmond Glass, CFO of RWS, will become CFO of the Combined Group;
- The rest of the Board of the Combined Group will comprise four non-executive directors:
  - Two of these will be existing non-executive directors of RWS, David Shrimpton, who will not stand for re-election at the first Annual General Meeting of the Combined Group and will be replaced by a new externally appointed non-executive director, and Lara Boro who will become senior independent director when David Shrimpton stands down; and
  - Two of these will be existing non-executive directors of SDL, one of which will be David Clayton, non-executive Chairman of SDL.

In addition, upon Completion it is intended that Azad Ootam, CTO of SDL, will become CTO of the Combined Group.

With effect from Completion, it is intended that the service agreement of each SDL Executive Director (being Adolfo Hernandez and Xenia Walters) will be terminated and each SDL Executive Director will enter into a settlement agreement with SDL, which will include payment to each SDL Executive Director of an agreed amount in lieu of notice. It is intended that each SDL Executive Director will enter into a new service or consultancy agreement with RWS with effect from Completion. Further details of these arrangements are set out in paragraph 8 of this Part 1.

Any executive or non-executive directors of RWS or SDL not appointed to the Board of the Combined Group will step down from the RWS Board or the SDL Board (as applicable) upon Completion. The RWS Board and the SDL Board note with thanks the contribution of those departing directors to their respective companies in recent years.

The Combined Group will continue to prioritise its ESG agenda and is committed to achieving and maintaining high standards of corporate responsibility in its business activities.

### ***Management and employees***

RWS attaches great importance to the skills and experience of the existing employees of SDL and RWS and believes that they will benefit from greater opportunities within the Combined Group following the Combination. RWS confirms that it intends to safeguard fully the existing statutory and contractual employment and pension rights of SDL's employees and management and to make no material changes to the conditions of employment or change to the balance of skills and functions of employees across SDL.

The Board of RWS recognises that in order to achieve the expected benefits of the Combination, it will be necessary to perform a detailed review of how best to integrate the two businesses. RWS believes that there is the potential to generate cost savings in the Combined Group following Completion. As part of the preparation of the Quantified Financial Benefits Statement, RWS' initial analysis has identified that there is likely to be an opportunity to rationalise certain corporate overheads and support functions, including public company related costs, costs relating to executive and divisional management, certain support functions and sales and marketing activities, as well as where there are overlapping teams within the Combined Group's activities, without impacting customers. At this stage RWS has not yet developed a final proposal as to how such integration and restructuring would be implemented and will only be able to develop and implement such proposals once the Combined Group has completed its detailed review referred to in the *Strategic plans for the Combined Group* section above.

Subject to the outcome of the detailed review of the integration options, it is likely that there will be a low single digit percentage reduction in the Combined Group's headcount where there is duplication across the Combined Group. At this early stage, RWS has not yet developed any specific proposals as to how any such headcount reductions might be implemented, although in the first instance RWS will seek to address these reductions through fewer hires to replace employees who leave the businesses as a result of natural attrition. RWS will only develop and implement such proposals once the detailed review referred to above has been completed and discussions have been undertaken with the people concerned. RWS is fundamentally a people business and intends to treat its teams fairly and with dignity.

### ***Locations, headquarters and research and development***

The Board of RWS considers that it is in the Combined Group's best interest for certain head office and corporate functions of both RWS and SDL to be combined. For example, a combination of RWS' and SDL's IT functions will create an industry leader in technology solutions for the language services sector and the Board of RWS believes that this will allow technological developments to accelerate.

An initial assessment has been undertaken as part of the preparation of the Quantified Financial Benefits Statement and following Completion it is intended that the Combined Group will consider the combination of certain head office and corporate functions to allow for the better integration of both businesses, which may result in the rationalisation of the Combined Group's head office and corporate function footprint. Whilst it is confirmed that the Combined Group will be headquartered in Chalfont St Peter, RWS' existing headquarters, a number of options for the combination of certain head office and corporate functions are under consideration. The Combined Group will only develop and implement any such options once each has been considered as part of the detailed review referred to above.

The Board of RWS also recognises the importance of a global office network for the Combined Group. As part of its due diligence, RWS has had sight of the future real estate plan that SDL announced as part of its half-year trading announcement on 11 August 2020 to right-size its property portfolio over the next five years and RWS expects to continue with this plan. In addition, RWS believes that there may be future opportunities to optimise the office network of the Combined Group, however no benefits have been included from this as part of the preparation of the Quantified Financial Benefits Statement. As part of any future considerations regarding the Combined Group's office network, the Combined Group will take into account both businesses' successful record of staff working from home during the COVID-19 pandemic.

Beyond the potential changes identified above in relation to certain head office and corporate functions of the Combined Group, there are no further plans to redeploy the fixed assets of SDL.

Given the importance of SDL's technology capability to the Combined Group, there are no plans to alter the research and development function of SDL.

#### ***Pensions***

Following Completion, the Combined Group does not intend to make any changes with regard to the agreed employer contributions into SDL's existing pension scheme(s) or the accrual of benefits to existing members or the admission of new members to such pension schemes.

#### ***Name and Branding of the Combined Group***

Upon Completion, it is intended that the name of the Combined Group will be RWS. To avoid any potential market confusion a rebranding program for the SDL business will be carried out so that over a period of time the SDL business will be rebranded as RWS.

#### ***Listing locations***

Prior to the Scheme becoming Effective, it is intended that applications will be made to the FCA to cancel the listing of the SDL Shares on the Official List and to the London Stock Exchange for the cancellation of trading of the SDL Shares on the London Stock Exchange's main market for listed securities, with effect from or shortly following the Effective Date, and to re-register SDL as a private limited company.

RWS will seek approval for the New RWS Shares to be admitted to AIM.

#### ***Other***

The statements in this paragraph 4 or paragraph 3 which constitute "post-offer intention statements" for the purposes of Rule 19.6 of the Takeover Code will apply for 12 months from Completion.

#### ***Views of the SDL Board***

In considering the intention to recommend the Combination to SDL Shareholders, the Board of SDL has given due consideration to the assurances that RWS has given in relation to management and employees within the Combined Group.

The SDL Board acknowledges that, following Completion, RWS will carry out a detailed assessment of the Combined Group's executive, divisional and local management and this may lead to changes in the structure and/or composition of the combined team including potentially removal of overlaps and fewer hires to replace employees who leave the businesses as a result of natural attrition. The SDL Board acknowledges that there may be a limited reduction in the Combined Group's headcount including in corporate and support functions at SDL's head office where there is duplication with RWS' existing functions or where the function was required to support SDL's status as a publicly traded company listed on the premium segment of the Official List. However, the Boards of RWS and SDL are committed to determining the employees of the Combined Group on a best-fit approach and the SDL Board supports the statement that RWS has no plans to alter the research and development function of SDL, which will be critical to delivering value to shareholders by combining both RWS and SDL's distinct propositions following Completion.

The SDL Board expects that this integration process and any headcount reductions that might occur will involve engagement and consultation with the relevant employees, any employee representatives and other stakeholders.

The Board of SDL welcomes the Combined Group's intentions with respect to the future operations of the business and its employees as part of a larger business combined with RWS, in particular, RWS' confirmation of its intention to safeguard fully the existing statutory and contractual employment and pension rights of the SDL Group's employees and management and to make no change to the balance of skills and functions of employees across the SDL Group.

#### **5. Dividend policy of the Combined Group post Completion**

The RWS Board expects that the Combined Group will maintain RWS' progressive dividend policy, which has delivered uninterrupted dividend growth since RWS listed in 2003. The RWS Board believes that this would result in a significant uplift in dividend payments to SDL Shareholders, with the scale and balance sheet strength of the Combined Group further underpinning its ability to maintain growth in future dividend payments.

#### **6. Background to and reasons for the SDL Directors' recommendation**

The Board of SDL remains confident in the standalone prospects of SDL and is pleased with the substantive progress made over the last few years across its strategic priorities. The strong delivery against strategic and

operational initiatives saw SDL generate record revenues of £376.3 million and further Adjusted Operating Profit growth to a total of £37.2 million in its financial year ended 31 December 2019.

The rationale for, and benefits of, the Combination are set out in paragraph 3 of this Part 1. While the Board of SDL considers the standalone prospects for SDL to be strong, there are clear and compelling benefits to RWS, SDL and their customers in a combination of the two companies.

SDL has developed strong specialist capabilities focusing on higher growth customers and segments through its solutions and differentiated offerings including its highly specialised technology portfolio. SDL works with many of the world's largest companies across a variety of industries including high-tech, life sciences, retail/travel, automotive/manufacturing, financial services and government/defence. With increased scale and larger business, the Combined Group can enhance its service offering to its existing customers and drive SDL towards its stated aim of becoming a leader in language services and language and content technologies and solutions. Similarly, RWS is one of the largest specialist technical translation and localisation companies which, augmented with the machine translation and artificial intelligence capabilities of SDL, will provide a complementary and adjacent product offering. Combining some of the operational aspects of the respective businesses will unlock value and extend the product and service reach, enhance operational capability and create a compelling and highly attractive customer proposition in language services and technology.

In addition, the Board of SDL believes the Combination provides an opportunity to build a platform to deliver more innovative future solutions and a strong balance sheet to invest in organic and inorganic growth opportunities. SDL believes that the scale and reach of the Combined Group will position the business across a number of markets which it will be well placed to serve and grow.

Based on the Closing Price of 741 pence per RWS Share on 26 August 2020 (being the last Business Day prior to the Announcement), the Combination values each SDL Share at 907 pence, comprising an equity value of £854 million which represents a premium of approximately 52 per cent. over the Closing Price of 598 pence per SDL Share as at 26 August 2020.

For the reasons outlined above, the SDL Board believes the strategic and financial rationale of the Combination to be particularly compelling. The Combination is expected to result in enhanced value for SDL Shareholders, reflecting a combination of the agreed Exchange Ratio, participation in the continuation of RWS' dividend policy post-Completion and significant synergy potential of the proposed transaction.

Furthermore, the Board of SDL believes that the terms of the Combination fairly reflect SDL and RWS' respective standalone businesses and their prospects, an appropriate sharing of the expected synergies resulting from the Combination, and the proposed balance of the Board and management team of the Combined Group. The share for share Combination enables SDL Shareholders to participate fully in the potential value creation of the Combination and benefit from future shareholder returns, including participating in the continuation of RWS' stated dividend policy following Completion. The Board of SDL is pleased that two of its non-executive directors will join the Board of the Combined Group and that SDL's CTO will join the management team of the Combined Group in delivering the successful integration of SDL and RWS and the resulting synergies.

#### **7. Irrevocable undertakings and letters of intent**

The SDL Directors who are interested in SDL Shares have irrevocably undertaken to vote in favour of the Scheme at the SDL Court Meeting, and in favour of the SDL Resolution to be proposed at the SDL General Meeting, in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 391,965 SDL Shares representing, in aggregate, approximately 0.4 per cent. of SDL's issued ordinary share capital as at the close of business on the Latest Practicable Date.

RWS has also received non-binding letters of support from those SDL Shareholders listed in paragraph 8.2 of Part 5 of this document to vote in favour of the Scheme at the SDL Court Meeting, and in favour of the SDL Resolution to be proposed at the SDL General Meeting, in respect of a total of 34,147,915 SDL Shares representing, in aggregate, approximately 37.4 per cent. of SDL's issued ordinary share capital as at the close of business on the Latest Practicable Date.

RWS has therefore received irrevocable undertakings and letters of support in respect of a total number of 34,539,880 SDL Shares representing, in aggregate, approximately 37.8 per cent. of SDL's issued ordinary share capital as at the close of business on the Latest Practicable Date.

Further details of these irrevocable undertakings and letters of intent (and the circumstances in which they cease to be binding) are set out in paragraph 8 of Part 5 of this document.

#### 8. **SDL Share Plans**

The Combination will affect options and awards granted under the various SDL Share Plans. Participants in the SDL Share Plans will be contacted regarding the effect of the Combination on their rights under the SDL Share Plans and appropriate proposals in accordance with Rule 15 of the Takeover Code where required will be made to them in due course, which will set out their choices in the context of the Combination.

Unvested awards and options under the SDL Share Plans will generally vest and become exercisable in consequence of the Combination.

Awards under the SDL LTIP 2016 will vest subject to the satisfaction of applicable performance conditions (to be determined by the SDL Remuneration Committee). In addition, certain awards under that plan will be reduced to reflect early vesting.

Awards under the SDL Sharesave Scheme (UK) and under the SDL International Sharesave Scheme will, in consequence of the Combination, if not already exercisable, become exercisable to the extent of the savings accrued by each participant under the terms of the savings contract linked to the awards.

The SDL Executive Directors have each agreed with RWS that they will enter into a new service or consultancy agreement with RWS for a maximum period of 12 months commencing on the Effective Date to assist RWS in achieving a successful integration of the two businesses. These new arrangements may be on a part-time basis, but will otherwise be on terms that are no more favourable than the terms of the relevant SDL Executive Director's existing service agreement with SDL (the "**Executive Directors' Arrangements**"). Each SDL Executive Director has also agreed to enter into a non-divestment agreement under which a number of shares equal to an agreed percentage of the New RWS Shares (the "**Retained Shares**") that they are expected to receive in respect of the exercise of certain of their respective awards under the SDL LTIP 2016 will be held until the termination or expiry of their new service or consultancy agreement. Under the terms of the non-divestment agreement if the SDL Executive Director's new service or consultancy agreement terminates before the date falling 12 months after the Effective Date for reasons other than his or her resignation or for gross misconduct, the Retained Shares will be released to the SDL Executive Director only at the end of such 12 month period. If, before the date falling 12 months after the Effective Date, the SDL Executive Director resigns or his or her new service or consultancy agreement is terminated for gross misconduct, he or she will forfeit the Retained Shares.

RWS will offer UK participants in the SDL Sharesave Scheme (UK) the opportunity to exchange their unvested options over SDL Shares granted under that plan for equivalent options over RWS Shares in accordance with the terms of the SDL Sharesave Scheme (UK) (the "**Rollover**").

For the purpose of Rule 16.2 of the Takeover Code, Rothschild & Co has confirmed to the SDL Directors that, in its opinion, the terms of the Executive Directors' Arrangements and the terms of the Rollover are fair and reasonable.

Further details in relation to the effect of the Combination on the SDL Share Plans can be found in paragraph 8 of Part 2 of this document.

#### 9. **The Scheme, the SDL Meetings and the Conditions**

The Combination will be implemented by means of a Court-sanctioned scheme of arrangement between SDL and SDL Scheme Shareholders, made under Part 26 of the Companies Act. RWS reserves the right to implement the Combination by way of a Takeover Offer, subject to the Panel's consent and the terms of the Co-operation Agreement.

The purpose of the Scheme is to provide for RWS to become the owner of the entire issued and to be issued ordinary share capital of SDL. Following the Scheme becoming Effective, the SDL Scheme Shares will be transferred to RWS, in consideration for which SDL Scheme Shareholders whose names appear on the register of members of SDL at the Scheme Record Time will be provided with 1.2246 New RWS Shares for each SDL Scheme Share held by them.

SDL Shares issued after the Scheme Record Time will not be subject to the Scheme. Accordingly, it is proposed that the SDL Articles be amended so that SDL Shares issued after the Scheme Record Time other than to RWS will be automatically acquired by RWS on the same terms as under the Scheme.

To become Effective, the Scheme requires, among other things, the approval of a majority in number, representing not less than 75 per cent. in value of the SDL Scheme Shares held by SDL Scheme Shareholders present and voting in person or by proxy at the SDL Court Meeting, which has been convened by an order of the Court, and the

passing of the SDL Resolution at the SDL General Meeting. Given the current guidance and the general uncertainty on what additional and/or alternative measures may be put in place in relation to restricting social gatherings in view of the COVID-19 pandemic, SDL Shareholders will not be permitted to attend the SDL Meetings physically, save for those SDL Shareholders permitted by the Chairman of the relevant SDL Meeting to establish a quorum. SDL will provide a facility for SDL Shareholders who wish to attend, ask questions and vote at the relevant SDL Meeting in real time should they wish to do so via a virtual meeting platform. SDL Shareholders wishing to use this facility should refer to the details in the notices of the SDL Meetings set out at Part 9 and Part 10 of this document and the explanation of the actions to be taken set out on pages 9 to 10 of this document.

The Conditions in paragraph 2 of Part 3 to this document provide, amongst other things, that the Scheme will lapse if:

- the SDL Court Meeting and the SDL General Meeting are not held on or before 31 October 2020 (or such later date as may be agreed between RWS and SDL and the Court may allow); or
- the Court Hearing to approve the Scheme is not held on or before the 22nd day after the expected date of such Court Hearing as set out in this document (or such later date as may be agreed between RWS and SDL and the Court may allow).

The Combination and the Scheme is also subject to the other terms and Conditions set out in Part 3 of this document, including:

- the RWS Resolution being passed by the requisite majority of RWS Shareholders at the RWS General Meeting;
  - in so far as the Combination satisfies the thresholds for notification and premerger authorisation under the German Act, the FCO either having cleared or not prohibited the Combination through the occurrence of any of the following events:
    - clearance of the Combination pursuant to section 40 (2) sentence 1 of the German Act; or
    - notice of the FCO to the parties within the one-month waiting period pursuant to section 40 (1) of the German Act that the criteria for prohibiting the Combination pursuant to section 36 of the German Act are not satisfied; or
    - expiration of the one-month waiting period pursuant to section 40 (1) of the German Act without the FCO notifying the parties to the Combination of the main examination proceedings (*Hauptprüfverfahren*) pursuant to section 40 (1) sentence 2 of the German Act; or
    - expiration of the four-month prohibition period pursuant to section 40 (2) sentence 2 of the German Act, if applicable extended by:
      - the period of a suspension pursuant to section 40 (2) sentence 5 of the German Act; and/or
      - one month pursuant to section 40 (2) sentence 7 of the German Act; and/or
      - a period agreed between the parties and the FCO pursuant to section 40 (2) sentence 4 no 1 of the German Act;
- unless*
- there is no longer an authorized domestic recipient pursuant to section § 39 (3) sentence 2 no 6 of the German Act; and
  - the FCO has decided to not prohibit the Combination;
- in so far as the Combination satisfies the Russian thresholds for notification and premerger authorisation identified in the Russian Act either:
    - the FAS having issued and not revoked or amended consent, in terms satisfactory to RWS, for the Combination under the Russian Act; or
    - the FAS providing official written response confirming that the Combination is not subject to merger control in Russia;
  - in so far as the Combination satisfies the thresholds for notification and premerger authorisation under the United Kingdom Enterprise Act 2002:
    - by the time all other Conditions have been satisfied or (where applicable) waived, (i) the CMA having indicated, in terms satisfactory to RWS acting reasonably, and in response to a briefing paper submitted

by RWS and SDL, that it has no further questions or that it does not intend to open a CMA Merger Investigation in relation to the Combination or any matters arising therefrom; and (ii) not having subsequently opened such an investigation or indicated that it may do so; or

- confirmation having been received in writing from the CMA, in terms satisfactory to RWS acting reasonably, that the CMA does not intend to make a CMA Phase 2 Reference in connection with the Combination or any matters arising therefrom; or
- the period within which the CMA is required to decide whether the duty to make a CMA Phase 2 Reference applies with respect to the Combination or any matters arising therefrom has expired without such a decision having been made; and
- the New RWS Shares being admitted to trading on AIM.

The condition relating to the notifications and filings required under the HSR Act, set out at paragraph 3(f) of Part A of Appendix 1 to the Announcement, has been satisfied.

Once the necessary approvals from SDL Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived and the Scheme has been approved by the Court, the Scheme will become Effective only upon a copy of the Court Order being delivered to the Registrar of Companies. Subject to the satisfaction or (where applicable) waiver of the Conditions, the Scheme is expected to become Effective during the fourth quarter of 2020.

Upon the Scheme becoming Effective, it will be binding on all SDL Scheme Shareholders, irrespective of whether or not they attended or voted at the SDL Court Meeting or the SDL General Meeting (and, if they attended and voted, whether or not they voted in favour).

**It is important that, for the SDL Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of SDL Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy or transmit a proxy instruction (either electronically or through CREST) as soon as possible.**

If the Scheme is not Effective on or before 11.59 p.m. on the Long-stop Date, the Scheme will not be implemented and the Combination will not proceed.

The Scheme will be governed by English law and will be subject to the jurisdiction of the Courts of England and Wales. The Scheme will also be subject to the applicable requirements of the Takeover Code, the Panel, the Listing Rules, the AIM Rules and the London Stock Exchange.

**Further details of the Scheme, the SDL Meetings and the Conditions are set out in Part 2 of this document.**

#### 10. RWS Shareholder approval

In order to allot and issue the New RWS Shares, RWS will be required to seek the approval of the RWS Shareholders at the RWS General Meeting.

RWS intends to send, on or around the date of this document, the RWS Circular to RWS Shareholders, including a notice convening the RWS General Meeting. The Combination is conditional on, amongst other things, the RWS Resolution being passed by the requisite majority of RWS Shareholders at the RWS General Meeting which will be convened to be held at 10.00 a.m. on 9 October 2020, the same date as the SDL Meetings.

The RWS directors consider the Combination to be in the best interests of RWS and the RWS Shareholders as a whole and intend unanimously to recommend that RWS Shareholders vote in favour of the RWS Resolution to be proposed at the RWS General Meeting, as they have irrevocably undertaken to do, in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 90,494,140 RWS Shares representing, in aggregate, approximately 32.9 per cent. of RWS's ordinary share capital in issue as at the Latest Practicable Date.

Further details of these irrevocable undertakings are set out at paragraph 8.3 of Part 5 of this document.

#### 11. New RWS Shares

The New RWS Shares will be issued in registered form and will be capable of being held in both certificated and uncertificated form. The New RWS Shares will be issued by RWS to SDL Scheme Shareholders no later than 14 days after the Effective Date.

The New RWS Shares to be issued to SDL Scheme Shareholders pursuant to the Scheme will be issued as fully paid and will rank *pari passu* in all respects with existing RWS Shares, including the right to receive notice of, and to attend and vote at, general meetings of RWS, and to receive dividends and other distributions declared, made or paid on RWS Shares by reference to a record date falling on or after the Effective Date (but will not,

for the avoidance of doubt, carry the right to receive any dividends and other distributions for which the record date is before the Effective Date), and the right to participate in the assets of RWS upon a winding up. Under the Co-operation Agreement, RWS has committed, subject to certain exceptions, not to authorise, declare or pay any dividend or any other distribution prior to the expiry of the period ending on 27 November 2020.

The New RWS Shares will be freely transferable and there are no restrictions on transfer in the UK. Further details about the rights of the New RWS Shares is set out in paragraph 9 of Part 5 of this document.

The existing RWS Shares are admitted to trading on AIM. Prior to the Effective Date, RWS will make an application to the London Stock Exchange for the admission to trading of the New RWS Shares on AIM. It is expected that the New RWS Shares will be admitted to trading on AIM by 8.00 a.m. on the first Business Day after the Effective Date and dealings for normal settlement in the New RWS Shares will commence at or shortly after that time. No application is currently intended to be made for New RWS Shares to be admitted to listing or dealing on any other exchange.

#### **12. Taxation**

Your attention is drawn to Part 7 of this document which contains a summary of limited aspects of the UK tax treatment of the Scheme. That summary relates only to the position of certain categories of SDL Scheme Shareholders (as explained further in Part 7 of this document), does not constitute tax advice and does not purport to be a complete analysis of all potential UK tax consequences of the Scheme. If you are in any doubt as to your tax position, or if you are subject to taxation in any jurisdiction other than the UK you should consult an appropriately qualified professional adviser.

#### **13. Overseas Shareholders**

Persons resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom should refer to paragraph 17 of Part 2 of this document.

#### **14. Action to be taken**

Details of the SDL Meetings to be held and the action to be taken in respect of the Scheme are set out on pages 9 and 10 and in paragraphs 12 and 13 of Part 2 of this document.

#### **15. Recommendation**

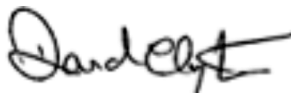
The SDL Directors, who have been so advised by Rothschild & Co on the financial terms of the Combination, consider the terms of the Combination to be fair and reasonable. Rothschild & Co is providing independent financial advice to the SDL Directors for the purpose of Rule 3 of the Takeover Code. In providing its financial advice to the SDL Directors, Rothschild & Co has taken into account the commercial assessments of the SDL Directors.

Accordingly, the SDL Directors recommend unanimously that SDL Shareholders vote in favour of the Scheme at the SDL Court Meeting and the resolutions to be proposed at the SDL General Meeting (or in the event the Combination is implemented by a Takeover Offer, to accept or procure acceptance of such offer).

#### **16. Further information**

Please read carefully the remainder of this document (and the information incorporated by reference into this document), in particular the letter from Rothschild & Co set out in Part 2 of this document, being the explanatory statement made in compliance with section 897 of the Companies Act. The information in this letter is not a substitute for reading the remainder of this document.

Yours faithfully



David Clayton  
SDL plc



**PART 2**  
**EXPLANATORY STATEMENT**

*(in compliance with section 897 of the Companies Act)*

Rothschild & Co  
New Court, St Swithin's Lane  
London EC4N 8AL  
United Kingdom  
17 September 2020

*To all holders of SDL Shares and, for information only, to the holders of options or awards under the SDL Share Plans and persons with information rights in relation to SDL*

Dear SDL Shareholder,

**Recommended all-share combination of SDL plc and RWS Holdings plc**

**1. Introduction**

On 27 August 2020, the boards of SDL and RWS announced they had reached agreement on the terms of a recommended all-share combination of RWS and SDL, pursuant to which RWS will acquire the entire issued and to be issued share capital of SDL, to be effected by means of a Court-sanctioned scheme of arrangement between SDL and SDL Scheme Shareholders under Part 26 of the Companies Act.

**Your attention is drawn to the letter from the Chairman of SDL set out in Part 1 of this document, which forms part of this explanatory statement. The Chairman's letter contains, among other things, (a) information on the background to and reasons for the Combination and (b) the unanimous recommendation of the SDL Directors that SDL Shareholders vote in favour of the Scheme at the SDL Court Meeting and the SDL Resolution at the SDL General Meeting.**

The Chairman's letter also states that the SDL Directors, who have been so advised by Rothschild & Co on the financial terms of the Combination, consider the terms of the Combination to be fair and reasonable. In providing advice to the SDL Directors, Rothschild & Co has taken into account the commercial assessments of the SDL Directors.

We have been authorised by the SDL Directors to write to you to explain the terms of the Combination and the Scheme and to provide you with other relevant information.

**2. The Combination**

The Combination, which is subject to the Conditions and further terms set out in Part 3 of this document, will be effected by means of the Scheme.

Under the terms of the Combination, SDL Scheme Shareholders will receive:

**1.2246 New RWS Shares in exchange for each SDL Share**

Based on this Exchange Ratio and the Closing Price of 741 pence per RWS Share on 26 August 2020 (being the last Business Day prior to the Announcement), the Combination values each SDL Share at 907 pence and SDL's existing issued and to be issued share capital at approximately £854 million, representing a premium of 52 per cent. to SDL's Closing Price of 598 pence on 26 August 2020.

On the basis of the Exchange Ratio and the volume-weighted average share price per RWS Share over the six month period ended 26 August 2020 of 562 pence, the Combination values each SDL Share at 688 pence, representing a premium of 40 per cent. to SDL's volume-weighted average share price over the same period.

Immediately following Completion, SDL Shareholders will own approximately 29.5 per cent. and RWS Shareholders approximately 70.5 per cent. of the Combined Group on a fully diluted basis.

The New RWS Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the RWS Shares in issue at the time the New RWS Shares are issued pursuant to the Combination, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date. Application will be made for the New RWS Shares to be admitted to AIM.

If any dividend or other distribution or return of capital (other than, or in excess of, an SDL Equalising Dividend or pursuant to the Capitalisation) is proposed, declared, made, paid or becomes payable by SDL in respect of a SDL Share on or after the date of this document and with a record date on or before the Scheme Record Time, RWS reserves the right to pay a RWS Equalising Dividend. Any exercise by RWS of its right to pay a RWS Equalising Dividend shall be the subject of an announcement and shall not be regarded as constituting any revision or variation of the terms of the Scheme.

If RWS announces, declares, makes or pays any dividend or other distribution or return of capital (other than, or in excess of, an RWS Equalising Dividend) on or after the date of this document and prior to completion of the Combination, there will be no change to the Exchange Ratio; however, SDL reserves the right to pay an SDL Equalising Dividend.

In the event that the Combination is to be implemented by way of a Takeover Offer, the SDL Shares will be acquired by RWS pursuant to such offer fully paid and free from all liens, equitable interests, encumbrances and rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto.

### **3. Information relating to RWS**

RWS is one of the world's largest providers of intellectual property support services (patent translations, international patent filing solutions and searches), a significant provider of life sciences translations and linguistic validation, a highly experienced localisation provider, and a high-level specialist language service provider in other technical areas, providing for the diverse needs of a blue-chip multinational client base spanning Europe, North America and Asia. Its clients include all the top 10 pharmaceutical companies globally, many of the major West Coast technology businesses, and approximately half of the top 20 patent filers worldwide.

RWS has a 16 year track record of unbroken growth since its IPO, which has resulted in material value creation for its shareholders. RWS reported revenues of £356 million and adjusted profit before tax of £74 million for the twelve months ended 30 September 2019, increases of 16 per cent and 20 per cent respectively versus the prior financial year. More recently, RWS reported revenues of £170 million and adjusted profit before tax of £33 million for the six months ended 31 March 2020, followed by strong trading performance in April and strong sales in May.

RWS has a successful track record of combining with businesses, including having successfully integrated RWS Moravia following its acquisition in 2017. Most recently, RWS announced the acquisitions of Iconic and Webdunia in June 2020, which complement RWS' existing translation, localisation and technology services and strengthen RWS' machine translation capabilities.

RWS is based in the UK, with 36 offices across five continents. It translates over 2 billion words annually and supports the translation of over 260 languages. The company is listed on AIM (RWS.L).

### **4. RWS financial trading and prospects**

Current trading for RWS continues in line with statements made in its half-year trading announcement on 9 June 2020.

### **5. Financial effects of the Combination on RWS**

The RWS Board and SDL Board believe that the Combination will deliver material value for both sets of shareholders.

#### ***Positioning the Combined Group with attractive margins and a highly cash generative profile***

The Combination will create a Combined Group with pro forma FY2019 revenues of £732 million, FY2019 adjusted operating profit of £116 million, implying an attractive margin profile of over 15 per cent, before synergies, and FY2019 adjusted profit before tax of £109 million. RWS' management believes this can be further improved in the long term, as expected increases in translation volumes leverage previous significant investments in both companies' technologies and capabilities.

The Combined Group will also have a highly cash generative profile assisted by its limited capital requirements.

The RWS Board expects that the Combination will result in double digit earnings per share accretion in the first full financial year post Completion.

The SDL Board believes that the Combination will result in enhanced value for SDL Shareholders reflecting a combination of the agreed Exchange Ratio, participation in the continuation of RWS' dividend policy post Completion and the significant synergy potential of the proposed transaction.

***Creating an enlarged group with a strong balance sheet and providing a platform from which to invest in organic and inorganic growth opportunities***

At Completion, the Combined Group will have a strong balance sheet and significant financing available to it under RWS' \$120 million banking facility, and is expected to have a net cash position.

The Combined Group will be well positioned to invest in organic growth opportunities and to pursue the most attractive, value-enhancing acquisitions in the highly fragmented and competitive global language services sector. It is expected that these acquisitions would be complementary to the capabilities of the Combined Group and would either extend its range of services or increase its geographical coverage.

***Generating substantial value from at least £15 million of cost synergies***

The RWS Board, having reviewed and analysed the potential synergies of the Combination, and based on its experience of operating in the translation services, software and localisation sectors, is confident that as a direct result of the Combination, the Combined Group will generate attractive cost synergies and create additional shareholder value.

The RWS Board has consulted with the SDL management team on the scale of available cost synergies, and with the benefit of their experience of running a software business, as well as taking into account the factors it can influence, believes that the Combination will generate significant run-rate annual cost synergies of at least £15 million by the end of the financial year ended 30 September 2022, the first full year post Completion.

These anticipated cost synergies will accrue as a direct result of the Combination and would not be achieved on a standalone basis. The potential sources of quantified cost synergies are in addition to any savings previously targeted and already underway by either RWS or SDL.

The constituent elements of these quantified cost synergies, which are expected to originate from the cost bases of both RWS and SDL, comprise:

- **Combining corporate and support functions:** Approximately 40 per cent. of the cost savings are expected to be generated from the rationalisation and consolidation of corporate and support functions, including the removal of duplicate public company costs, the consolidation and rationalisation of the Combined Group's Board and executive leadership teams, and the combination of other group support functions;
- **Optimising the Combined Group's sales and marketing activities:** Approximately 40 per cent. of the cost savings are expected to be generated from the optimisation of the sales and marketing functions of the Combined Group, including by sharing best practices and removing duplicate activities;
- **Aligning certain third party spend:** Approximately 15 per cent. of the cost savings are expected to be generated from the alignment of expenses policies across the Combined Group and the removal of duplicative third party costs; and
- **Maximising operating efficiencies in overlapping language translation activities:** The balance of the cost savings is expected to be generated from limited actions to rationalise overlapping teams within the Combined Group's language translation activities.

In achieving these cost synergies, the Combined Group expects to incur aggregate cash implementation costs of approximately £17 million, which are all expected to be one-off in nature and incurred in the financial year in which Completion occurs.

Whilst there is pricing and volume risk in certain areas of customer overlap, based on the analysis to date and aside from the one-off integration cash costs referred to above, the RWS Directors do not expect material dis-synergies to arise as a result of the Combination.

Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out in Appendix 1 to this document. These estimated synergies have been reported on under the Takeover Code by PricewaterhouseCoopers, and by RWS' joint financial advisers, Canaccord Genuity and Gleacher Shacklock. The RWS Directors have confirmed that the Quantified Financial Benefits Statement remains valid. Each of PricewaterhouseCoopers, Canaccord Genuity and

Gleacher Shacklock has also confirmed to RWS that the reports they produced in connection with the Quantified Financial Benefits Statement continue to apply. Copies of their reports were included in Parts B and C of Appendix 4 of the Announcement. References in this document to those estimated cost savings should be read in conjunction with Appendix 1.

In addition the Board of RWS has identified further cost savings, which have not been quantified and therefore have not been reported on under the Takeover Code.

## **6. Information on SDL**

SDL is a top 3 language service provider by revenue, highly experienced in language technologies and web and structured content management, and has been operating for over 25 years. The markets that SDL addresses remain attractive in the long term, underpinned by strong digital content growth and its customers' expansion into new markets.

SDL has built competitive differentiation by innovation in language services, providing advanced technology and artificial intelligence, and combining services and technology into solutions.

SDL is also developing its operating model to automate and streamline its processes and build a data-rich and scalable operation. SDL's development focuses on areas where it has real market strength to build a business that has the potential to grow faster and generate higher returns. The impact of technology, in particular neural machine translation is changing the landscape of localisation, and SDL's scale and advanced technology solutions provide a meaningful competitive advantage and a resilient business and operating model.

SDL sells to a significant number of the largest companies in its target sectors, as well as over 1,500 language service providers and 14,000 freelance translators, and its customers include 90 of the world's top 100 brands by value.

SDL operates through a network of 63 offices around the world with over 4,300 employees (including over 1,500 linguists), translating approximately 1.3 billion words a year via human translation.

SDL is listed on the premium list of the Main Market of the London Stock Exchange (LSE: SDL).

## **7. SDL financial and trading prospects**

On 11 August 2020 SDL made its half-yearly trading announcement, in which SDL announced, for the first half of 2020, revenue of £180.7 million (compared to revenue of £182.5 million for the equivalent period in the previous year) and adjusted operating profit of £16.3 million (compared to adjusted operating profit of £16.1 million for the equivalent period in the previous year). Current trading for SDL continues in line with statements made in the half-year trading announcement.

## **8. Effect of the Combination on SDL Share Plans**

The proposals in relation to the SDL Share Plans are summarised below.

Unvested awards and options under the SDL Share Plans will generally vest and become exercisable in consequence of the Combination.

Awards under the SDL LTIP 2016 will, to the extent not already vested, vest and become exercisable on the date on which the Court sanctions the Scheme. Awards granted in 2018, 2019 and 2020 will vest and become exercisable to the extent to which the applicable performance conditions are satisfied, as determined by SDL's remuneration committee, and the proportion of the awards which would so vest will be subject to reduction to reflect early vesting.

Awards under the SDL LTIP 2011, the SDL SOS and the SDL RSP are already vested and exercisable.

Awards granted under the SDL DABS Plan will vest in full on the date on which the Court sanctions the Scheme and SDL's remuneration committee has determined that these awards shall not be subject to any time-based reduction.

Options granted under the SDL International Sharesave Scheme are already vested and exercisable. Options granted under the SDL Sharesave Scheme (UK) will, to the extent not already vested and exercisable, become exercisable on the date on which the Court sanctions the Scheme. Participants may exercise their options under these share plans to the extent of their monthly savings accumulated to the date of exercise in their related savings accounts. In the case of unvested options granted under the SDL Sharesave Scheme (UK), participants will also have the choice of exchanging their unvested options over SDL Shares granted under that plan for equivalent options over RWS Shares in accordance with the terms of the SDL Sharesave Scheme (UK).

The Combination will extend to any SDL Shares unconditionally allotted, issued or transferred prior to the Scheme Record Time to satisfy the vesting or exercise of options and awards granted under the SDL Share Plans. SDL Shares issued after the Scheme Record Time will not be subject to the Scheme. Accordingly, it is proposed that the SDL Articles be amended so that SDL Shares issued after the Scheme Record Time other than to RWS will be automatically acquired by RWS on the same terms as under the Scheme. Participants in the SDL Share Plans will receive separate letters explaining the effect of the Scheme on their outstanding awards and the proposals made to them as described above.

The SDL Executive Directors have each agreed with RWS that they will enter into the Executive Directors' Arrangements described in paragraph 8 of Part 1 of this document. Each SDL Executive Director has also agreed to enter into a non-divestment agreement under which their respective Retained Shares that they are expected to receive in respect of the exercise of certain of their respective awards under the SDL LTIP 2016 will be held until the termination or expiry of their new service or consultancy agreement. Under the terms of the non-divestment agreement if the SDL Executive Director's new service or consultancy agreement terminates before the date falling 12 months after the Effective Date for reasons other than his or her resignation or for gross misconduct, the Retained Shares will be released to the SDL Executive Director only at the end of such 12 month period. If, before the date falling 12 months after the Effective Date, the SDL Executive Director resigns or his or her new service or consultancy agreement is terminated for gross misconduct, he or she will forfeit the Retained Shares.

For the purpose of Rule 16.2 of the Takeover Code, Rothschild & Co has confirmed to the SDL Directors that, in its opinion, the terms of the Executive Directors' Arrangements and the terms of the Rollover are fair and reasonable.

#### **9. The effect of the Combination on the SDL Directors**

Details of the interests of the SDL Directors in the relevant securities of SDL are set out in paragraph 5 of Part 5 of this document. Particulars of the SDL Directors' service agreements and letters of appointment are set out in paragraph 6 of Part 5 of this document.

Each of the SDL Directors holding SDL Shares has irrevocably undertaken to vote in favour of the Scheme at the SDL Court Meeting and the SDL Resolution at the SDL General Meeting in respect of the SDL Shares in which they are each interested. Further details of these irrevocable undertakings are set out in paragraph 8.1 of Part 5 of this document.

In accordance with the proposals being put to the participants under the SDL Share Plans, Mr Adolfo Hernandez and Ms Xenia Walters will be entitled to exercise the SDL Options held by them (to the extent that they vest) upon the Court Order being made.

Under the terms of the Combination, it is intended that two of the non-executive directors of SDL will be appointed to the Board of the Combined Group, one of which will be David Clayton, non-executive Chairman of SDL.

With effect from Completion, it is intended that the service agreement of each SDL Executive Director (being Adolfo Hernandez and Xenia Walters) will be terminated and each SDL Executive Director will enter into a settlement agreement with SDL, which will include payment to each SDL Executive Director of an agreed amount in lieu of notice. It is intended that each SDL Executive Director will enter into a new service or consultancy agreement with RWS with effect from Completion. Further details of these arrangements are set out in paragraph 8 of this Part 2.

Any executive or non-executive directors of SDL not appointed to the Board of the Combined Group will step down from the SDL Board upon Completion.

Save as set out above, the effect of the Scheme on the interests of the SDL Directors does not differ from its effect on the interests of any other holder of SDL Shares.

#### **10. RWS Shareholder approval**

In order to allot and issue the New RWS Shares, RWS will be required to seek the approval of the RWS Shareholders at the RWS General Meeting. RWS also proposes to seek shareholder approval for the establishment of an employee benefit trust which will operate in conjunction with the Retained Shares.

RWS intends to send, on or around the date of this document, the RWS Circular to RWS Shareholders, including a notice convening the RWS General Meeting. The Combination is conditional on, amongst other things, the RWS Resolution being passed by the requisite majority of RWS Shareholders at the RWS General Meeting which will be convened to be held at 10.00 a.m. on 9 October 2020, being the same date as the SDL Meetings.

The RWS Directors consider the Combination to be in the best interests of RWS and the RWS Shareholders as a whole and intend unanimously to recommend that RWS Shareholders vote in favour of the RWS Resolution to be

proposed at the RWS General Meeting, as they have irrevocably undertaken to do, in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 90,494,140 RWS Shares representing, in aggregate, approximately 32.9 per cent. of RWS's ordinary share capital in issue as at the Latest Practicable Date.

Further details of these irrevocable undertakings are set out at paragraph 8.3 of Part 5 of this document.

## 11. New RWS Shares

The New RWS Shares will be issued in registered form and will be capable of being held in both certificated and uncertificated form. The New RWS Shares will be issued by RWS to SDL Scheme Shareholders no later than 14 days after the Effective Date.

The New RWS Shares to be issued to SDL Scheme Shareholders pursuant to the Scheme will be issued as fully paid and will rank *pari passu* in all respects with existing RWS Shares, including the right to receive notice of, and to attend and vote at, general meetings of RWS, and to receive dividends and other distributions declared, made or paid on RWS Shares by reference to a record date falling on or after the Effective Date (but will not, for the avoidance of doubt, carry the right to receive any dividends and other distributions for which the record date is before the Effective Date), and the right to participate in the assets of RWS upon a winding up. Under the Co-operation Agreement, RWS has committed, subject to certain exceptions, not to authorise, declare or pay any dividend or any other distribution prior to the expiry of the period ending on 27 November 2020.

The New RWS Shares will be freely transferable and there are no restrictions on transfer in the UK. Further details about the rights of the New RWS Shares is set out in paragraph 9 of Part 5 of this document.

The existing RWS Shares are admitted to trading on AIM. Prior to the Effective Date, RWS will make an application to the London Stock Exchange for the admission to trading of the New RWS Shares on AIM. It is expected that the New RWS Shares will be admitted to trading on AIM by 8.00 a.m. on the first Business Day after the Effective Date and dealings for normal settlement in the New RWS Shares will commence at or shortly after that time. No application is currently intended to be made for New RWS Shares to be admitted to listing or dealing on any other exchange.

## 12. The Scheme, the SDL Meetings and the Conditions

### 12.1 Structure of the Scheme

The Combination is being effected by means of the Scheme, although RWS reserves the right to implement the Combination by means of a Takeover Offer (subject to Panel consent).

The purpose of the Scheme is for RWS to become the owner of the entire issued and to be issued ordinary share capital of SDL. Following the Scheme becoming Effective, the SDL Scheme Shares will be transferred to RWS, in consideration for which SDL Scheme Shareholders whose names appear on the register of members of SDL at the Scheme Record Time will be provided with 1.2246 New RWS Shares for each SDL Scheme Share held by them.

To become Effective, the Scheme requires, among other things, the approval of the requisite majority of SDL Scheme Shareholders at the SDL Court Meeting and the passing of the SDL Resolution by SDL Shareholders at the SDL General Meeting.

Following the SDL Meetings and the satisfaction (or, where applicable, waiver) of the other Conditions, the Scheme must also be sanctioned by the Court. The Scheme will become Effective only upon a copy of the Court Order being delivered to the Registrar of Companies.

It is expected that the Scheme will become Effective during the fourth quarter of 2020, subject to the satisfaction or (where applicable) waiver of the Conditions.

Any adjournment of an SDL Meeting or the Court Hearing, or a decision by SDL to propose such an adjournment, will be announced promptly by SDL through a Regulatory Information Service. If the meeting or hearing is adjourned to a specified date, the announcement will set out the relevant details of the adjourned meeting or hearing. If no such date is specified the adjourned date will be announced separately.

Further details of the SDL Meetings and the Conditions are set out in paragraphs 12.2 to 12.2.5 below.

### 12.2 The SDL Meetings

The Scheme will require the approval of the SDL Scheme Shareholders at the SDL Court Meeting to be held at the offices of DLA Piper UK LLP at 160 Aldersgate Street, London, EC1A 4HT at 10.00 a.m. on 9 October 2020. The Scheme will also require the approval of SDL Shareholders of the SDL Resolution at

the SDL General Meeting to be held at the same place at 10.15 a.m. on 9 October 2020 (or as soon thereafter as the SDL Court Meeting has concluded or been adjourned).

Given the current guidance and the general uncertainty on what additional and/or alternative measures may be put in place in relation to restricting social gatherings in view of the COVID-19 pandemic, SDL Shareholders will not be permitted to attend the SDL Meetings physically, save for those SDL Shareholders permitted by the Chairman of the relevant SDL Meeting to establish a quorum. SDL will provide a facility for SDL Shareholders who wish to attend, ask questions and vote at the relevant SDL Meeting in real time should they wish to do so via a virtual meeting platform. SDL Shareholders wishing to use this facility should refer to the details in the notices of the SDL Meetings set out at Part 9 and Part 10 of this document and the explanation of the actions to be taken set out on pages 9 to 10 of this document.

Notices of the SDL Meetings are set out in Part 9 and Part 10 respectively of this document.

Whether or not you vote in favour of the resolutions to be proposed at the SDL Meetings, if the Scheme becomes Effective, your SDL Scheme Shares will be transferred to RWS and you will receive the consideration due under the terms of the Combination.

As soon as practicable and, in any event, by no later than 8.00 a.m. on the Business Day following the SDL Meetings, SDL shall make an announcement through a Regulatory Information Service stating whether or not the resolutions put to shareholders at the SDL Meetings were passed by the requisite majorities (and, if not, whether or not the Scheme has lapsed) and giving voting results in relation to the SDL Meetings.

#### 12.2.1 *SDL Court Meeting*

The SDL Court Meeting is being held at the direction of the Court and has been convened to enable the SDL Scheme Shareholders to consider and, if thought fit, approve the Scheme. At the SDL Court Meeting, voting will be by poll and each SDL Scheme Shareholder present (in person or by proxy) will be entitled to one vote for each SDL Scheme Share held by him.

The approval required at the SDL Court Meeting is the approval of a majority in number of the SDL Scheme Shareholders present and voting (and entitled to vote), either in person or by proxy, at the SDL Court Meeting (or any adjournment thereof), representing not less than 75 per cent. in value of the SDL Scheme Shares held by such SDL Scheme Shareholders.

**It is important that, for the SDL Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of SDL Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy or transmit a proxy instruction (either electronically or through CREST) as soon as possible.**

#### 12.2.2 *SDL General Meeting*

The SDL General Meeting has been convened to enable all SDL Shareholders to consider and, if thought fit, approve the SDL Resolution to authorise:

- the SDL Directors to effect the Scheme;
- certain amendments to the SDL Articles (as described below);
- subject to the Scheme becoming Effective, the re-registration of SDL as a private limited company; and
- the capitalisation of a sum not exceeding £40,000 standing to the credit of SDL's share premium account for the purpose of applying such sum in paying up in whole or in part subscriptions for SDL Shares to be issued pursuant to the exercise of options or awards under certain SDL Share Plans.

The SDL Resolution will require votes in favour of not less than 75 per cent. of the votes cast by SDL Shareholders voting either in person or by proxy at the SDL General Meeting in order to be passed.

The SDL Resolution, if passed, will authorise certain amendments to the SDL Articles required in connection with the Scheme. The proposed amendments will provide, amongst other things, that subject to the implementation of the Scheme, any SDL Shares issued to any person (other than RWS or its nominee(s)) on or after the Scheme Record Time will be immediately transferred to RWS, for consideration equal to the consideration per SDL Share to which such person would have been entitled had such SDL Shares been SDL Scheme Shares. This will avoid any person (other than RWS or its nominee(s)) being left with SDL Shares after the cancellation of the listing of SDL on the Main Market, which is expected to occur by 8.00 a.m. on

the Business Day following the Effective Date. The proposed changes to the SDL Articles are contained in the notice of the SDL General Meeting set out in Part 10 of this document.

Since the consideration payable under the Combination is in the form of New RWS Shares, a cashless exercise facility is being offered to participants in the SDL Share Plans as part of the appropriate proposals made to such participants pursuant to Rule 15 of the Takeover Code, to enable such participants to pay the tax liabilities arising on exercise of their awards and their option exercise price. To the extent that this cashless exercise facility involves a net-settlement of awards under which the exercise of awards will be satisfied partly in SDL Shares and partly in cash to cover the tax liabilities, the nominal value of the SDL Shares actually issued to the participants will be capitalised out of reserves pursuant to paragraph 4 of the SDL Resolution as set out in the notice of the SDL General Meeting.

#### **12.2.3 Entitlement to vote at the SDL Meetings**

Each holder of SDL Scheme Shares whose name appears on the register of members of SDL at the Voting Record Time will be entitled to attend and vote at the SDL Court Meeting. Each holder of SDL Shares whose name appears on the register of members of SDL at the Voting Record Time will be entitled to attend and vote at the SDL General Meeting. If either SDL Meeting is adjourned, only those SDL Scheme Shareholders (in the case of the SDL Court Meeting) and SDL Shareholders (in the case of the SDL General Meeting) on the register of members of SDL at 6.00 p.m. on the day which is two days before the adjourned meeting will be entitled to attend and vote.

Each SDL Shareholder is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a SDL Shareholder. Please see paragraph 13 of this Part 2 of this document for further information on actions to be taken in order to vote at the SDL Meetings and to appoint proxies.

#### **12.2.4 Sanction of the Scheme by the Court**

If the resolutions are passed at the SDL Meetings, and the other Conditions are satisfied or, where applicable, waived, the Scheme will also require the sanction of the Court. The Court Hearing is expected to be held in the fourth quarter of 2020.

As soon as possible following the Court Hearing, SDL shall make an announcement through a Regulatory Information Service stating the decision of the Court and details of whether the Scheme will proceed or has lapsed.

All SDL Scheme Shareholders are entitled to attend the Court Hearing in person (subject to measures restricting social gatherings in light of the COVID-19 pandemic) or to be represented by Counsel to support or oppose the sanctioning of the Scheme.

RWS shall undertake to the Court to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

#### **12.2.5 Conditions**

The Conditions to the Combination and the Scheme are set out in Part 3 of this document. The Combination is conditional upon the Scheme becoming unconditional and Effective, subject to the Takeover Code, on or before 11.59 p.m. on the Long-stop Date. In summary, the Scheme is conditional, amongst other things, upon:

- the approval of the Scheme by a majority in number representing not less than 75 per cent. in value of the SDL Scheme Shareholders (or the relevant class or classes thereof, if applicable) present, entitled to vote and voting, whether in by person or by proxy at the SDL Court Meeting and at any separate class meeting which may be required by the Court (or any adjournment thereof);
- such SDL Court Meeting being held on or before 31 October 2020 or such later date (if any) as RWS and SDL may agree and which the Court may allow;
- all resolutions necessary to approve and implement the Scheme, as set out in the notice of the SDL General Meeting (including, without limitation, the SDL Resolution), being duly passed by the requisite majority of SDL Shareholders at the SDL General Meeting (or at any adjournment thereof);
- such SDL General Meeting, or any adjournment of such meeting, being held on or before 31 October 2020 or such later date (if any) as RWS and SDL may agree and which the Court may allow;



- the sanction of the Scheme with or without modification (but subject to any such modification being acceptable to RWS and SDL) by the Court;
- the Court Hearing being held on or before the 22nd day after the expected date of such Court Hearing as set out in this document or such later date (if any) as RWS and SDL may agree and which the Court may allow;
- the delivery of a copy of the Court Order to the Registrar of Companies;
- the RWS Resolution being passed by the requisite majority of RWS Shareholders at the RWS General Meeting;
- in so far as the Combination satisfies the thresholds for notification and premerger authorisation under the German Act, the FCO either having cleared or not prohibited the Combination through the occurrence of any of the following events:
  - clearance of the Combination pursuant to section 40 (2) sentence 1 of the German Act; or
  - notice of the FCO to the parties within the one-month waiting period pursuant to section 40 (1) of the German Act that the criteria for prohibiting the Combination pursuant to section 36 of the German Act are not satisfied; or
  - expiration of the one-month waiting period pursuant to section 40 (1) of the German Act without the FCO notifying the parties to the Combination of the main examination proceedings (*Hauptprüfverfahren*) pursuant to section 40 (1) sentence 2 of the German Act; or
  - expiration of the four-month prohibition period pursuant to section 40 (2) sentence 2 of the German Act, if applicable extended by:
    - the period of a suspension pursuant to section 40 (2) sentence 5 of the German Act; and/or;
    - one month pursuant to section 40 (2) sentence 7 of the German Act; and/or
    - a period agreed between the parties and the FCO pursuant to section 40 (2) sentence 4 no 1 of the German Act;

*unless*

- there is no longer an authorized domestic recipient pursuant to section § 39 (3) sentence 2 no 6 of the German Act; and
  - the FCO has decided to not prohibit the Combination;
- in so far as the Combination satisfies the Russian thresholds for notification and premerger authorisation identified in the Russian Act, either:
  - the FAS having issued and not revoked or amended consent, in terms satisfactory to RWS, for the Combination under the Russian Act; or
  - the FAS providing official written response confirming that the Combination is not subject to merger control in Russia;
- in so far as the Combination satisfies the thresholds for notification and premerger authorisation under the United Kingdom Enterprise Act 2002:
  - by the time all other Conditions have been satisfied or (where applicable) waived, (i) the CMA having indicated, in terms satisfactory to RWS acting reasonably, and in response to a briefing paper submitted by RWS and SDL, that it has no further questions or that it does not intend to open a CMA Merger Investigation in relation to the Combination or any matters arising therefrom; and (ii) not having subsequently opened such an investigation or indicated that it may do so; or
  - confirmation having been received in writing from the CMA, in terms satisfactory to RWS acting reasonably, that the CMA does not intend to make a CMA Phase 2 Reference in connection with the Combination or any matters arising therefrom; or
  - the period within which the CMA is required to decide whether the duty to make a CMA Phase 2 Reference applies with respect to the Combination or any matters arising therefrom has expired without such a decision having been made;

- the New RWS Shares being admitted to trading on AIM; and
- the other Conditions not otherwise identified above (but set out in Part 3 of this document) either being satisfied or, with the exception of certain conditions which are not capable of waiver, waived.

The condition relating to the notifications and filings required under the HSR Act, set out at paragraph 3(f) of Part A of Appendix 1 to the Announcement, has been satisfied.

If the Condition that the Scheme must become unconditional and Effective on or before 11.59 p.m. on the Long-stop Date or any Condition referred to in paragraph 2 of Part 3 of this document, is not capable of being satisfied by the date specified therein, RWS shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by not later than 8.00 a.m. on the Business Day following the date so specified, stating whether RWS has invoked that Condition, waived that Condition or, with the agreement of SDL, specified a new date by which that Condition must be satisfied.

#### 12.2.6 *Fractional entitlements*

Fractions of New RWS Shares will not be allotted or issued to SDL Scheme Shareholders. Instead, the fractional entitlements of SDL Scheme Shareholders will be rounded down to the nearest whole number of New RWS Shares and all fractions of New RWS Shares will be aggregated, and sold in the market as soon as practicable after the Combination becomes Effective and the net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be distributed in due proportions to SDL Shareholders who would otherwise have been entitled to such fractions (rounded down to the nearest penny), save that individual entitlements to amounts of less than £5.00 will be retained for the benefit of the Combined Group.

#### 12.2.7 *Effective Date*

The Scheme will become Effective upon the delivery of the Court Order to the Registrar of Companies.

As soon as practicable on the Effective Date, SDL or RWS shall make an announcement through a Regulatory Information Service stating that the Scheme has become Effective.

**Upon the Scheme becoming Effective, it will be binding on all SDL Shareholders, irrespective of whether or not they attended or voted at the SDL Court Meeting or the SDL General Meeting (and, if they attended and voted, whether or not they voted in favour).**

If the Scheme is not Effective on or before 11.59 p.m. on the Long-stop Date the Scheme will not be implemented and the Combination will not proceed.

#### 12.2.8 *Return of documents of title*

If the Scheme lapses or is withdrawn, all documents of title lodged by any SDL Shareholder with any Form of Proxy shall be returned to such SDL Shareholder as soon as practicable (and in any event within 14 days of such lapsing or withdrawal).

#### 12.2.9 *Modifications, revision and switching*

The Scheme contains a provision for RWS and SDL jointly to consent on behalf of all persons affected to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or additions to, or impose a condition to the Scheme which might be material to the interests of SDL Scheme Shareholders unless SDL Scheme Shareholders were informed of any modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of SDL Scheme Shareholders should be held in these circumstances.

RWS reserves the right to elect (subject to the consent of the Panel and the terms of the Co-operation Agreement) to implement the Combination by means of a Takeover Offer. In such event, the Combination will be implemented on the same terms and conditions, subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. of the shares to which such offer relates (or such less percentage, being more than 50 per cent. of the SDL shares carrying voting rights, as RWS in its sole discretion may decide), so far as applicable, as those which would apply to the Scheme. The Panel will determine the offer timetable that will apply following any switch to a Takeover Offer to which it consents. RWS must announce a switch to a Takeover Offer through a Regulatory Information Service. Any such announcement must include:

- details of all changes in terms and conditions of the Combination;
- details of any material changes to other details of the Combination;
- an explanation of the offer timetable following the switch to a Takeover Offer; and
- an explanation of whether irrevocable undertakings or letters of intent will remain valid following the switch to a Takeover Offer.

Any modification or revision to the Scheme shall be made no later than the date which is 14 days prior to the date of the SDL Meetings (or any later date to which such meetings are adjourned). The consent of the Panel must be obtained if it is proposed to revise the Scheme (i) less than 14 days prior to the date of the SDL Meetings (or any later date to which such meetings are adjourned) or (ii) following the SDL Meetings.

### 13. Action to be taken

Notices of the SDL Court Meeting and the SDL General Meeting set out in Parts 9 and 10 respectively of this document. You will also find enclosed with this document:

- a WHITE Form of Proxy for use at the SDL Court Meeting;
- a YELLOW Form of Proxy for use at the SDL General Meeting; and
- a reply-paid envelope for use in the United Kingdom.

Whether or not you plan to attend the SDL Meetings, please complete the Forms of Proxy in accordance with the instructions printed on them and to return them to: Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and, in any event, so as to be received by no later than:

- **10.00 a.m. on 7 October 2020 in the case of the WHITE Form of Proxy for the SDL Court Meeting; and**
- **10.15 a.m. on 7 October 2020 in the case of the YELLOW Form of Proxy for the SDL General Meeting,**

(or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned meeting. Non-working days shall not be taken into account for the purposes of calculating the deadline for returning Forms of Proxy for any adjourned meeting). A reply-paid envelope has been provided for use in the United Kingdom only. Forms of Proxy returned by fax will not be accepted. The Scheme requires approval at both the SDL Court Meeting and the SDL General Meeting.

If the WHITE Form of Proxy for the SDL Court Meeting is not received by Link Asset Services by 10.00 a.m. on 7 October 2020, it may be emailed to aydin.djemal@linkgroup.co.uk before the commencement of the SDL Court Meeting. However, if the YELLOW Form of Proxy for the SDL General Meeting is not received by Link Asset Services by 10.15 a.m. on 7 October 2020, it will be invalid.

If you hold your SDL Shares in CREST, you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual via CREST (please also refer to the accompanying notes on the notices of the SDL Meetings set out in Parts 9 and 10 of this document and in the Forms of Proxy).

Proxies submitted electronically through CREST must be sent as soon as possible, and in any event, so as to be received by no later than 10.00 a.m. on 7 October 2020 in the case of the SDL Court Meeting and by 10.15 a.m. on 7 October 2020 in the case of the SDL General Meeting (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

SDL Shareholders entitled to attend and vote at the SDL Meetings may appoint a proxy electronically by logging on to [www.signalshares.com](http://www.signalshares.com), selecting "Register for the Share Portal" and entering "SDL" in the box provided. "SDL" will be presented on the next screen and you should click on this. Once you have clicked on this, you should follow the prompts on the screen by entering your surname, your 11-digit investor code (which is shown on your share certificate or a dividend tax voucher), postcode, email address and selecting a password. Once you have registered, you will have the opportunity to appoint a proxy online. For an electronic proxy to be valid, your appointment must be received by Link Asset Services no later than 48 hours before the time and date set for the relevant meeting.

The SDL Court Meeting and the SDL General Meeting will be held at the offices of DLA Piper UK LLP at 160 Aldersgate Street, London EC1A 4HT at 10.00 a.m. and 10.15 a.m., respectively, (or as soon thereafter as the SDL Court Meeting has concluded or been adjourned) on 9 October 2020.

Given the current guidance and the general uncertainty on what additional and/or alternative measures may be put in place in relation to restricting social gatherings in view of the COVID-19 pandemic, SDL Shareholders will not be permitted to attend the SDL Meetings physically, save for those SDL Shareholders permitted by the Chairman

of the relevant SDL Meeting to establish a quorum. SDL will provide a facility for SDL Shareholders who wish to attend, ask questions and vote at the relevant SDL Meeting in real time should they wish to do so via a virtual meeting platform. SDL Shareholders wishing to use this facility should refer to the details in the notices of the SDL Meetings set out at Part 9 and Part 10 of this document and the explanation of the actions to be taken set out on pages 9 to 10 of this document.

Completing and returning the Forms of Proxy, completing and transmitting a CREST Proxy Instruction or appointing a proxy electronically will not prevent you from attending and voting in person at the SDL Meetings, or any adjournment of the SDL Meetings, if you so wish and are so entitled.

**It is particularly important that as many votes as possible are cast at the SDL Court Meeting so that the Court may be satisfied that there is a fair representation of SDL Scheme Shareholder opinion. You are therefore strongly urged to return your Forms of Proxy or transmit a proxy instruction (either electronically or through CREST) as soon as possible.**

#### 14. Settlement and share certificates

Subject to the Scheme becoming Effective, settlement of the consideration to which any SDL Scheme Shareholder is entitled under the Scheme will be effected within 14 days of the Effective Date in the manner set out below.

Except with the consent of the Panel or as provided by the terms of the Scheme or as set out in the letters containing the proposals made to participants in SDL Share Plans in accordance with Rule 15 of the Takeover Code, settlement of consideration to which any SDL Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which RWS may otherwise be, or claim to be, entitled against such SDL Scheme Shareholder.

##### 14.1 *Consideration where SDL Scheme Shares are held in uncertificated form (that is, in CREST)*

Where an SDL Scheme Shareholder holds SDL Scheme Shares at the Scheme Record Time in uncertificated form, the settlement of entitlements to New RWS Shares will be effected through CREST. RWS shall procure that Euroclear is instructed to credit the appropriate stock account in CREST of the relevant SDL Scheme Shareholder with such relevant SDL Scheme Shareholder's entitlement to New RWS Shares as soon as practicable and within 14 days after the Effective Date.

As at the close of trading on the last day of dealings in SDL Shares prior to the Effective Date, there may be unsettled, open trades for the sale and purchase of SDL Shares within CREST. SDL Scheme Shares that are the subject of such unsettled trades will be treated under the Scheme in the same way as any other SDL Scheme Share registered in the name of the relevant seller under that trade. Consequently, those SDL Scheme Shares will be transferred under the Scheme and the seller will receive the appropriate consideration in accordance with the terms of the Scheme.

From the Effective Date, each holding of SDL Scheme Shares credited to any stock account in CREST shall be disabled and all SDL Scheme Shares will be removed from CREST in due course thereafter.

RWS reserves the right to issue New RWS Shares to all or any SDL Scheme Shareholder(s) who hold(s) SDL Scheme Shares in uncertificated form at the Scheme Record Time in the manner referred to in paragraph 14.2 of this Part 2 if, for reasons outside its reasonable control, it is not able to effect settlement in uncertificated form in accordance with this paragraph 14.1.

In the case of SDL Scheme Shareholders who hold SDL Scheme Shares in uncertificated form at the Scheme Record Time and who are entitled to payment in respect of fractions of New RWS Shares, RWS shall procure that Euroclear is instructed to create an assured payment obligation in favour of the payment bank of the persons entitled thereto in accordance with the CREST assured payment arrangements for the sums payable to them respectively, provided that RWS reserves the right to make payment of such sums by cheque as set out in paragraph 14.2 below if, for reasons outside its reasonable control, it is not able to effect settlement within the CREST system in accordance with this paragraph 14.1.

##### 14.2 *Consideration where SDL Scheme Shares are held in certificated form (that is, not in CREST)*

Settlement of the consideration in respect of SDL Scheme Shares held in certificated form at the Scheme Record Time shall be made by issuing New RWS Shares in certificated form to such SDL Scheme Shareholders. Certificates for the New RWS Shares shall be despatched:

- by first-class post (or international standard post, if overseas), by cheque drawn on a branch of a UK clearing bank; or
- by such other method as may be approved by the Panel.

Share certificates for the New RWS Shares shall be despatched as soon as practicable and within 14 days after the Effective Date to the persons entitled thereto at their respective addresses as appearing in the register of members of SDL at the Scheme Record Time, or in the case of joint holders, at the address of that member that stands first in the register of members in respect of that holding.

Temporary documents of title will not be issued pending the despatch of the new share certificates. Persons wishing to register transfers of New RWS Shares will be required to forward a completed transfer form to RWS's registrar, Link Asset Services for certification and registration.

On the Effective Date, each certificate representing a holding of SDL Shares in the name of someone other than RWS will cease to be valid. Following settlement of the share consideration to which SDL Scheme Shareholders are entitled under the Scheme, such SDL Scheme Shareholder will be bound on the request of SDL either (i) to destroy such certificate(s); or (ii) return such certificate(s) to SDL, or to any person appointed by SDL for cancellation.

In the case of SDL Scheme Shareholders who hold SDL Scheme Shares in certificated form at the Scheme Record Time and who are either entitled to payment in respect of fractions of New RWS Shares, RWS shall procure the despatch to the persons entitled thereto of cheques for the sums payable to them respectively.

None of SDL, RWS or any of their respective nominees or agents shall be responsible for any loss or delay in the transmission of certificates or remittances sent in this way, and such certificates and remittances shall be sent at the risk of the person entitled thereto.

## **15. Listing of the New RWS Shares, cancellation of the SDL Shares and re-registration**

An indicative timetable of principal events setting out, among other things, the expected date of the last day of trading in, and the suspension of, SDL Shares on the Main Market, and the admission of New RWS Shares to trading on AIM is on page 11 of this document.

### **15.1 Listing of the New RWS Shares**

Prior to the Effective Date, RWS will make an application to the London Stock Exchange for the admission to trading of the New RWS Shares on AIM. It is expected that the New RWS Shares will be admitted to trading on AIM by 8.00 a.m. on the first Business Day after the Effective Date and dealings for normal settlement in the New RWS Shares will commence at or shortly after that time.

### **15.2 Cancellation of SDL Shares**

Prior to the Effective Date, SDL will make an application to: (i) the FCA for the cancellation of the listing of SDL Shares on the Official List; and (ii) to the London Stock Exchange for the cancellation of trading of SDL Shares on the Main Market.

The last day of dealings in SDL Shares on the Main Market is expected to be the Business Day immediately following the Court Hearing and no transfers will be registered after 6.00 p.m. on that date (other than the registration of SDL Shares released, transferred or issued under the SDL Share Plans). SDL will make an application to the London Stock Exchange for the suspension of dealings in SDL Shares on the Main Market with effect by 8.00 a.m. on the Business Day following the last day of dealings.

### **15.3 Re-registration**

Following the Scheme becoming Effective, it is also proposed that SDL be re-registered as a private limited company.

## **16. United Kingdom taxation**

Your attention is drawn to Part 7 of this document relating to United Kingdom taxation. SDL Shareholders who are in any doubt about their taxation position or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom should contact an appropriate independent professional tax adviser immediately.

## **17. Overseas Shareholders**

### **17.1 General**

The availability of the Combination to Overseas Shareholders and the distribution of this document in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves of, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws

of any such jurisdiction. If any Overseas Shareholder remains in any doubt, it should consult an appropriate independent professional adviser in its relevant jurisdiction without delay. To the fullest extent permitted by applicable law, the companies and persons involved in the Combination disclaim any responsibility or liability for the violation of such restrictions by any person. This document has been prepared for the purpose of complying with the laws of England and Wales, the Market Abuse Regulation, the Listing Rules, the AIM Rules and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this document and the accompanying documents have been prepared in accordance with the laws of jurisdictions outside of England and Wales.

Neither this document nor any of the accompanying documents are intended to, and do not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful.

## 17.2 *US securities law*

The New RWS Shares to be issued under the Scheme have not been and will not be registered under the US Securities Act or under any laws or with any securities regulatory authority of any state or other jurisdiction of the United States and may only be offered or sold in the United States in reliance on an exemption from the registration requirements of the US Securities Act. Accordingly, unless an exemption under relevant securities laws is available, including the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof, the New RWS Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly in, into or from the United States. Neither the SEC nor any US state securities commission has approved or disapproved of the New RWS Shares, nor have any such authorities passed judgement upon the fairness or the merits of the Combination or determined if this document is accurate or complete. Any representation to the contrary is a criminal offence.

For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10) thereunder, SDL will advise the Court that its sanctioning of the Scheme will be relied on by RWS as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to SDL Shareholders at which all SDL Shareholders are entitled to appear in person (subject to measures restricting social gatherings in light of the COVID-19 pandemic) or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification is given to all SDL Shareholders.

SDL Shareholders who are or will be “affiliates” (within the meaning of Rule 144 of the US Securities Act) of RWS or SDL prior to, or of RWS after, the Effective Date, may not resell the New RWS Shares received under the Scheme without registration under the US Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Whether a person is an affiliate of a company for such purposes depends upon the circumstances, but affiliates of a company include persons that directly or indirectly through one or more intermediaries, control, are controlled, or are under common control with that company, and can include certain officers and directors and significant shareholders. SDL Shareholders who believe they may be affiliates for the purposes of the US Securities Act should consult their own legal advisers prior to any resale of New RWS Shares received under the Scheme.

## 18. **Further information**

Your attention is drawn to the full text of the Scheme as set out in Part 6 (The Scheme of Arrangement) of this document.

Your attention is also drawn to the following parts of this document, which are deemed to form part of this explanatory statement: Part 3 (Conditions and further terms of the Combination and the Scheme); Part 4 (Financial and ratings information); Part 5 (Additional Information); Part 9 (Notice of SDL Court Meeting); and Part 10 (Notice of SDL General Meeting).

Yours faithfully

**Rothschild & Co**

**PART 3**  
**CONDITIONS AND FURTHER TERMS OF THE OFFER AND THE SCHEME**

**Part A: Conditions of the Combination and the Scheme**

1. The Combination is conditional upon the Scheme becoming unconditional and Effective, subject to the Takeover Code, on or before 11.59 p.m. on the Long-stop Date.
2. The Scheme is conditional upon:
  - (a) the approval of the Scheme by a majority in number representing 75 per cent. or more in value of the SDL Shareholders entitled to vote and present and voting, either in person or by proxy, at the SDL Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting;
  - (b) the SDL Court Meeting and any separate class meeting which may be required by the Court or any adjournment of any such meeting being held on or before 31 October 2020 (or such later date, if any, as may be agreed by RWS and SDL in writing and the Court may allow);
  - (c) all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at the SDL General Meeting, or at any adjournment of that meeting;
  - (d) the SDL General Meeting or any adjournment of that meeting being held on or before 31 October 2020 (or such later date, if any, as may be agreed by RWS and SDL in writing and the Court may allow);
  - (e) the sanction of the Scheme (without modification, or with such modifications as are agreed by RWS and SDL) by the Court; and
  - (f) the Court Hearing being held on or before the 22nd day after the expected date of such Court Hearing as set out in this document (or such later date, if any, as may be agreed by RWS and SDL in writing and the Court may allow).
3. Subject as stated in Part B below and to the requirements of the Panel, the Combination is conditional upon the following Conditions and, accordingly, the Court Order will not be delivered to the Registrar of Companies unless such Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:
  - (a) the passing at the RWS General Meeting (or at any adjournment thereof) of the RWS Resolution to authorise the allotment and issue of the New RWS Shares to SDL Scheme Shareholders (and any other SDL Shareholders whose SDL Shares are issued after the Scheme becomes Effective);
  - (b) the London Stock Exchange having acknowledged to RWS or its agent (and such acknowledgement not having been withdrawn) that the New RWS Shares will be admitted to trading on AIM;
  - (c) in so far as the Combination satisfies the thresholds for notification and premerger authorisation under the German Act, the FCO either having cleared or not prohibited the Combination through the occurrence of any of the following events:
    - (i) clearance of the Combination pursuant to section 40 (2) sentence 1 of the German Act; or
    - (ii) notice of the FCO to the parties within the one-month waiting period pursuant to section 40 (1) of the German Act that the criteria for prohibiting the Combination pursuant to section 36 of the German Act are not satisfied; or
    - (iii) expiration of the one-month waiting period pursuant to section 40 (1) of the German Act without the FCO notifying the parties to the Combination of the main examination proceedings (*Hauptprüfverfahren*) pursuant to section 40 (1) sentence 2 of the German Act; or
    - (iv) expiration of the four-month prohibition period pursuant to section 40 (2) sentence 2 of the German Act, if applicable extended by
      - (A) the period of a suspension pursuant to section 40 (2) sentence 5 of the German Act; and/or
      - (B) one month pursuant to section 40 (2) sentence 7 of the German Act; and/or
      - (C) a period agreed between the parties and the FCO pursuant to section 40 (2) sentence 4 no 1 of the German Act;

*unless*

      - (D) there is no longer an authorized domestic recipient pursuant to section § 39 (3) sentence 2 no 6 of the German Act; and
      - (E) the FCO has decided to not prohibit the Combination;

- (d) in so far as the Combination satisfies the Russian thresholds for notification and premerger authorisation identified in the Russian Act, either:
  - (i) the FAS having issued and not revoked or amended consent, in terms satisfactory to RWS, for the Combination under the Russian Act; or
  - (ii) the FAS providing official written response confirming that the Combination is not subject to merger control in Russia;
- (e) in so far as the Combination satisfies the thresholds for notification and premerger authorisation under the United Kingdom Enterprise Act 2002 either:
  - (i) by the time all other Conditions have been satisfied, or (where applicable) waived (i) the CMA having indicated, in terms satisfactory to RWS acting reasonably, and in response to a briefing paper submitted by RWS and SDL, that it has no further questions or that it does not intend to open a CMA Merger Investigation in relation to the Combination or any matters arising therefrom; and (ii) not having subsequently opened such an investigation or indicated that it may do so; or
  - (ii) confirmation having been received in writing from the CMA, in terms satisfactory to RWS acting reasonably, that the CMA does not intend to make a CMA Phase 2 Reference in connection with the Combination or any matters arising therefrom; or
  - (iii) the period within which the CMA is required to decide whether the duty to make a CMA Phase 2 Reference applies with respect to the Combination or any matters arising therefrom has expired without such a decision having been made;
- (f) [intentionally deleted]
- (g) no Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
  - (i) make the Combination, its implementation or the acquisition or the proposed acquisition by RWS or any member of the Wider RWS Group of any shares or other securities in, or control or management of, SDL or any member of the Wider SDL Group void, illegal or unenforceable in any jurisdiction, or otherwise directly or indirectly restrain, prevent, prohibit, restrict, delay or otherwise materially adversely interfere with the same or, in each case which is material in the context of the Wider RWS Group or the Wider SDL Group taken as a whole, impose additional conditions or obligations with respect to the Combination (or its implementation) or such acquisition, or otherwise impede, challenge or interfere with the Combination (or its implementation) or such acquisition, or require material adverse amendment to the terms of the Combination or the acquisition or proposed acquisition of any SDL Shares or the acquisition of control or management of SDL or any member of the Wider SDL Group by RWS or any member of the Wider RWS Group;
  - (ii) materially limit or delay the ability of any member of the Wider RWS Group or any member of the Wider SDL Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider SDL Group or any member of the Wider RWS Group, as the case may be, taken as a whole, in any such case to an extent which is material in the context of the Combination or the Wider RWS Group or the Wider SDL Group, as the case may be, taken as a whole, or in the context of the Combined Group;
  - (iii) require, prevent or materially delay any divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider RWS Group of any shares or other securities in SDL or any member of the Wider SDL Group, in any such case to an extent which is material in the context of the Combination or the Wider RWS Group or the Wider SDL Group, as the case may be, taken as a whole, or in the context of the Combined Group;
  - (iv) require, prevent or materially delay any divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider RWS Group or by any member of the Wider SDL Group of all or any part of their respective businesses, assets or properties or limit the ability of any of them to conduct all or any part of their respective businesses or to own or control any of their respective assets or properties or any part thereof (in any case to an extent which is material in the context of the



Combination, the Wider RWS Group or the Wider SDL Group, as the case may be, taken as a whole, or in the context of the Combined Group);

- (v) require (save as pursuant to sections 974 to 991 of the Companies Act and the implementation of the Combination), any member of the Wider RWS Group or of the Wider SDL Group to subscribe for or acquire, or to offer to subscribe for or acquire, any shares or other securities (or the equivalent) or interest in any member of the Wider SDL Group or the Wider RWS Group, in each case which is material in the context of the Wider RWS Group or the Wider SDL Group taken as a whole;
- (vi) materially limit the ability of any member of the Wider RWS Group or of the Wider SDL Group to integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider RWS Group and/or of the Wider SDL Group in each case in a manner which is material in the context of the Combination, or as the case may be, in the context of the Wider RWS Group or the Wider SDL Group, as the case may be, taken as a whole, or in the context of the Combined Group;
- (vii) result in any member of the Wider RWS Group or the Wider SDL Group ceasing to be able to carry on business under any name under which it presently does so (in any case to an extent which is material in the context of the Combination, the Wider RWS Group or the Wider SDL Group, as the case may be, taken as a whole, or in the context of the Combined Group); or
- (viii) otherwise adversely affect the business, assets, profits, financial or trading position or prospects of any member of the Wider RWS Group or of any member of the Wider SDL Group to an extent which is adverse to and material in the context of the Combination, the Wider RWS Group or the Wider SDL Group, as the case may be, in either case, taken as a whole, or in the context of the Combined Group;

and all applicable waiting and other time periods during which any such Third Party could take, institute, implement or threaten such actions, proceedings, suit, investigation, enquiry or reference or take any other step under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as the case may be);

- (h) all material notifications, filings and/or applications which are necessary having been made, all applicable waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or terminated (as appropriate) and all material statutory or regulatory obligations in any relevant jurisdiction having been complied with, in each case in connection with the Combination or the acquisition or proposed acquisition of any shares or other securities in, or control of, SDL or any other member of the Wider SDL Group by any member of the Wider RWS Group or the carrying on by any member of the Wider SDL Group of its business and in each case which is material in the context of the Wider RWS Group or the Wider SDL Group taken as a whole;
- (i) all Authorisations which are necessary in any relevant jurisdiction for or in respect of the Combination (or its implementation) or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, SDL or any other member of the Wider SDL Group by RWS or any member of the Wider RWS Group or the carrying on by any member of the Wider SDL Group of its business having been obtained, in terms and in a form reasonably satisfactory to RWS from all appropriate Third Parties or from any persons or bodies with whom any member of the Wider RWS Group or any member of the Wider SDL Group has entered into contractual arrangements and such Authorisations together with all authorisations necessary for any member of the Wider SDL Group to carry on its business remaining in full force and effect, and there being no notice or other intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same having been made in connection with the Combination or any other matter directly, or indirectly, arising from the Combination (or its implementation), in each case where the absence of such Authorisation would have a material adverse effect on the Wider SDL Group or the Wider RWS Group taken as a whole and all necessary statutory or regulatory obligations in any relevant jurisdiction having been complied with;
- (j) save as Disclosed, there being no provision of any arrangement, agreement, lease, licence, permit, franchise or other instrument to which any member of the Wider SDL Group, is a party, or by or to which any such member or any of its assets is or may be bound, entitled or subject, or any circumstance, which, in each case as a consequence of the Combination or the acquisition or proposed acquisition by RWS or any member of the Wider RWS Group or otherwise of any shares or other securities (or the equivalent) in, or control or management of, SDL or any other member of the Wider SDL Group, could reasonably be expected to result in, in any case to an extent which is or would be material in the context of the Wider SDL Group taken as a whole:

- (i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider SDL Group, being or becoming repayable or being capable of being declared repayable immediately or prior to their or its stated maturity or the ability of any member of the Wider SDL Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;
- (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider SDL Group or any such mortgage, charge or other security interest (wherever and whenever created, arising or having arisen) becoming enforceable;
- (iii) any such arrangement, agreement, lease, licence, permit, franchise or instrument, or the rights, liabilities, obligations or interests of any member of the Wider SDL Group, thereunder, being, or becoming capable of being, terminated or adversely modified or affected or any adverse action being taken or arising thereunder or any onerous obligation or liability arising thereunder;
- (iv) any asset or interest of any member of the Wider SDL Group or any asset the use of which is enjoyed by any member of the Wider SDL Group being or falling to be disposed of or charged or ceasing to be available to any member of the Wider SDL Group or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider SDL Group otherwise than in the ordinary course of business;
- (v) any member of the Wider SDL Group ceasing to be able to carry on business under any name under which it presently does so;
- (vi) the creation or assumption of any liabilities (actual or contingent) by any member of the Wider SDL Group, other than trade creditors in the ordinary course of business;
- (vii) the rights, liabilities, obligations or interests of any member of the Wider SDL Group under any such arrangement, agreement, lease, licence, permit, franchise or other instrument or the interests or business of any such member in or with any other person, firm, company or body (or any agreements or arrangements relating to any such interests or business) being terminated, adversely modified or affected;
- (viii) the financial or trading position of SDL or of any member of the Wider SDL Group being prejudiced or adversely affected; or
- (ix) any member of the Wider SDL Group being required to acquire or repay any shares in and/or indebtedness of any member of the Wider SDL Group owed by or owed to any third party;

and no event having occurred which, under any provision of any such arrangement, agreement, lease, license, permit, franchise or other instrument to which any member of the Wider SDL Group is a party, or by or to which any such member or any of its assets may be found entitled or subject, could result in any of the events or circumstances which are referred to in sub-paragraphs (i) to (ix) of this Condition 3(j) in any case to an extent which is or would be material in the context of the Wider SDL Group as a whole;

- (k) save as Disclosed, no member of the Wider SDL Group having since 31 December 2019:
  - (i) issued or agreed to issue, or authorised or proposed or announced its intention to authorise or propose the issue of, additional shares or securities of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (save as between SDL and its wholly-owned subsidiaries or between such wholly-owned subsidiaries or pursuant to the SDL Share Plans);
  - (ii) purchased or redeemed or repaid or proposed the purchase, redemption or repayment of any of its own shares or other securities (or the equivalent) or reduced or, made or authorised any other change to any part of its share capital other than pursuant to the implementation of the Combination;
  - (iii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus issue, dividend or other distribution, whether payable in cash or otherwise save for and any dividend declared before the Effective Date by any wholly-owned subsidiary of SDL to SDL or any of their respective wholly-owned subsidiaries;
  - (iv) save for transactions between SDL and its respective wholly-owned subsidiaries, or between such wholly-owned subsidiaries, made, authorised, proposed or announced an intention to make, propose or authorise any change in its loan capital;

- (v) save for transactions between SDL and its respective wholly-owned subsidiaries, or between such wholly-owned subsidiaries, merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any material assets or any right, title or interest in any material assets (including shares in any undertaking and trade investments) or authorised, proposed or announced the same, in each case which is material in the context of the Wider SDL Group taken as a whole;
- (vi) issued, authorised or proposed or announced an intention to authorise or propose the issue of, or made any change in or to, any debentures or, other than trade credit incurred in the ordinary course of business, incurred or increased any indebtedness or liability (actual or contingent) except as between SDL and any of its wholly-owned subsidiaries, or between such wholly-owned subsidiaries, which in any case is material in the context of the Wider SDL Group taken as a whole;
- (vii) entered into, varied, authorised, proposed or announced an intention to enter into or vary any contract, agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
  - (A) is of a long term, onerous or unusual nature or magnitude or which involves or is or is reasonably likely to involve an obligation of such a nature or magnitude;
  - (B) restricts or could reasonably be expected to restrict the business of any member of the Wider SDL Group; or
  - (C) is other than in the ordinary course of business,
 and which is, in any such case, material in the context of the Wider SDL Group taken as a whole;
- (viii) entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement in respect of itself or another member of the Wider SDL Group;
- (ix) entered into or varied or made an offer (which remains open for acceptance) to vary the terms of any contract, agreement, letter of appointment, commitment or arrangement with any of the directors of any member of the Wider SDL Group as appropriate or entered into any commitment to change the terms of any of the SDL Share Plans, save for fee increases and bonuses not resulting in total annual remuneration of any individual exceeding the immediately preceding year's remuneration by more than three per cent. or other bonuses or variations of terms in the ordinary course of business, which are not material in the context of the Wider SDL Group taken as a whole;
- (x) taken any corporate action or had any step, application, filing in court, notice or legal proceedings started, served, instituted or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction which in any case is material in the context of the Wider SDL Group taken as a whole;
- (xi) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or having entered into or taken steps to enter into a moratorium, composition, compromise or arrangement with its creditors in respect of its debts or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xii) waived, settled or compromised any claim (other than in the ordinary and usual course of business) to an extent which is material in the context of the Wider SDL Group taken as a whole;
- (xiii) terminated or varied the terms of any agreement or arrangement between any member of the Wider SDL Group and any other person in a manner which would or might reasonably be expected to have a material adverse effect on the financial position or prospects of the Wider SDL Group taken as a whole;
- (xiv) made any alteration to its articles of association other than as required to implement the Combination;
- (xv) put in place any pension schemes for its directors or their dependents or made or agreed or consented to any change to:

- (A) the terms of the trust deeds constituting the pension schemes (if any) established for its directors or their dependents; or
  - (B) the benefits which accrue, or to the pensions which are payable, thereunder; or
  - (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded or made,
    - or agreed or consented to any change to the trustees involving the appointment of a trust corporation;
  - (xvi) proposed, agreed to provide or modified the terms of any share option scheme incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider SDL Group, as appropriate, in a manner which is material in the context of the Wider SDL Group taken as a whole; and
  - (xvii) entered into any contract, agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this Condition (k);
- (l) save as Disclosed, since, in the case of SDL, 31 December 2019 or in the case of RWS, 30 September 2019:
- (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of any member of the Wider SDL Group or the Wider RWS Group which in any case is material in the context of the Wider SDL Group or the Wider RWS Group taken as a whole;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider SDL Group is or may become a party (whether as plaintiff, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider SDL Group or the Wider RWS Group which in any case is material in the context of the Wider SDL Group or the Wider RWS Group taken as a whole;
  - (iii) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the Wider SDL Group or the Wider RWS Group which in any such case might reasonably be expected to be material in the context of the Wider SDL Group or the Wider RWS Group taken as a whole;
  - (iv) no contingent or other liability having arisen or become apparent to any member of the RWS Group or increased which might reasonably be expected to adversely affect any member of the Wider SDL Group or the Wider RWS Group which is material in the context of the Wider SDL Group or the Wider RWS Group taken as a whole;
  - (v) no claim being made and no circumstance having arisen which might reasonably be expected to lead to a claim being made under the insurance of any member of the Wider SDL Group or the Wider RWS Group where such claim would not be covered by such insurance and where such claim is material in the context of the Wider SDL Group or the Wider RWS Group taken as a whole; and
  - (vi) no steps having been taken which are reasonably likely to result in the withdrawal, cancellation or termination or modification of any licence, permit or consent held by any member of the Wider SDL Group or the Wider RWS Group which is necessary for the proper carrying on by such member of its business and which is material in the context of the Wider SDL Group or the Wider RWS Group;
- (m) save as Disclosed, RWS not having discovered:
- (i) that any financial or business or other information concerning the Wider SDL Group disclosed at any time by or on behalf of any member of the Wider SDL Group, whether publicly, to any member of the Wider RWS Group or otherwise, is materially misleading or contains any material misrepresentation of fact or omits to state a fact necessary to make any information contained therein not materially misleading; or
  - (ii) that any member of the Wider SDL Group, is subject to any liability (actual or contingent) which is material in the context of the Wider SDL Group taken as a whole; or

- (iii) any information which affects the import of any information disclosed to RWS at any time by or on behalf of any member of the Wider SDL Group to an extent which is material and adverse in the context of the Wider SDL Group taken as a whole;
- (n) RWS not having discovered that:
  - (i) any past or present member, director, officer or employee of the Wider SDL Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation or any person that performs or has performed services for or on behalf of the Wider SDL Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation; or
  - (ii) any asset of any member of the Wider SDL Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
  - (iii) any past or present member, director, officer or employee of the Wider SDL Group, or any other person for whom any such person may be liable or responsible, has engaged in any business with, made any investments in, made any funds or assets available to or received any funds or assets from:
    - (a) any government, entity or individual in respect of which European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by European Union laws or regulations, including the economic sanctions administered by HM Treasury in the United Kingdom; or (b) any government, entity or individual targeted by any of the economic sanctions of the United Nations or the European Union or any of its member states; or
  - (iv) a member of the Wider SDL Group being engaged in any transaction which would cause RWS to be in breach of any law or regulation upon its acquisition of SDL, including the economic sanctions of HM Treasury in the United Kingdom, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the European Union or any of its member states; and
- (o) save as Disclosed, RWS not having discovered that:
  - (i) any past or present member of the Wider SDL Group has failed to comply with any applicable legislation, regulations or common law of any jurisdiction or any notice, order or requirement of any Third Party with regard to the use, treatment, handling, storage, transport, release, disposal, discharge, presence, spillage, leak or emission of any waste or hazardous or harmful substance or any substance likely to impair the environment or harm human or animal health, or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, presence, spillage, leak or emission (whether or not the same constituted non-compliance by any person with any legislation, regulations or law and wherever the same may have taken place) which, in any case, would be reasonably likely to give rise to any liability (whether actual or contingent) or cost on the part of any member of the Wider SDL Group which in any case is material in the context of the Wider SDL Group taken as a whole; or
  - (ii) there is, or is reasonably likely to be, any obligation or liability, whether actual or contingent, to make good, repair, reinstate, remedy or clean up any property now or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider SDL Group or any other property or controlled waters under any environmental legislation, regulation, common law, notice, circular, order or other lawful requirement of any relevant authority or Third Party in any jurisdiction or otherwise which in any case is material in the context of the Wider SDL Group taken as a whole.

**Part B: Further terms of the Scheme and the Combination**

1. Subject to the requirements of the Panel or, if required, by the Court:
  - (a) RWS reserves the right to waive all or any of the conditions in Part A above in whole or in part save for (i) the conditions contained in Conditions 1, 2(a), 2(c), 2(e), 3(a) and 3(b) which cannot be waived, and (ii) Condition 3(l) insofar as it relates to the Wider RWS Group or any part thereof. If any of the deadlines in Conditions 2(b), 2(d) and 2(f) are not met, RWS shall make an announcement by 8.00 a.m. on the Business

Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed to extend the deadline; and

(b) SDL reserves the right to waive, in whole or in part Condition 3(l), except insofar as it relates to the Wider SDL Group or any part thereof.

2. Conditions 2(a), 2(b), 2(c), 2(d) and 3(a) to 3(o) (inclusive) in Part A above must each be fulfilled by, or (if capable of waiver) be waived by, RWS or SDL (as the case may be) by no later than 11.59 p.m. on the date immediately preceding the date of the Court Hearing (or such later date as RWS, SDL, the Panel and, if required, the Court may allow) failing which the Combination will lapse.

3. The Combination will lapse if the Scheme does not become Effective by no later than 11.59 p.m. on the Long-stop Date.

4. Neither RWS nor SDL (as the case may be) shall be under any obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions by a date earlier than the latest date of the fulfilment of that Condition notwithstanding that the other Conditions to the Combination may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such conditions may not be capable of fulfilment.

5. If RWS is required by the Panel to make an offer for SDL Shares under the provisions of Rule 9 of the Takeover Code, RWS may make such alterations to the Conditions and certain further terms of the Combination as are necessary to comply with the provisions of that Rule.

6. The Combination will lapse (unless otherwise agreed with the Panel) if:

(a) in so far as the Combination or any matter arising from or relating to the Scheme or Combination constitutes a concentration with a Community dimension within the scope of the EC Merger Regulation, the European Commission either initiates proceedings under Article 6(1)(c) of the EC Merger Regulation or makes a referral to a competent authority in the United Kingdom under Article 9(1) of the EC Merger Regulation and there is then a CMA Phase 2 Reference; or

(b) the Combination or any matter arising from or relating to the Scheme or Combination becomes subject to a CMA Phase 2 Reference,

in either case, before the date of the SDL Court Meeting.

7. RWS reserves the right to elect to implement the Combination by way of a Takeover Offer (subject to the Panel's consent and the terms of the Co-operation Agreement) as an alternative to the Scheme. In such event, such offer will be implemented on the same terms and conditions (subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. (or such lower percentage (being more than 50 per cent.) as RWS may decide (subject to the Panel's consent) of the shares to which such offer relates), so far as applicable, as those which would apply to the Scheme (the "**Takeover Offer Acceptance Condition**"). Further, if sufficient acceptances of such Takeover Offer are received and/or sufficient SDL Shares are otherwise acquired, it is the intention of RWS to apply the provisions of section 979 of the Companies Act to compulsorily acquire any outstanding SDL Shares to which such Takeover Offer relates.

8. The SDL Shares will be acquired pursuant to the Combination fully paid and free from all liens, charges, equitable interests, security interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, or made on or after the Effective Date (excluding any SDL Equalising Dividend and the Capitalisation).

9. The New RWS Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the RWS Shares in issue at the time the New RWS Shares are issued pursuant to the Combination, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date.

10. Under Rule 13.5 of the Takeover Code, RWS may only invoke a condition to the Combination so as to cause the Combination not to proceed, to lapse or to be withdrawn where the circumstances which give rise to the right to invoke the condition are of material significance to RWS in the context of the Combination. The conditions

contained in Conditions 1, 2, 3(a) and 3(b) of Part A and the Takeover Offer Acceptance Condition are not subject to this provision of the Takeover Code.

11. Under Rule 13.6 of the Takeover Code, SDL may not invoke, or cause or permit RWS to invoke, any condition to the Combination unless the circumstances which give rise to the right to invoke the condition are of material significance to SDL Shareholders in the context of the Combination.

12. The Combination and the Scheme is governed by English law and be subject to the jurisdiction of the Court and to the conditions and further terms set out in this Part 3 and in Part 6 of this document. The Combination will also be subject to the applicable requirements of the Companies Act, the Court, the London Stock Exchange and the Takeover Code. This document does not constitute, or form part of, an offer or invitation to purchase SDL Shares or any other securities. The availability of the Combination to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements. The New RWS Shares to be issued under the Scheme have not been and will not be registered under the US Securities Act or under any laws or with any securities regulatory authority of any state or other jurisdiction of the United States, or under the laws of any other Restricted Jurisdiction. Accordingly, the New RWS Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, or in any Restricted Jurisdiction, except pursuant to exemptions from applicable requirements of any such jurisdiction, including the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof.

13. The Combination is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction.

14. If any dividend or other distribution or return of capital (other than, or in excess of, an SDL Equalising Dividend or pursuant to the Capitalisation) is proposed, declared, made, paid or becomes payable by SDL in respect of a SDL Share on or after the date of this document and with a record date on or before the Scheme Record Time, RWS reserves the right to pay a RWS Equalising Dividend. Any exercise by RWS of its rights referred to in this Condition shall be the subject of an announcement and shall not be regarded as constituting any revision or variation of the terms of the Scheme.

15. If RWS announces, declares, makes or pays any dividend or other distribution or return of capital (other than, or in excess of, an RWS Equalising Dividend) on or after the date of this document and prior to completion of the Combination, SDL reserves the right to pay an SDL Equalising Dividend. Any exercise by SDL of its rights referred to in this Condition shall be the subject of an announcement and shall not be regarded as constituting any revision or variation of the terms of the Scheme.

16. Fractions of the New RWS Shares will not be allotted or issued pursuant to the Combination, but entitlements of SDL Shareholders will be rounded down to the nearest whole number of New RWS Shares and all fractions of New RWS Shares will be aggregated and sold in the market as soon as practicable after the Combination becomes Effective. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be distributed in due proportions to SDL Shareholders who would otherwise have been entitled to such fractions (rounded down to the nearest penny), save that individual entitlements to amounts of less than £5.00 will be retained for the benefit of the Combined Group.

17. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

**PART 4**  
**FINANCIAL AND RATINGS INFORMATION**

**Part A: Financial information relating to SDL**

The following information is incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code:

- the audited consolidated accounts of SDL for the financial year ended 31 December 2019 set out in pages 82 to 145 (both inclusive) in SDL’s annual report for the financial year ended 31 December 2019 available from SDL’s website at <https://www.sdl.com/about/investor-relations/results-reports-presentations/annual-report-2019> by opening the link entitled “Download”;
- the audited consolidated accounts of SDL for the financial year ended 31 December 2018 are set out in pages 115 to 178 (both inclusive) in SDL’s annual report for the financial year ended 31 December 2018 available from SDL’s website at <https://www.sdl.com/about/investor-relations/results-reports-presentations> by opening the link entitled “SDL PLC – 2018 Annual Report”;
- the half-yearly financial report of SDL for the six-month period ended 30 June 2020 are available from SDL’s website at <https://www.sdl.com/about/investor-relations> by opening the link entitled “FY20 H1 results”; and
- the principal risks and uncertainties set out in pages 34 to 38 (both inclusive) in SDL’s annual report for the financial year ended 31 December 2019, available from SDL’s website at <https://www.sdl.com/about/investor-relations/results-reports-presentations/annual-report-2019> by opening the link entitled “Download”.

**Part B: SDL ratings and outlooks**

There are no ratings or outlooks publicly accorded to SDL.

**Part C: Financial information relating to RWS**

The following information is incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code:

- the audited consolidated accounts of RWS for the financial year ended 30 September 2019 set out in pages 46 to 98 (both inclusive) in RWS’s annual report for the financial year ended 30 September 2019 available from RWS’s website at <https://www.rws.com/investor-relations/results-and-reports/> by opening the link entitled “2019 annual report”;
- the audited consolidated accounts of RWS for the financial year ended 30 September 2018 set out in pages 36 to 86 (both inclusive) in RWS’s annual report for the financial year ended 30 September 2018 available from RWS’s website at <https://www.rws.com/investor-relations/results-and-reports/> by opening the link entitled “2018 annual report”;
- the half-yearly financial report of RWS for the 6-month period ended 31 March 2020 is available from RWS’s website at <https://www.rws.com/investor-relations/results-and-reports/> by opening the link entitled “2020 half year results statement”; and
- the potential risks to RWS’s business set out in pages 16 to 17 (both inclusive) in RWS’s annual report for the financial year ended 30 September 2019 available from RWS’s website at <https://www.rws.com/investor-relations/results-and-reports/> by opening the link entitled “2019 annual report”.

**Part D: RWS ratings and outlooks**

There are no ratings or outlooks publicly accorded to RWS.



**PART 5**  
**ADDITIONAL INFORMATION**

**1. Responsibility**

- 1.1 The SDL Directors, whose names are set out at paragraph 2.1 of this Part 5, each accept responsibility for the information contained in this document (including any expressions of opinion) other than the information (and expressions of opinion) contained in this document for which responsibility is taken by the RWS Directors pursuant to paragraph 1.2 below. To the best of the knowledge and belief of the SDL Directors (who have taken all reasonable care to ensure that such is the case), the information (including any expressions of opinion) 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.
- 1.2 The RWS Directors, whose names are set out at paragraph 2.2 of this Part 5, each accept responsibility for the information (and expressions of opinion) contained in this document relating to RWS, the RWS Group, the RWS Directors and members of their immediate families, related trusts and persons connected with them (including, without limitation, information relating to RWS's background to and reasons for the Combination, the financial effects of the Combination on RWS, RWS's strategy and future intentions for SDL and the Combined Group's management, employees, locations of business, pension schemes and the listing of RWS and SDL, RWS's current trading and prospects, the Combined Group's governance, the Combined Group's dividend policy and the Quantified Financial Benefits Statement). To the best of the knowledge and belief of the RWS Directors (who have taken all reasonable care to ensure that such is the case), the information (including any expressions of opinion) 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**

- 2.1 The SDL Directors and their respective positions are set out below:

<i>Name</i>	<i>Position held</i>
David Clayton	Non-Executive Chairman
Glenn Collinson	Non-Executive Director and Chairman of Remuneration Committee
Amanda Gradden	Non-Executive Director
Adolfo Hernandez	Chief Executive Officer
Christopher Humphrey	Non-Executive Director
Alan McWalter	Senior Independent Non-Executive Director
Gordon Stuart	Non-Executive Director and Chairman of Audit Committee
Xenia Walters	Chief Financial Officer

- 2.2 The RWS Directors and their respective positions are set out below:

<i>Name</i>	<i>Position held</i>
Andrew Brode	Executive Chairman
Richard Thompson	Chief Executive Officer
Desmond Glass	Chief Financial Officer
David Shrimpton	Senior Independent Director and Deputy Chairman
Lara Boro	Non-Executive Director
Elisabeth Lucas	Non-Executive Director
Tomas Kratochvíl	Non-Executive Director

The registered office of RWS and the business address of each RWS Director is Europa House, Chiltern Park, Chiltern Hill, Chalfont St Peter, Buckinghamshire, SL9 9FG. RWS is a public limited company incorporated in England and Wales with company number 03002645.

**3. SDL Shares and SDL Share Plans**

At the close of business on the Latest Practicable Date, the following SDL Shares were in issue and SDL Options in respect of SDL Shares under the SDL Share Plans were outstanding:

- SDL Shares in issue: 91,308,420
- SDL Shares which may be issued on the exercise of SDL Options under the SDL Share Plans: 4,204,067

#### 4. **Market quotations**

The following table sets out the closing middle market quotations for SDL Shares on the first Business Day in each of the six months immediately before the date of this document, on 26 August 2020 (being the last Business Day prior to the commencement of the Offer Period) and on 16 September 2020 (being the latest available date prior to the publication of this document), in each case derived from the Daily Official List:

<i>Date</i>	<i>Closing middle market quotation (pence)</i>
1 April 2020	403.0
1 May 2020	466.0
1 June 2020	488.5
1 July 2020	506.0
3 August 2020	457.0
26 August 2020	597.0
1 September 2020	770.0
16 September 2020	713.0

The following table sets out the closing middle market quotations for RWS Shares on the first Business Day in each of the six months immediately before the date of this document, on 26 August 2020 (being the last Business Day prior to the commencement of the Offer Period) and on 16 September 2020 (being the latest available date prior to the publication of this document), in each case derived from the Daily Official List:

<i>Date</i>	<i>Closing middle market quotation (pence)</i>
1 April 2020	468.5
1 May 2020	537.5
1 June 2020	663.5
1 July 2020	593.5
3 August 2020	616.5
26 August 2020	742.0
1 September 2020	645.5
16 September 2020	597.5

#### 5. **Disclosure of interests and dealings**

##### 5.1 Definitions and references

For the purposes of this paragraph 5.1:

- 5.1.1 “acting in concert” with SDL or RWS, as the case may be, means any such person acting or deemed to be acting in concert with SDL or RWS, as the case may be, for the purposes of the Takeover Code;
- 5.1.2 “arrangement” includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities of SDL which may be an inducement to deal or refrain from dealing;
- 5.1.3 “connected adviser” includes an organisation which (A) is advising RWS or (as the case may be) SDL in relation to the Combination, (B) is a corporate broker to RWS or (as the case may be) SDL, (C) is advising a person acting in concert with RWS or (as the case may be) SDL in relation to the Combination or in relation to the matter which is the reason for that person being a member of the concert party, in each case, excluding any “exempt principal traders” and any “exempt fund managers”;
- 5.1.4 “connected person” means, in relation to any person who is a director of a company, any other person whose interests in shares the director is taken to be interested in pursuant to Part 22 of the Companies Act 2006 and related regulations;
- 5.1.5 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 and “control” means an interest or interests in shares carrying in aggregate 30 per cent. or more of the “voting rights” of a company, irrespective of whether the holding or holdings gives de facto control;

5.1.6 “dealing” or “dealt” means:

- (a) acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or of general control of relevant securities;
- (b) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any relevant securities;
- (c) subscribing or agreeing to subscribe for relevant securities;
- (d) exercising or converting, whether in respect of any new or existing securities, or any relevant securities carrying conversion or subscription rights;
- (e) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;
- (f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
- (g) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

5.1.7 “derivative” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;

5.1.8 “disclosure period” means the period which began on 27 August 2019 (the date 12 months prior to the commencement of the Offer Period) and ended on the Latest Practicable Date;

5.1.9 “relevant securities” means:

- (a) SDL Shares and any other securities of SDL conferring voting rights;
- (b) the equity share capital of any member of the RWS Group; and
- (c) securities of SDL and any member of the RWS Group carrying conversion or subscription rights into any of the foregoing;

5.1.10 “short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery; and

5.1.11 “voting rights” means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting of that company. Except for treasury shares, any shares which are subject to:

- (a) a restriction on the exercise of voting rights:
  - (i) in an undertaking or agreement by or between a shareholder and the company or a third party; or
  - (ii) arising by law or regulation; or
- (b) a suspension of voting rights implemented by means of the company’s articles of association or otherwise,  
will normally be regarded as having voting rights which are currently exercisable at a general meeting;

5.1.12 a person has an “interest” or is “interested” in relevant securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities (but not if he only has a short position in such securities) and in particular if:

- (a) he owns them;
- (b) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
- (c) by virtue of any agreement to purchase, option or derivative he:
  - (i) has the right or option to acquire them or call for their delivery; or
  - (ii) is under an obligation to take delivery of them;

- (d) whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (e) he is party to any derivative:
- (i) whose value is determined by reference to their price; and
- (ii) which results, or may result, in his having a long position in them; and

5.1.13 “close relatives”, “exempt principal trader”, “exempt fund manager” and “securities” have the meanings given to them by the Takeover Code.

## 5.2. *Interests, rights to subscribe and short positions in relevant securities of SDL*

### 5.2.1 SDL Directors

As at the last day of the disclosure period, the SDL Directors were interested in the following SDL Shares:

<i>Name</i>	<i>Number of SDL Shares</i>
David Clayton	133,950
Glenn Collinson	53,373
Amanda Gradden	7,500
Adolfo Hernandez	162,500
Christopher Humphrey	20,000
Gordon Stuart	4,152
Xenia Walters	10,490

As at the last day of the disclosure period, the following options in respect of SDL Shares had been granted to the following SDL Directors and remained outstanding under the SDL Share Plans:

<i>Name</i>	<i>Scheme</i>	<i>Number of SDL Shares under option</i>	<i>Date of grant<sup>(1)</sup></i>	<i>Exercise price</i>	<i>Normal exercise period</i>
Adolfo Hernandez	LTIP 2016	69,889 <sup>(2)</sup>	08.06.16	£0.01	08.06.21 – 08.06.26
	LTIP 2016	70,650 <sup>(3)</sup>	18.04.17	£0.01	18.04.22 – 18.04.27
	LTIP 2016	311,721	16.04.18	£0.01	16.04.23 – 16.04.28
	LTIP 2016	246,641	17.04.19	£0.01	17.04.24 – 17.04.29
	LTIP 2016	285,555	17.04.20	£0.01	17.04.25 – 17.04.30
Xenia Walters	Deferred Annual Bonus Plan	12,128	18.03.19	£0.01	18.03.21 – 18.03.25
	LTIP 2016	71,072	16.04.18	£0.01	16.04.23 – 16.04.28
		68,378	17.04.19	£0.01	17.04.24 – 17.04.29
		86,458	17.04.20	£0.01	17.04.25 – 17.04.30
	SDL Sharesave Scheme (UK)	4,390	10.05.19	£4.10	01.08.22 – 31.01.23

**Notes:**

- The vesting of LTIP awards granted in 2018, 2019 and 2020 is subject to achievement of performance criteria.
- All vested. Includes dividend equivalent SDL Shares of 1,721.
- All vested. Includes dividend equivalent SDL Shares of 1,933.

## 5.3 *Interests, rights to subscribe and short positions in relevant securities of RWS*

### 5.4 RWS Directors

As at the last day of the disclosure period, the RWS Directors and their close relatives were interested in the following RWS Shares:

<i>Name</i>	<i>Number of RWS Shares</i>
Andrew Brode <sup>(1)</sup>	90,174,060
Richard Thompson	282,480
Elisabeth Lucas	50,000
Lara Boro	2,600

**Note:**

- The RWS Shares noted above in respect of Andrew Brode are comprised of 78,659,060 RWS Shares held by RBC Trustees (Guernsey) Limited, as trustee of the trust The Brode Life Interest Settlement in which Andrew Brode has a beneficial interest, 15,000 RWS Shares held by Diane Brode (the wife of Andrew Brode), and 11,500,000 RWS Shares held directly by Andrew Brode.  
RBC Trustees (Guernsey) Limited is the legal owner of the RWS Shares held on behalf of the trust The Brode Life Interest Settlement. Andrew Brode is entitled to request that RBC Trustees (Guernsey) Limited transfers to him the RWS Shares held by it, which otherwise are held for the beneficiaries of The Brode Life Interest Settlement.

As at the last day of the disclosure period, the following options in respect of RWS Shares had been granted to the following RWS Directors and remained outstanding under the RWS Share Plans:

<i>Name</i>	<i>Scheme</i>	<i>Number of RWS Shares under option</i>	<i>Date of grant</i>	<i>Exercise price</i>	<i>Normal exercise period</i>
Richard Thompson	Sharesave Scheme	1,743	18.02.19	£4.13	01.04.22 – 30.09.22
	RWS Share Option Plan 2019	478,701	13.05.19	£6.01	13.05.24 – 13.05.29
		861,661	22.01.20	£6.15	22.01.25 – 22.01.30
	SAYE scheme	1,292	12.02.20	£5.57	01.04.23 – 30.09.23
Desmond Glass	Sharesave Scheme	1,743	18.02.19	£4.13	01.04.22 – 30.09.22
	Share Option Plan 2019	170,965	13.05.19	£6.01	13.05.24 – 13.05.29
	RWS Share Option Plan 2019	369,283	22.01.20	£6.15	22.01.25 – 22.01.30
	SAYE scheme	1,292	12.02.20	£5.57	01.04.23 – 30.09.23

### 5.5. Dealings in relevant securities of RWS

#### 5.5.1 RWS Directors

<i>Registered Holder</i>	<i>Date</i>	<i>Transaction</i>	<i>Number of securities</i>	<i>Price (pence)</i>
Richard Thompson	25 October 2019	Option Exercise	1,269,480	129.2
Richard Thompson	25 October 2019	Sell	1,000,000	580.0

### 5.6. General

Save as disclosed in this paragraph 5, as at the end of the disclosure period:

- 5.6.1 neither RWS, the RWS Directors, nor (in the case of the RWS Directors) any of their close relatives, related trusts or connected persons, nor any other person acting in concert with RWS was interested in, had any right to subscribe for, or had any short position in relation to, any relevant securities of SDL or RWS nor had any such person dealt in any relevant securities of SDL or RWS during the disclosure period;
- 5.6.2 neither SDL, nor any of the SDL Directors, nor (in the case of the SDL Directors) any of their close relatives, related trusts or connected persons, nor any other person acting in concert with SDL was interested in, had any right to subscribe for, or had any short position in relation to, any relevant securities of SDL or RWS and nor had any such person dealt in any relevant securities of SDL or RWS in the period commencing on the first day of the Offer Period and ending on the last day of the disclosure period;
- 5.6.3 neither SDL, RWS, nor any person acting in concert with SDL or RWS, had borrowed or lent (including for these purposes any financial collateral arrangements of a kind referred to in Note 4 on Rule 4.6) any relevant securities in SDL or RWS (save for any borrowed shares which have been either on-lent or sold); and
- 5.6.4 save for the irrevocable undertakings described in paragraph 8 of this Part 5, there is no arrangement relating to relevant securities in SDL or RWS which exists between RWS or any person acting in concert with RWS and any other person, nor between SDL or any person acting in concert with SDL and any other person.

## 6. Service contracts and letters of appointment of the SDL directors

The following directors have entered into service agreements or letters of appointment with SDL Group as summarised below:

### 6.1 *Adolfo Hernandez*

- 6.1.1 Adolfo Hernandez is employed by SDL as its Chief Executive Officer pursuant to the terms of a service agreement dated 22 March 2016. His employment continues unless terminated by either party giving to the other 12 months' written notice. SDL may also elect to terminate Mr Hernandez's employment by making a payment in lieu of notice equal to basic salary for any unexpired portion of the notice period, together with such further amount as is equal to the fair value of any other benefits to which Mr Hernandez is contractually entitled during such period (subject to deductions required by law including the deduction at source of income tax and national insurance contributions). On termination Mr Hernandez would also be entitled to payment in respect of accrued but untaken holiday. Mr Hernandez's employment is also terminable immediately without notice or pay if: he does not comply with a lawful direction given by the board; the board reasonably believes he has seriously or repeatedly breached any terms of his employment; the board reasonably believes he is guilty of gross misconduct or wilful negligence; the board reasonably believes he is guilty of bribery, corruption, fraud dishonesty or other conduct bringing himself or any of the SDL Group into disrepute; the board reasonably believes he has committed a breach of in force legislation effecting or relating to the business of any member of the SDL Group; he is declared bankrupt, has a receiving order made against him, makes any composition with his creditors or uses any statute affording relief for insolvent debtors; he becomes prohibited by law from being a director; he is disqualified from or fails to maintain registration with, any body he is reasonably required to be a member of to carry out his duties; he fails or refuses to accept employment in circumstances of a reorganisation or amalgamation of the SDL Group; he resigns as a director; he is in breach of the rules and regulations of the Financial Conduct Authority, the London Stock Exchange, any regulatory bodies relevant to any SDL Group company or any code of practise issued by SDL; or he is in material breach of the articles of association of SDL.
- 6.1.2 SDL has the discretion to place Mr Hernandez on garden leave for all or part of the 12 month notice period. It is entitled to dismiss Mr Hernandez without notice or compensation in specified circumstances, such as if Mr Hernandez commits a serious or repeated breach of any term of the service agreement.
- 6.1.3 Mr Hernandez's service agreement also contains post-termination restrictions including six months' post-termination non-solicitation and other restrictions.
- 6.1.4 Pursuant to his service agreement Mr Hernandez's salary is £514,000 per annum. In addition to his fixed annual salary, Mr Hernandez is entitled to participate in the SDL LTIP and SDL's bonus scheme arrangements, the amount of such bonus to be determined by SDL's remuneration committee in its absolute discretion. SDL has also agreed to contribute an amount equal to 12 per cent. of Mr Hernandez's salary to a nominated personal pension scheme during each year of his employment. Mr Hernandez is entitled to a company car allowance of up to £21,000 per annum. Mr Hernandez is entitled to participate in SDL's private medical insurance arrangements and has the benefit of a life assurance scheme (in respect of four times his annual salary) and income protection insurance. Mr Hernandez is entitled to reimbursement of all reasonable and authorised out of pocket expenses (including hotel and travel expenses) wholly, necessarily and exclusively incurred in the discharge of his duties.

### 6.2 *Xenia Walters*

- 6.2.1 Xenia Walters is employed by SDL as its Chief Financial Officer pursuant to the terms of a service agreement dated 1 April 2018. Her employment continues unless terminated by either party giving to the other 12 months' written notice. SDL may also elect to terminate Ms Walters' employment by making a payment in lieu of notice equal to basic salary for any unexpired portion of the notice period, together with such further amount as is equal to the fair value of any other benefits to which Ms Walters is contractually entitled during such period (subject to deductions required by law including the deduction at source of income tax and national insurance contributions). On termination Ms Walters would also be entitled to payment in respect of accrued but untaken holiday. Ms Walters' employment is also terminable immediately without notice or pay if: she does not comply with a lawful direction given by the board; the board reasonably believes she has seriously or repeatedly breached any terms of her employment; the board reasonably believes she is guilty of gross misconduct or wilful negligence; the board reasonably believes she is guilty of bribery, corruption, fraud dishonesty or other conduct bringing herself or any of the SDL Group into disrepute; the board reasonably believes she has committed a breach of in force legislation effecting or relating to the business of any member of the SDL Group; she is declared bankrupt, has a receiving order made against her, makes any composition with her creditors or uses any statute affording relief for insolvent debtors; she

becomes prohibited by law from being a director; she is disqualified from or fails to maintain registration with, any body she is reasonably required to be a member of to carry out her duties; she fails or refuses to accept employment in circumstances of a reorganisation or amalgamation of the SDL Group; she resigns as a director; she is in breach of the rules and regulations of the Financial Conduct Authority, the London Stock Exchange, any regulatory bodies relevant to any SDL Group company or any code of practise issued by SDL; or she is in material breach of the articles of association of SDL.

6.2.2 SDL has the discretion to place Ms Walters on garden leave for all or part of the 12 month notice period. It is entitled to dismiss Ms Walters without notice or compensation in specified circumstances, such as if Ms Walters commits a serious or repeated breach of any term of the service agreement. Ms Walters' service agreement also contains post-termination restrictions including six months' post-termination non-solicitation and other restrictions.

6.2.3 Pursuant to her service agreement Ms Walters' salary is £311,250 per annum. In addition to her fixed annual salary, Ms Walters is entitled to participate in the SDL LTIP and SDL's bonus scheme arrangements, the amount of such bonus to be determined by SDL's remuneration committee in its absolute discretion. SDL has also agreed to contribute an amount equal to 12 per cent. of Ms Walters' salary to a nominated personal pension scheme during each year of her employment. Ms Walters is entitled to a company car allowance of up to £12,000 per annum. Ms Walters is entitled to participate in SDL's private medical insurance arrangements and has the benefit of a life assurance scheme (in respect of four times her annual salary) and income protection insurance. Ms Walters is entitled to reimbursement of all reasonable and authorised out of pocket expenses (including hotel and travel expenses) wholly, necessarily and exclusively incurred in the discharge of her duties.

### 6.3 *David Clayton*

The services of Mr David Clayton as non-executive chairman of the Company are provided under the terms of a letter of appointment with SDL dated 21 May 2013. Mr Clayton's appointment commenced on 1 July 2013 and is terminable by either party upon at least three months prior written notice. It is terminable immediately if: Mr Clayton resigns as a director; he is removed as a director at any general meeting; or if he is removed from office by notice in writing from all his co-directors or his office is vacated pursuant to any provision of the articles of association of SDL. Mr Clayton is paid fees of £110,000 per annum.

### 6.4 *Glenn Collinson*

The services of Mr Glenn Collinson as non-executive director are provided under the terms of a letter of appointment with SDL dated 11 February 2014. Mr Collinson's appointment commenced on 1 June 2014 and is terminable by either party upon at least three months prior written notice. It is terminable immediately if: Mr Collinson resigns as a director; he is removed as a director at any general meeting; or if he is removed from office by notice in writing from all his co-directors or his office is vacated pursuant to any provision of the articles of association of SDL. Mr Collinson is paid fees of £58,000 per annum (including fees of £5,000 per annum in respect of his role as Chair of the Remuneration Committee).

### 6.5 *Amanda Gradden*

The services of Ms Amanda Gradden as non-executive director are provided under the terms of a letter of appointment with SDL dated 30 November 2011. Ms Gradden's appointment commenced on 30 January 2012 and is terminable by either party upon at least three months prior written notice. It is terminable immediately if: Ms Gradden resigns as a director; she is removed as a director at any general meeting; or if she is removed from office by notice in writing from all her co-directors or her office is vacated pursuant to any provision of the articles of association of SDL. Ms Gradden is paid fees of £57,000 per annum.

### 6.6 *Christopher Humphrey*

The services of Mr Christopher Humphrey as non-executive director are provided under the terms of a letter of appointment with SDL dated 21 April 2016. Mr Humphrey's appointment commenced on 8 June 2016 and is terminable by either party upon at least three months prior written notice. It is terminable immediately if: Mr Humphrey resigns as a director; he is removed as a director at any general meeting; or if he is removed from office by notice in writing from all his co-directors or his office is vacated pursuant to any provision of the articles of association of SDL. Mr Humphrey is paid fees of £50,000 per annum.

### 6.7 *Alan McWalter*

The services of Mr Alan McWalter as non-executive director and senior independent director are provided under the terms of a letter of appointment with SDL dated 11 February 2014. Mr McWalter's appointment

commenced on 1 March 2014 and is terminable by either party upon at least three months prior written notice. It is terminable immediately if: Mr McWalter resigns as a director; he is removed as a director at any general meeting; or if he is removed from office by notice in writing from all his co-directors or his office is vacated pursuant to any provision of the articles of association of SDL. Mr McWalter is paid fees of £58,000 per annum (including fees of £5,000 per annum in respect of his role as Senior Independent Director).

#### 6.8. *Gordon Stuart*

The services of Mr Gordon Stuart as non-executive director are provided under the terms of a letter of appointment with SDL dated 27 January 2020. Mr Stuart's initial three year term expires on 26 January 2023 and is terminable by either party upon at least three months prior written notice. It is terminable immediately if: Mr Stuart resigns as a director; he is removed as a director at any general meeting; or if he is removed from office by notice in writing from all his co-directors or his office is vacated pursuant to any provision of the articles of association of SDL. Mr Stuart is paid fees of £58,000 per annum (including fees of £5,000 per annum in respect of his role as Chair of the Audit Committee).

#### 6.9 Save as set out in this paragraph 6:

- 6.9.1 no SDL Director is entitled to commission or profit sharing arrangements;
- 6.9.2 other than statutory compensation and payment in lieu of notice, no compensation is payable by SDL to any SDL Director upon early termination of their appointment; and
- 6.9.3 no service agreement or letter of appointment of any SDL Director was entered into or amended in the six month period prior to the date of this document.

### 7. **Material contracts**

#### 7.1 *SDL material contracts*

During the period beginning on the date falling two years before the commencement of the Offer Period and ending on the last practicable date prior to the publication of this document, neither SDL nor any of its subsidiaries have entered into any material contracts, other than contracts entered into in the ordinary course of business.

#### 7.2 *RWS material contracts*

During the period beginning on the date falling two years before the commencement of the Offer Period and ending on the last practicable date prior to the publication of this document, RWS and its subsidiaries have entered into the following material contracts (contracts not entered into in the ordinary course of business):

##### 7.2.1 Iconic SPA

Pursuant to a sale and purchase agreement (the "**Iconic Agreement**") dated 8 June 2020 between (1) Dr John Tinsley, Dr Páraic Sheridan (the "**Founders**") and others (together the "**Sellers**") and (2) RWS, RWS purchased certain of the issued share capital of Iconic Translation Machines Limited ("**Iconic**").

The consideration for Iconic was comprised of initial consideration of \$8,658,280 (as may be adjusted pursuant to a customary completion accounts process) and additional deferred consideration of up to \$10,000,000 which is dependent upon Iconic's future financial performance. The deferred consideration (if any) will be satisfied by the issuance of RWS Shares.

Under the terms of the Iconic Agreement the Founders gave customary warranties and a tax covenant to RWS and certain indemnities in respect of matters identified in RWS' due diligence.

The Iconic Agreement is governed by English law.

##### 7.2.2 Webdunia.com SPA

Pursuant to a sale and purchase agreement (the "**Webdunia Agreement**") dated 8 June 2020 between (1) Mr Vinay Chhajlani (the "**Warrantor**"), Naidunia Indore Private Limited, Diaspark Infotech Private Limited ("**Diaspark**"), Navratan Buildtech Private Limited and 2 other individuals (together the "**Sellers**"); and (2) RWS UK Holding Co Limited, a subsidiary of RWS (the "**Buyer**"), the Buyer purchased the entire issued share capital of Webdunia.com (India) Private Limited ("**Webdunia**") and certain of the business and assets of Diaspark.

The consideration for the acquisition was \$21,000,000 (as may be adjusted pursuant to a customary completion accounts process) paid in cash.



Under the terms of the Webdunia Agreement the Warrantor gave customary warranties and a tax covenant to the Buyer and certain indemnities in respect of matters identified in RWS' due diligence.

The Webdunia Agreement is governed by English law.

### 7.2.3 Alpha Translations SPA

Pursuant to a share purchase agreement (the "**Alpha Agreement**") dated 16 January 2019 between (1) Michele Hecken and Almiras Holdings Inc. (together the "**Sellers**"); and (2) 2165896 Alberta Inc. (the "**Buyer**"), the Buyer purchased the entire issued and outstanding share capital of Alpha Translations Canada Inc. ("**Alpha**").

The consideration for Alpha was a completion payment of \$5,995,000 (as may be adjusted pursuant to a customary completion accounts process) paid in cash.

Under the terms of the Alpha Agreement, the Sellers gave customary warranties to the Buyer and certain indemnities in respect of matters identified in RWS' due diligence.

The Alpha Agreement is governed by the laws of the Province of Alberta and the laws of Canada applicable in that Province.

## 7.3 *Offer-related arrangements*

### *Confidentiality Agreement*

RWS and SDL have entered into a mutual confidentiality agreement dated 5 March 2020 pursuant to which each of RWS and SDL has undertaken, among other things, to keep certain information relating to the Combination and the other party confidential and not to disclose it to third parties (other than to permitted parties) unless required by law or regulation.

The confidentiality obligations of each party under the Confidentiality Agreement continue until the earlier of completion of the Combination and 5 March 2023. The Confidentiality Agreement also contains customary (a) non-solicit provisions, subject to customary carve-outs, until 5 March 2021; and (b) standstill provisions, subject to customary carve-outs, until 5 September 2020.

### *Co-operation Agreement*

On the date of the Announcement, RWS and SDL entered into the Co-operation Agreement, under which RWS and SDL have agreed to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made for the process of obtaining regulatory approvals and clearances required to implement the Combination. RWS has also agreed to provide SDL with reasonable information, assistance and access for the preparation of the key shareholder documentation.

The Co-operation Agreement records the intention of RWS and SDL to implement the Combination pursuant to the Scheme. However, RWS may, subject to the consent of the Panel, elect to implement the Combination by way of a Takeover Offer if:

- SDL provides its consent;
- a third party announces an independent competing transaction (including a firm intention to make an offer and the acquisition of a significant proportion of the SDL Group's business); or
- the SDL Directors: (i) do not include a unanimous and unconditional recommendation of the Scheme in this document; or (ii) withdraw, qualify or adversely modify their recommendation of the Scheme or intention to recommend the Scheme.

The Co-operation Agreement also contains provisions that will apply in respect of the SDL Share Plans and certain other arrangements for the benefit of SDL's employees.

The Co-operation Agreement will terminate:

- if agreed in writing between RWS and SDL;
- upon service of written notice by RWS to SDL if, among other things: (i) any Condition which has not been waived is (or has become) incapable of satisfaction by the Long-stop Date; (ii) any Condition which is incapable of waiver is (or has become) incapable of satisfaction by the Long-stop Date; (iii) the Court refuses to sanction the Scheme; (iv) (unless otherwise agreed by RWS and SDL) the Effective Date has not occurred by the Long-stop Date; (v) this document or the Takeover Offer document (as

the case may be) does not contain a unanimous and unconditional recommendation of the Scheme or the Takeover Offer (as applicable) by the SDL Board; or (vi) SDL makes an announcement that: (a) the SDL Directors no longer intend to unanimously and unconditionally recommend the Scheme or the Takeover Offer (as applicable); (b) it will not convene the SDL Court Meeting or the SDL General Meeting; or (c) it recommends or intends to recommend an independent competing transaction;

- upon service of written notice by SDL to RWS if, among other things: (i) the RWS Circular does not include the unanimous and unconditional recommendation from the RWS Directors to approve the RWS Resolution; (ii) RWS makes an announcement that: (a) the RWS Directors no longer intend to make such recommendation or intend adversely to qualify or modify such recommendation; (b) it will not convene the RWS General Meeting; or (c) it does not intend to publish the RWS Circular;
- upon service of written notice by RWS or SDL on the other if: (i) the resolutions proposed at either or both the SDL Court Meeting or the SDL General Meeting are not passed; or (ii) the resolutions proposed at the RWS General Meeting is not passed;
- if the Scheme or Takeover Offer (as applicable) is withdrawn or lapses prior to the Long-stop Date (other than where such lapse or withdrawal: (i) is as a result of RWS' election to implement the Combination by way of a Takeover Offer; or (ii) is otherwise followed within five Business Days by an announcement under Rule 2.7 of the Takeover Code made by RWS or a person acting in concert with it to implement the Combination by a different offer or scheme on substantially the same or improved terms);
- an independent competing transaction becomes effective, or becomes or is declared unconditional in all respects or is completed; or
- upon the occurrence of the Effective Date.

#### *Clean Team Agreement*

RWS and SDL have entered into a clean team agreement dated 3 August 2020, pursuant to which each of RWS and SDL has agreed to certain rules for and restrictions on the sharing of certain commercially sensitive information. Under the Clean Team Agreement, the relevant information and other materials may be shared with only specified clean team members, comprising a limited number of senior management and executives within each of SDL and RWS and their respective legal and financial advisers. All clean team members will be bound by the confidentiality obligations under the agreement for a period of six months following its termination. The Clean Team Agreement must be read in conjunction with and is supplemental to the Confidentiality Agreement and the Confidentiality and Joint Defence Agreement.

#### *Confidentiality and Joint Defence Agreement*

RWS and SDL have entered into a confidentiality and joint defence agreement dated 3 August 2020, pursuant to which each of RWS and SDL has agreed to certain rules for and restrictions on the sharing of certain confidential documents. Under the Confidentiality and Joint Defence Agreement, information and other materials containing highly commercially sensitive information may be shared with only the other party's specified outside legal counsel or other retained experts and not with the other party. Each party will be bound by the confidentiality obligations under the agreement for a period of two years. The Confidentiality and Joint Defence Agreement must be read in conjunction with and is supplemental to the Confidentiality Agreement and the Clean Team Agreement.

## **8. Irrevocable undertakings and letters of intent**

### **8.1. *SDL Directors***

The following SDL Directors have undertaken that, in respect of their entire beneficial holdings in SDL Shares (as set out below), they shall:

- (i) exercise (or procure the exercise of) all voting rights attaching to their respective SDL Shares to vote in favour of the Scheme at the SDL Court Meeting and the SDL Resolution at the SDL General Meeting;
- (ii) exercise (or procure the exercise of) all voting rights in respect of their respective SDL Shares against any resolutions to be proposed at the SDL Court Meeting or the SDL General Meeting which (if passed) would reasonably be expected to delay, impede or frustrate the Combination in any way;
- (iii) execute (or procure the execution of) any forms of proxy required by RWS in respect of their respective SDL Shares appointing any person nominated by RWS to attend and vote at the SDL Court Meeting or the SDL

General Meeting and ensure that any such form of proxy is received by SDL's registrars not later than 6.00 p.m. on the tenth Business Day after receipt of this document, and not revoke any such form of proxy;

- (iv) if the Combination is effected as a Takeover Offer, accept (or procure the acceptance of) such Takeover Offer in respect of all such SDL Shares not later than the tenth Business Day after receipt of the offer document; and
- (v) not, except pursuant to the Scheme or any Takeover Offer, sell, transfer, charge, encumber, grant any option or lien over or otherwise dispose of any interest in any SDL Shares or any other shares in SDL issued or unconditionally allotted to, or acquired by, such SDL Director, nor enter into any agreement or arrangement, incur any obligation or give any indication of intent to do any such act.

<i>Name</i>	<i>Number of SDL Shares</i>	<i>Percentage of issued share capital of SDL (excluding shares under option) at the Latest Practicable Date</i>
David Clayton	133,950	0.15%
Glenn Collinson	53,373	0.06%
Amanda Gradden	7,500	0.01%
Adolfo Hernandez	162,500	0.18%
Christopher Humphrey	20,000	0.02%
Gordon Stuart	4,152	0.00%
Xenia Walters	10,490	0.01%
<b>TOTAL</b>	<b>391,965</b>	<b>0.43%</b>

**Notes:**

- 1 73,950 of the SDL Shares which are the subject of the irrevocable undertaking given by David Clayton are registered in the name of Rock (Nominees) Limited and 60,000 are registered in the name of Reyker Nominees Limited.
- 2 46,873 of the SDL Shares which are the subject of the irrevocable undertaking given by Glenn Collinson are registered in the name of Vidacos Nominees Limited and 6,500 are in the name of Joh. Berenberg, Gossler & Co KG.
- 3 All of the SDL Shares which are the subject of the irrevocable undertaking given by Amanda Gradden are registered in Ms Gradden's name.
- 4 All of the SDL Shares which are the subject of the irrevocable undertaking given by Adolfo Hernandez are registered in the name of Vidacos Nominees Limited.
- 5 All of the SDL Shares which are the subject of the irrevocable undertaking given by Christopher Humphrey are registered in the name of Rock (Nominees) Limited.
- 6 All of the SDL Shares which are the subject of the irrevocable undertaking given by Gordon Stuart are registered in the name of Platform Securities Nominees.
- 7 All of the SDL Shares which are the subject of the irrevocable undertaking given by Xenia Walters are registered in the name of Barclays Direct Investing Nominees Limited.

The undertakings listed in this paragraph 8.1 will continue to be binding in the event that a higher competing offer is made for SDL.

Each irrevocable undertaking listed in this paragraph 8.1 shall lapse if, *inter alia*:

- (i) in the event the Combination is implemented by way of a Scheme, if the Scheme or any resolution to be proposed is not approved by the requisite majorities of the SDL Shareholders at the SDL General Meeting or the SDL Court Meeting;
- (ii) in the event the Combination is implemented by way of a Takeover Offer, if the offer document is not posted to SDL Shareholders within the permitted period under the Takeover Code or as otherwise agreed with the Panel;
- (iii) on the date on which the Combination is withdrawn or lapses in accordance with its terms (except where the Combination is withdrawn or lapses as a result of RWS exercising its right to implement the Combination by way of a Takeover Offer in accordance with the Takeover Code rather than by way of a Scheme or vice versa); or
- (iv) if any event occurs or becomes known to RWS before despatch of this document or the offer document (as the case may be) as a result of which the Panel requires or agrees that RWS need not make the Combination.

## 8.2 *SDL Shareholders*

The following SDL Shareholders (being SDL Shareholders that are not also SDL Directors), have given non-binding letters of support to vote or procure votes in favour of the resolutions relating to Scheme at the SDL Meetings (or in the event that the Combination is implemented by way of a Takeover Offer, accept or procure the acceptance of the Takeover Offer), amounting in aggregate to 34,147,915 SDL Shares, representing approximately 37.4 per cent. of SDL's existing issued ordinary share capital as at the Latest Practicable Date.

<i>Name</i>	<i>Number of SDL Shares</i>	<i>Percentage of existing issued share capital of SDL as at the Latest Practicable Date</i>
AXA Investment Managers UK Limited	3,306,511	3.62%
JO Hambro Capital Management Ltd	2,618,740	2.87%
Marlborough Special Situations Fund	4,750,000	5.20%
River and Mercantile Asset Management LLP	3,706,036	4.06%
Schroder Investment Management Limited	8,497,745	9.31%
RGM Capital LLC	7,352,971	8.05%
Invesco Asset Management Limited	3,915,912	4.29%

### 8.3 *RWS Directors*

The following RWS Directors have given irrevocable undertakings in respect of their entire beneficial holdings (and the beneficial holdings which are under their control) of RWS Shares to vote or procure votes in favour of the RWS Resolution to be proposed at the RWS General Meeting, amounting in aggregate to 90,494,140 RWS Shares, representing approximately 32.9 per cent. of RWS' existing issued ordinary share capital as at close of business on the Latest Practicable Date:

<i>Name</i>	<i>Number of RWS Shares</i>	<i>Percentage of existing issued share capital of RWS as at the Latest Practicable Date</i>
Andrew Brode	90,159,060	32.76%
Richard Thompson	282,480	0.10%
Lara Boro	2,600	0.00%
Elisabeth Lucas	50,000	0.02%

Each irrevocable undertaking will lapse if, inter alia:

- in the event the Combination is implemented by way of a Scheme, if the Scheme or any resolution to be proposed is not approved by the requisite majority of the SDL Shareholders at the SDL General Meeting or the SDL Court Meeting;
- in the event the Combination is implemented by way of a Takeover Offer, if the offer document is not posted to SDL Shareholders within the permitted period under the Takeover Code or as otherwise agreed with the Panel;
- on the date on which the Combination is withdrawn or lapses in accordance with its terms (except where the Combination is withdrawn or lapses as a result of RWS exercising its right to implement the Combination by way of a Takeover Offer in accordance with the Takeover Code rather than by way of a Scheme or vice versa); or
- if any event occurs or becomes known to RWS before despatch of the Scheme Document or the offer document (as the case may be) as a result of which the Panel requires or agrees that RWS need not make the Combination.

## 9. **Summary of rights attached to New RWS Shares**

In this summary, reference to RWS Shareholders includes SDL Scheme Shareholders holding New RWS Shares following the Combination.

### 9.1 *Variation of rights*

If at any time the share capital of RWS is divided into different classes of shares, the rights attached to any class may be varied or abrogated either with the consent in writing of the holders of at least three-quarters of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class. At every such separate general meeting the necessary quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of

the class in question. Every holder of shares of the class present in person or by proxy shall, on a poll, have one vote in respect of every share of the class held by him and shall be entitled to demand a poll.

## 9.2 *Alteration of share capital*

RWS may by ordinary resolution:

- 9.2.1 consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- 9.2.2 subject to the provisions of the Companies Act 1985, sub-divide all or any of its shares into shares of smaller amount; and
- 9.2.3 determine that, as between the holders of the shares resulting from any such division or sub-division, one or more shares may have any preference or other advantage as compared with the others.

## 9.3 *Issue of shares*

Subject to the provisions of the Companies Act 1985 and the RWS Articles, any unissued shares shall be at the disposal of the RWS Board and may be issued with such rights or restrictions as RWS may by ordinary resolution determine or, if RWS has not so determined, as the RWS Board may determine.

## 9.4 *Pre-emption rights*

There are no rights of pre-emption under the RWS Articles in respect of transfers of issued RWS Shares. In certain circumstances, the RWS Shareholders may have statutory pre-emption rights under the Companies Act in respect of the allotment of new shares in RWS. These statutory pre-emption rights would require RWS to offer new shares for allotment to existing RWS Shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the RWS Shareholders.

## 9.5 *Dividends and other distributions*

- 9.5.1 Subject to the provisions of the Companies Act 1985 and the RWS Articles, RWS may by ordinary resolution declare dividends to be paid to RWS Shareholders in accordance with their respective rights and interests in the profits of RWS. However, the dividends shall not exceed the amount recommended by the RWS Board. Subject to the provisions of the Companies Act 1985, the RWS Board may pay such interim dividends (including any dividend payable at a fixed rate) as appears to the RWS Board to be justified by the profits of RWS available for distribution.
- 9.5.2 Except as otherwise provided by the RWS Articles or the rights attached to shares, a dividend shall be declared and paid according to the amounts paid up on the nominal value of the shares on which the dividend is paid. Dividends shall be apportioned and paid proportionately to the amounts paid up on the nominal value of the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

## 9.6 *Voting rights*

- 9.6.1 Subject to any rights or restrictions as to voting attached to any shares, on a show of hands every RWS Shareholder present in person has one vote, every proxy present who has been duly appointed by one or more RWS Shareholder(s) entitled to vote has one vote and every corporate representative who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to.
- 9.6.2 On a poll every RWS Shareholder (whether present in person or by a duly appointed proxy or corporate representative) has one vote for every share of which he is the holder or in respect of which his appointment as proxy or corporate representative has been made. In the case of joint holders, only the vote of the most senior joint holder shall count (to the exclusion of any other joint holders) and seniority shall be determined by the order in which the names of the holders appear in the register of members of RWS.
- 9.6.3 Unless the RWS Board decides otherwise, no RWS Shareholder shall be entitled to vote at any general meeting or meeting of the holders of any class of shares of RWS either personally or by proxy until he has paid all calls due and payable on every share held by him.

## 9.7 *Transfer of shares*

- 9.7.1 A share in RWS in certificated form shall be transferred by an instrument of transfer in writing in any usual or in another form approved by the RWS Board, signed by or on behalf of the transferor and, in the case of partly paid shares, by or on behalf of the transferee.

9.7.2 All transfers or shares in uncertificated form shall be made in accordance with and be subject to the Crest Regulations.

9.7.3 The RWS Board may, in its absolute discretion, refuse to register the transfer of a certificated share unless the instrument of transfer:

9.7.3.1 is in respect of a share which is fully paid;

9.7.3.2 is duly stamped (if required);

9.7.3.3 is delivered for registration at the registered office of RWS or such other place as the RWS Board may decide and is accompanied by the certificate for the share to which it relates and such other evidence as the RWS Board may reasonably require to show the right of the transferor to make the transfer;

9.7.3.4 is in respect of only one class of share;

9.7.3.5 is not in favour of more than four transferees; and

9.7.3.6 is for a share upon which RWS has no lien,

provided that the RWS Board shall not refuse to register such transfer on the ground that the shares are partly paid in circumstances where such refusal would prevent dealings in such shares from taking place in an open and proper basis.

9.7.4 The RWS Board may refuse to register a transfer of a share in uncertificated form in any case where RWS is entitled to refuse to register the transfer in such other circumstances as may be permitted by the Crest Regulations.

9.7.5 If the RWS Board refuse to register a transfer of a share, RWS shall send the transferee notice of the refusal within two months after the date on which the instruction relating to such transfer received by RWS.

9.7.6 No fees shall be charged for the registration of any instrument of transfer or other document or instruction relating to or affecting the title to any share.

#### 9.8 *Distribution of assets on a winding-up*

If RWS shall be wound up the liquidator may, on obtaining any sanction required by law, divide among the RWS Shareholders in kind the whole or any part of the assets of RWS and for such purposes may set such value as he sees fair on a class or classes of property, and may determine on the basis of such valuation and in accordance with the then existing rights of RWS Shareholders how the division shall be carried out as between the RWS Shareholders or different classes of RWS Shareholders. The liquidator may not, however, distribute to an RWS Shareholder without his consent an asset to which there is attached a liability or potential liability for the owner.

#### 10. **Bases and sources**

10.1 Unless otherwise stated, the financial information relating to SDL is extracted (without adjustment) from the:

10.1.1 audited consolidated financial statements of SDL for the year ended 31 December 2019; and

10.1.2 unaudited consolidated interim financial statements contained in the interim results of SDL for the period ended 30 June 2020.

10.2 Unless otherwise stated, the financial information relating to RWS is extracted (without adjustment) from the:

10.2.1 audited consolidated financial statements of the RWS Group for the year ended 30 September 2019; and

10.3 unaudited consolidated interim financial statements contained in the interim results of the RWS Group for the period ended 31 March 2020.

10.4 Certain figures in this document have been subject to rounding adjustments.

10.5 The synergy numbers are unaudited. Further information underlying the Quantified Financial Benefits Statement contained in this document is provided in Appendix 1.

10.6 The volume-weighted average price of an SDL Share and of an RWS Share is derived from data provided by Bloomberg.

- 10.7 Statements about the pro forma financials of the Combination have been based on audited information obtained from (i) RWS' annual report for the financial year ended 30 September 2019 and (ii) SDL's annual report for the financial year ended 31 December 2019.
- 10.8 Statements about the expected net cash position of the Combined Group are based on GAAP, pre-implementation of IFRS 16 and conversion of RWS' US dollar-denominated debt into sterling based on spot FX rates as at the Latest Practicable Date.
- 10.9 The offer value of £854 million attributed to the issued and to be issued share capital of SDL is based upon:
- 10.9.1 the 91,248,003 SDL Shares in issue;
- 10.9.2 a maximum of 2,844,112 SDL Shares which may be issued on the exercise of options or vesting of awards granted or agreed to be granted under the SDL Share Plans (calculated using the Treasury Stock Method),  
in each case as at close of business on 26 August 2020 (being the last Business Day prior to the Announcement); and
- 10.9.3 the Exchange Ratio.
- 10.10 The fully diluted share capital of RWS (being 275,357,693 RWS Shares) is based upon:
- 10.10.1.1 the 275,188,492 RWS Shares in issue; and
- 10.10.1.2 169,201 RWS Shares which may be issued on or after the date of this Announcement on the exercise of options or vesting of awards granted or agreed to be granted under the existing share plans of RWS (calculated using the Treasury Stock Method),  
in each case as at close of business on 26 August 2020 (being the last Business Day prior to the Announcement).
- 10.11 The fully diluted share capital of the Combined Group and the percentage of the share capital that RWS Shareholders and SDL Shareholders will own on a fully diluted basis upon Completion is based upon:
- 10.11.1 the fully diluted share capital of RWS referred to in paragraph 10.10 above; and
- 10.11.2 the 115,225,204 New RWS Shares that SDL Shareholders will receive under the terms of the Combination, based on the fully diluted share capital of SDL and the Exchange Ratio referred to in paragraph 10.9 above.
11. **Other Information**
- 11.1 Rothschild & Co has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.
- 11.2 Investec has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.
- 11.3 N+1 Singer has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.
- 11.4 Canaccord Genuity has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.
- 11.5 Gleacher Shacklock has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.
- 11.6 Berenberg has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.
- 11.7 Numis has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.
- 11.8 Save as disclosed in this document in paragraph 8 of Part 2 in relation to the Executive Directors' Arrangements, there is no agreement, arrangement or understanding (including any compensation arrangements) between RWS or any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of SDL or any person interested or recently interested in SDL Shares having any connection with or dependence on or which is conditional upon the outcome of the Combination.

- 11.9 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the SDL Shares to be acquired by RWS will be transferred to any other person, save that RWS reserves the right to transfer any such shares to any member of the RWS Group.
- 11.10 The emoluments of the RWS Directors will not be affected by the Combination or any associated transaction.
- 11.11 The aggregate fees and expenses which are expected to be incurred by RWS in connection with the Combination are estimated to amount to approximately £13,241,185 excluding applicable VAT. This aggregate number consists of the following categories (in each case excluding applicable VAT):
- 11.11.1 financing arrangements: £nil;
- 11.11.2 financial and corporate broking advice: £6,974,500;
- 11.11.3 legal advice £1,141,835\*;
- 11.11.4 accounting advice: £840,000;
- 11.11.5 public relations advice: £60,000;
- 11.11.6 other professional services: £14,535; and
- 11.11.7 other costs and expenses (including stamp duty): £4,210,315.
- \* The services are primarily charged by reference to hourly rates. Amounts included here reflect the time incurred up to the Latest Practicable Date and an estimate of further fees to be incurred up to completion of the Combination.
- 11.12 The aggregate fees and expenses which are expected to be incurred by SDL in connection with the Combination are estimated to amount to approximately £9,077,662 – £9,455,162 excluding applicable VAT. This aggregate number consists of the following categories (in each case excluding applicable VAT):
- 11.12.1 financial and corporate broking advice: £7,900,000;
- 11.12.2 legal advice: £1,082,500 – £1,460,000;
- 11.12.3 financing arrangements: £nil;
- 11.12.4 accounting advice: £nil;
- 11.12.5 public relations advice: £15,000;
- 11.12.6 other costs and expenses: £80,162; and
- 11.12.7 other professional services: £nil.
- 11.13 Save as disclosed in this document, the SDL Directors are not aware of any significant change in the financial or trading position of SDL which has occurred since 30 June 2020, being the date of the end of the last financial period for which audited accounts, a preliminary statement of annual results, a half-yearly financial report or interim financial information was published by SDL.
- 11.14 Save as disclosed in this document, the RWS Directors are not aware of any significant change in the financial or trading position of RWS which has occurred since 31 March 2020, being the date of the end of the last financial period for which audited accounts, a preliminary statement of annual results, a half-yearly financial report or interim financial information was published by RWS.
- 11.15 The persons (other than the RWS Directors and the other members of the RWS Group) who, for the purposes of the Takeover Code, are acting in concert with RWS are:
- 11.15.1 Canaccord Genuity, 88 Wood Street, London, EC2V 7QR, as joint financial adviser;
- 11.15.2 Gleacher Shacklock, Cleaveland House, 33 King Street, St James's, London, SW1Y 6RJ, as joint financial adviser;
- 11.15.3 Berenberg, 60 Threadneedle Street, London, EC2R 8HP, as joint broker; and
- 11.15.4 Numis Securities, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT, as nominated adviser and joint broker.



- 11.16 The persons (other than the SDL Directors and the other members of the SDL Group) who, for the purposes of the Takeover Code, are acting in concert with SDL are:
- 11.16.1 Rothschild & Co, New Court, St Swithin's Lane, London, EC4N 8AL, United Kingdom, as connected adviser;
- 11.16.2 Investec, 30 Gresham Street, London, EC2V 7QN, United Kingdom, as connected adviser; and
- 11.16.3 N+1 Singer, 1 Bartholomew Lane, London, EC2N 2AX, United Kingdom, as connected adviser.
- 11.17 A consolidated list of information incorporated by reference in this document is set out in Part 4 of this document.
- 11.18 The businesses of SDL and RWS, and the industries in which they operate, are subject to certain potential risks, details of which are set out in their respective annual reports and incorporated into this document by reference at Part A and Part B (respectively) of Part 4 of this document.
12. **Documents on display**
- 12.1 Copies of the following documents will be available, free of charge, on SDL's and RWS's websites at <https://www.sdl.com/about/investor-relations> and <https://www.rws.com/investor-relations/> respectively during the course of the Combination:
- 12.1.1 the irrevocable undertakings referred to in paragraph 8 of this Part 5;
- 12.1.2 the letters of intent referred to in paragraph 8.2 of this Part 5;
- 12.1.3 the Co-operation Agreement;
- 12.1.4 the Confidentiality Agreement;
- 12.1.5 the Clean Team Agreement;
- 12.1.6 the Confidentiality and Joint Defence Agreement;
- 12.1.7 the SDL Articles;
- 12.1.8 a draft of the SDL Articles as proposed to be amended by the SDL Resolution;
- 12.1.9 RWS's articles of association and memorandum of association of RWS;
- 12.1.10 the letters of consent referred to in paragraph 11 of this Part 5;
- 12.1.11 a copy of this document and the Forms of Proxy;
- 12.1.12 a copy of the RWS Circular; and
- 12.1.13 the written confirmation letters from each of PricewaterhouseCoopers, Canaccord Genuity and Gleacher Shacklock as referenced in Appendix 1 of this document.

**17 September 2020**

**PART 6  
THE SCHEME OF ARRANGEMENT**

**IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
COMPANIES COURT (CHD)**

**CR: 2020:003281**

**IN THE MATTER OF SDL PLC**

– and –

**IN THE MATTER OF THE COMPANIES ACT 2006**

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*SCHEME OF ARRANGEMENT  
(under Part 26 of the Companies Act 2006)*

BETWEEN

SDL PLC

AND

THE SDL SCHEME SHAREHOLDERS  
*(as hereinafter defined)*

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**PRELIMINARY**

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

<b>“£”, or “pence”</b>	the lawful currency of the United Kingdom;
<b>“Announcement Date”</b>	27 August 2020;
<b>“Business Day”</b>	a day (other than Saturdays, Sundays and public or bank holidays) on which banks are open for business in London;
<b>“Capitalisation”</b>	the capitalisation of reserves standing to the credit of SDL's share premium account in accordance with and pursuant to paragraph 4 of the SDL Resolution as set out in the notice of the SDL General Meeting;
<b>“certificated” or “in certificated form”</b>	not in uncertificated form (that is, not in CREST);
<b>“Closing Price”</b>	the official closing price of a share derived from the Daily Official List of the London Stock Exchange;
<b>“Combination”</b>	the recommended all-share combination of RWS and SDL, pursuant to which RWS will acquire the entire issued and to be issued share capital of SDL (other than SDL Shares already held by the RWS Group) to be implemented by way of the Scheme or (should RWS so elect, subject to the consent of the Panel (where necessary)) by way of a Takeover Offer;
<b>“Companies Act”</b>	the Companies Act 2006;

<b>“Company”</b>	SDL plc, a public limited company incorporated in England and Wales with registered number 02675207;
<b>“Court”</b>	the High Court of Justice in England and Wales;
<b>“CREST”</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
<b>“Daily Official List”</b>	the daily official list of the London Stock Exchange;
<b>“Effective”</b>	the Scheme having become effective in accordance with its terms upon the delivery of the Court Order to the Registrar of Companies;
<b>“Effective Date”</b>	the date upon which this Scheme becomes effective in accordance with Clause 7;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited a company incorporated in England and Wales with registered number 02878738;
<b>“Exchange Ratio”</b>	the ratio of 1.2246 New RWS Shares for each SDL Scheme Share;
<b>“holder”</b>	a registered holder and includes any person entitled by transmission;
<b>“Link Asset Services”</b>	the trading name of Link Market Services Limited;
<b>“members”</b>	members of the Company on the register of members at any relevant date or time;
<b>“New RWS Shares”</b>	the RWS Shares to be issued credited as fully paid to the SDL Scheme Shareholders (and any other SDL Shareholders whose SDL Shares are issued after the Scheme becomes Effective) pursuant to the Scheme;
<b>“Panel”</b>	the UK Panel on Takeovers and Mergers;
<b>“parent undertaking” and “subsidiary undertaking”</b>	have the respective meanings given by the Companies Act;
<b>“Rothschild &amp; Co”</b>	N.M. Rothschild & Sons Limited;
<b>“RWS”</b>	RWS Holdings plc, a public limited company incorporated under the laws of England and Wales with registration number 03002645;
<b>“RWS Equalising Dividend”</b>	has the meaning given in Clause 2.2;
<b>“RWS Group”</b>	RWS and its subsidiary undertakings and, where the context permits, each of them;
<b>“RWS Shares”</b>	the ordinary shares of £0.01 each in the capital of RWS;
<b>“Scheme”</b>	this scheme of arrangement in its present form or with or subject to any modification, addition or condition which SDL and RWS may agree and, if required, the Court may approve or impose;
<b>“Scheme Record Time”</b>	6.00 p.m. on the Business Day immediately after the date on which the Court Order is made;
<b>“SDL”</b>	SDL plc, a public limited company incorporated in England and Wales registered with registered number 02675207;
<b>“SDL Court Meeting”</b>	the meeting of the SDL Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act, for the purpose of approving the Scheme, including any adjournment thereof, notice of which is set out in Part 9 of this document, for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment);

<b>“SDL DABS Plan”</b>	the SDL Deferred Annual Bonus Share Plan;
<b>“SDL Equalising Dividend”</b>	has the meaning given in Clause 2.3;
<b>“SDL LTIP 2011”</b>	the SDL Long Term Incentive Plan (2011);
<b>“SDL LTIP 2016”</b>	the SDL Long Term Incentive Plan 2016;
<b>“SDL Options”</b>	the options or awards granted under or pursuant to the SDL Share Plans;
<b>“SDL RSP”</b>	the SDL Retention Share Plan;
<b>“SDL Scheme Shareholders”</b>	the holders of SDL Scheme Shares from time to time;
<b>“SDL Scheme Shares”</b>	the SDL Shares: <ul style="list-style-type: none"> <li>(a) in issue at the date of this document;</li> <li>(b) (if any) issued after the date of this document and before the Voting Record Time; and</li> <li>(c) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time, either on terms that the original or any subsequent holders of such shares are to be bound by the Scheme or in respect of which their holders are, or shall by such time have agreed in writing to be, bound by the Scheme,</li> </ul> <p>and, in each case, remaining in issue at the Scheme Record Time, but excluding any SDL Scheme Shares held as treasury shares at any relevant date or time and any SDL Scheme Shares registered in the name of, or beneficially owned by, RWS or its nominees or any other member of the RWS Group at any relevant date or time;</p>
<b>“SDL Shareholders”</b>	the registered holders of SDL Shares from time to time;
<b>“SDL Share Plans”</b>	the SDL LTIP 2016, the SDL LTIP 2011, the SDL RSP, the SDL DABS Plan, the SDL SOS, the SDL Sharesave Scheme (UK) and the SDL International Sharesave Scheme at the Scheme Record Time;
<b>“SDL Shares”</b>	the ordinary shares of £0.01 each in the capital of the Company;
<b>“uncertificated” or “in uncertificated form”</b>	a share or other security recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; and
<b>“Voting Record Time”</b>	6.00 p.m. on the day which is two days before the date of the SDL Court Meeting or, if the SDL Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the date of such adjourned meeting.

References to Clauses are to Clauses of this Scheme, and references to time are to London time.

- (B) The share capital of the Company as at the close of business on 16 September 2020 (being the latest practicable date prior to the date of this Scheme) was £913,084.20 divided into 91,308,420 SDL Shares, all of which were credited as fully paid and none of which were held in treasury.
- (C) Options to acquire up to 4,204,067 SDL Shares pursuant to the SDL Share Plans are outstanding at the date of this Scheme. These SDL Options will vest and/or become exercisable (to the extent not already exercisable and to the extent described in paragraph 8 of Part 1 of this document) if the Court sanctions this Scheme.
- (D) RWS was incorporated on 16 December 1994 under the laws of England and Wales as a public limited company.
- (E) As at the close of business on 16 September 2020 (being the latest practicable date prior to the date of this Scheme), no SDL Shares were registered in the name of or beneficially owned by RWS or any other member of the RWS Group.
- (F) RWS and any member of the RWS Group who holds SDL Shares has agreed to appear by Counsel at the hearing to sanction this Scheme and to submit to be bound by and to undertake to the Court to be bound by this Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

## THE SCHEME

### 1. Transfer of the SDL Scheme Shares

- 1.1 Subject to the terms of this Scheme, upon and with effect from the Effective Date, RWS and/or its nominee(s) shall acquire all of the SDL Scheme Shares fully paid and free from all liens, charges, equitable interests, security interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, or made on or after the Effective Date (excluding any SDL Equalising Dividend and the Capitalisation).
- 1.2 For the purposes of such acquisition, the SDL Scheme Shares shall be transferred to RWS and/or its nominee(s) by means of a form of transfer or other instrument or instruction of transfer, or by means of CREST and, to give effect to such transfers, any person may be appointed by RWS as attorney and/or agent and/or otherwise and is hereby authorised as such attorney and/or agent and/or otherwise on behalf of the relevant SDL Scheme Shareholder to execute and deliver as transferor an instrument of transfer of, or give any instructions to transfer, or to procure the transfer by means of CREST of, any SDL Scheme Shares and every instrument or instruction of transfer so executed or instruction given shall be effective as if it had been executed or given by the holder or holders of the SDL Scheme Shares thereby transferred. Such instrument or instruction of transfer shall be deemed to be the principal instrument of transfer and the equitable or beneficial interest in the SDL Scheme Shares shall only be transferred to RWS and/or its nominee(s), together with the legal interest in such SDL Scheme Shares, pursuant to such instruction or instrument or transfer, or by means of CREST.
- 1.3 Pending the registration of RWS or its nominee(s) as the holder of any SDL Scheme Share to be transferred pursuant to this Scheme, with effect from the Effective Date each SDL Scheme Shareholder irrevocably appoints RWS (and/or its nominee(s)) as its attorney or, failing that, agent to exercise on its behalf (in place of and to the exclusion of the relevant SDL Scheme Shareholder) any voting rights attached to the SDL Scheme Shares, and any or all rights and privileges attaching to the SDL Scheme Shares, to sign any consent to short notice of any general or separate class meetings of the Company and authorises the Company to send to RWS and/or its nominee(s) any notice, circular, warrant or other document or communication which may be sent to it as a member of the Company, such that from the Effective Date, no SDL Scheme Shareholder shall be entitled to exercise any voting rights attached to the SDL Scheme Shares or any other rights or privileges attaching to the SDL Scheme Shares.
- 1.4 The Company shall register, or procure the registration of, any transfer(s) of SDL Scheme Shares effected in accordance with Clause 1.1 and Clause 1.2 of this Scheme.

### 2. Consideration for the transfer of the SDL Scheme Shares

- 2.1 In consideration for the transfer of the SDL Scheme Shares, RWS shall (subject to the remaining provisions of this Clause 2) allot and issue New RWS Shares to or for the account of the SDL Scheme Shareholders (as appearing in the register of members of the Company at the Scheme Record Time):

#### For each SDL Scheme Share 1.2246 New RWS Shares

- 2.2 If any dividend or other distribution or return of capital (other than, or in excess of, an SDL Equalising Dividend or pursuant to the Capitalisation) is proposed, declared, made, paid or becomes payable by SDL in respect of an SDL Scheme Share on or after Announcement Date and with a record date on or before the Scheme Record Time, RWS reserves the right to pay an equalising dividend to its shareholders (“**RWS Equalising Dividend**”).
- 2.3 If RWS announces, declares, makes or pays any dividend or other distribution or return of capital (other than, or in excess of, an RWS Equalising Dividend) on or after the Announcement Date and prior to completion of the Combination, there will be no change to the Exchange Ratio; however SDL reserves the right to pay an equalising dividend to its shareholders in this event (“**SDL Equalising Dividend**”).
- 2.4 The New RWS Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the RWS Shares in issue at the time the New RWS Shares are issued pursuant to the Combination, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date.

### 3. **Settlement of consideration**

- 3.1 As soon as practicable on or after the Effective Date, and in any event no later than 14 days after the Effective Date, RWS shall allot and issue the New RWS Shares which it is required to allot and issue to SDL Scheme Shareholders pursuant to Clause 2, and:
  - 3.1.1 subject to Clause 3.1.3, in the case of SDL Scheme Shares which at the Scheme Record Time are in certificated form, procure the despatch of share certificates of such New RWS Shares to the persons entitled thereto;
  - 3.1.2 subject to Clause 3.1.3, in the case of SDL Scheme Shares which at the Scheme Record Time are in uncertificated form, procure that Euroclear is instructed to credit the appropriate stock account in CREST of the relevant SDL Scheme Shareholder with such SDL Scheme Shareholder's entitlement to such New RWS Shares, provided that RWS reserves the right to settle all or part of such consideration in the manner set out in Clause 3.1.1 if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this Clause 3.1.2;
  - 3.1.3 in the case of New RWS Shares sold pursuant to clause 4 and issued in respect of SDL Scheme Shares which, at the Scheme Record Time, are in certificated form, procure the despatch to the persons entitled thereto of cheques for the sums payable to them, respectively; and
  - 3.1.4 in the case of New RWS Shares sold pursuant to clause 4 and issued in respect of SDL Scheme Shares which, at the Scheme Record Time, are in uncertificated form, procure that Euroclear is instructed to create an assured payment obligation in favour of the payment bank of the persons entitled thereto in accordance with the CREST assured payment arrangements for the sums payable to them respectively, provided that RWS reserves the right to make payment of such sums by cheque as set out in Clause 3.1.3 if, for reasons outside its reasonable control, it is not able to effect settlement within the CREST system in accordance with this Clause 3.1.4.
- 3.2 All deliveries of share certificates and/or cheques pursuant to this Scheme shall be effected by sending the same by first class post (or international standard post, if overseas) in envelopes addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of the Company at the Scheme Record Time, and none of RWS, the Company or their respective nominees or agents shall be responsible for any loss or delay in the transmission or delivery of any cheques sent in accordance with this Clause 3.2 which shall be sent at the risk of the persons entitled thereto.
- 3.3 All cheques shall be made payable to the persons respectively entitled to the moneys represented thereby (except that, in the case of joint holders, RWS reserves the right to make such cheques payable to that one of the joint holders whose name stands first in the register of members of the Company in respect of such joint holding), and the encashment of any such cheque, the creation of any such assured payment obligation as is referred to in Clause 3.1.4 or any payment referred to in Clause 3.1.3 shall be a complete discharge to RWS for the moneys represented thereby.
- 3.4 Settlement of the consideration payable to SDL Scheme Shareholders under this Scheme shall, except as provided in this Scheme or as set out in the letters containing the proposals made to participants in SDL Share Plans in accordance with Rule 15 of the Takeover Code and except with the consent of the Panel, be implemented in full without regard to any lien, right of set-off, counterclaim or other analogous right to which RWS may otherwise be, or claim to be, entitled against such SDL Scheme Shareholder.
- 3.5 In the case of SDL Scheme Shareholders that have not encashed cheques within six months from the Effective Date, the consideration due to such SDL Scheme Shareholders under the Scheme in respect of such cheques will be held by Link Asset Services for a period of 12 years from the Effective Date, in a separate UK bank account established solely for that purpose, and such SDL Scheme Shareholders may claim the consideration due to them by written notice to Link Asset Services at any time during the period of 12 years from the Effective Date.
- 3.6 The provisions of this Clause 3 shall be subject to any condition or prohibition imposed by law.

### 4. **Fractional entitlements**

- 4.1 Notwithstanding Clause 2, no fraction of a New RWS Shares shall be allotted or issued to any SDL Scheme Shareholder pursuant to this Scheme. Instead, the fractional entitlements of SDL Scheme Shareholders shall be rounded down to the nearest whole number of New RWS Shares and all fractions of New RWS Shares shall be aggregated, and RWS shall procure that the maximum number of whole New RWS Shares resulting therefrom shall be allotted and issued to a person appointed by RWS to hold such New RWS Shares on behalf of the relevant SDL Scheme Shareholders. RWS shall procure that such New RWS Shares are sold in the

market as soon as practicable after the Combination becomes Effective and that the net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) shall be distributed in due proportions to SDL Shareholders who would otherwise have been entitled to such fractions (rounded down to the nearest penny) in accordance with the provisions of Clause 3, save that individual entitlements to amounts of less than £5.00 shall be retained for the benefit of RWS.

- 4.2 For the purposes of determining fractional entitlements, each portion of a SDL Scheme Shareholder's holding which is recorded in the register of members of the Company by reference to a separate designation at the Scheme Record Time, whether in certificated or uncertificated form, shall be treated as a separate holding.
- 4.3 The person appointed by RWS in accordance with Clause 4.1 shall be authorised to execute and deliver as transferor a form of transfer or other instrument of transfer and to give such instructions and to do all other things which he or she may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of the Company, RWS nor the persons so appointed shall have any liability for any loss or damage arising as a result of the determination made, or the timing or terms of any sale, pursuant to Clause 4.1.

#### **5. Share certificates and transfer of entitlements**

With effect from and including the Effective Date:

- 5.1 all certificates representing SDL Scheme Shares shall cease to have effect as documents of title to the SDL Scheme Shares comprised therein and every SDL Scheme Shareholder shall be bound at the request of the Company to deliver up their share certificate(s) to the Company or to destroy the same;
- 5.2 Euroclear shall be instructed to cancel or transfer the entitlements to SDL Scheme Shares of SDL Scheme Shareholders in uncertificated form; and
- 5.3 appropriate entries shall be made in the register of members of the Company with effect from the Effective Date to reflect the transfer of the SDL Scheme Shares.

#### **6. Mandates**

All mandates and other instructions to the Company in force at the Scheme Record Time relating to SDL Scheme Shares shall cease to be valid and effective on the Effective Date.

#### **7. Effective Date**

- 7.1 This Scheme shall become Effective as soon as a copy of the order of the Court sanctioning this Scheme under section 899 of the Companies Act shall have been delivered to the Registrar of Companies in England and Wales.
- 7.2 Unless this Scheme shall have become Effective on or before 11.59 p.m. on 17 June 2021, or such later date, if any, as the Company and RWS may agree and the Court may allow, this Scheme shall never become Effective.

#### **8. Modification**

The Company and RWS may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

#### **9. Governing Law**

This Scheme is governed by the laws of England and Wales and is subject to the jurisdiction of the English courts.

Dated: 17 September 2020

## **PART 7**

### **UNITED KINGDOM TAXATION**

The following information is intended only as a general guide to current UK tax legislation and published HM Revenue and Customs practice as it applies to disposing of SDL Shares. It is intended only for SDL Shareholders who are resident and, in the case of individuals, ordinarily resident in the United Kingdom for tax purposes and who hold SDL Shares beneficially as investments. The comments do not address the position of certain classes of shareholder such as dealers in securities and do not apply to shareholders who have (or are deemed to have) acquired their shares by virtue of an office or employment, or shareholders who are or will be officers or employees of a group forming part of the SDL Group or the RWS Group.

This section is not intended, and shall not be construed to be, legal or taxation advice to any particular SDL Shareholder. Any SDL Shareholder who is in any doubt as to their tax position, or who is subject to tax in a jurisdiction other than the United Kingdom, should consult their professional adviser.

#### **1. UK Taxation of Chargeable Gains**

In the case of a SDL Shareholder who is either resident or, in the case of an individual, ordinarily resident for tax purposes in the UK and whose SDL Shares are subject to the Combination, the exchange of SDL Shares for RWS Shares should, subject to the following paragraphs, be treated as a reorganisation for the purposes of the UK taxation of chargeable gains (“**UK CGT**”). This means that SDL Shareholders should not be treated as disposing of their SDL Shares exchanged for RWS Shares for UK CGT purposes and the RWS Shares issued to them should be treated as the same asset, and as having been acquired at the same time and for the same consideration, as the relevant SDL Shares. The RWS Shares should therefore have the same base cost for UK CGT purposes as the SDL Shares they replace.

Any SDL Shareholder who alone, or together with persons connected with them, holds more than 5 per cent. of SDL Shares (or of any class of shares or debentures in SDL) will be eligible for the above treatment only if the exchange is effected for bona fide commercial reasons and does not form part of a scheme or arrangements of which the main purpose, or one of the main purposes, is the avoidance of liability to UK CGT. SDL Shareholders are advised no clearance has been or will be sought under section 138 of the Taxation of Chargeable Gains Act 1992 to confirm that HMRC will not seek to assert that the reorganisation treatment described in the preceding paragraph does not apply.

SDL Shareholders who are not resident in the UK for tax purposes but who carry on a trade, profession or vocation in the UK through a branch, agency or, in the case of a corporate SDL Shareholder, a permanent establishment in the UK may be liable to UK CGT on any gain on a disposal of their SDL Shares under the Scheme, if those shares are or have been held, used or acquired for the purposes of that trade, profession or vocation or for the purposes of that branch, agency or permanent establishment.

Non-UK tax resident SDL Shareholders may also be subject to non-UK taxation on any gain under local law.

#### **2. Stamp Duty and Stamp Duty Reserve Tax**

No UK stamp duty or stamp duty reserve tax should be payable by SDL Shareholders as a result of the transfer of the SDL Shares held by them under the Combination.



## PART 8 DEFINITIONS

The following definitions apply throughout this document, other than in Part 6 of this document and the notices of the SDL Meetings, unless the context requires otherwise.

<b>“£”, or “pence”</b>	the lawful currency of the United Kingdom;
<b>“Adjusted Operating Profit”</b>	operating profit before amortization of acquired intangibles and exceptional items;
<b>“Admission”</b>	the admission of the New RWS Shares to trading on AIM;
<b>“AIM”</b>	means the Alternative Investment Market of the London Stock Exchange;
<b>“AIM Rules”</b>	means the rules of AIM as set out in the publication entitled ‘AIM Rules for Companies’ published by the London Stock Exchange from time to time;
<b>“Announcement”</b>	the joint announcement of the Combination by RWS and SDL under Rule 2.7 of the Takeover Code, released on the Announcement Date;
<b>“Announcement Date”</b>	27 August 2020;
<b>“Authorisations”</b>	authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, provisions, permissions and approvals;
<b>“Berenberg”</b>	Joh. Berenberg, Gossler & Co. KG, London Branch;
<b>“Board of the Combined Group”</b>	the proposed board of directors of the Combined Group;
<b>“Business Day”</b>	a day (other than Saturdays, Sundays and public or bank holidays) on which banks are open for business in London;
<b>“Canaccord Genuity”</b>	Canaccord Genuity Limited;
<b>“Capitalisation”</b>	the capitalisation of reserves standing to the credit of SDL's share premium account in accordance with and pursuant to paragraph 4 of the SDL Resolution as set out in the notice of the SDL General Meeting;
<b>“certificated” or “in certificated form”</b>	not in uncertificated form (that is, not in CREST);
<b>“Clean Team Agreement”</b>	the clean team agreement dated 3 August 2020 between (1) RWS and (2) SDL;
<b>“Closing Price”</b>	the official closing price of a share derived from the Daily Official List of the London Stock Exchange;
<b>“CMA Merger Investigation”</b>	an investigation by the CMA to determine whether to make a reference under Article 33 of the Enterprise Act 2002;
<b>“CMA Phase 2 Reference”</b>	a reference of the Combination to the chair of the United Kingdom Competition and Markets Authority under Article 33 of the Enterprise Act 2002 for the constitution of a group under schedule 4 to the Enterprise and Regulatory Reform Act 2013;
<b>“Combination”</b>	the recommended all-share combination of RWS and SDL, pursuant to which RWS will acquire the entire issued and to be issued share capital of SDL (other than SDL Shares already held by the RWS Group) to be implemented by way of the Scheme or (should RWS so elect, subject to the consent of the Panel (where necessary)) by way of a Takeover Offer;
<b>“Combined Group”</b>	RWS and its subsidiaries, including SDL following completion of the Proposals;
<b>“Companies Act”</b>	the Companies Act 2006;
<b>“Competition and Markets Authority” or “CMA”</b>	a UK statutory body established under the Enterprise and Regulatory Reform Act 2013;

<b>“Completion”</b>	the Combination becoming Effective;
<b>“Conditions”</b>	the conditions to the Combination and the Scheme, as set out in Part 3 of this document;
<b>“Confidentiality Agreement”</b>	the confidentiality agreement dated 5 March 2020 between (1) RWS and (2) SDL;
<b>“Confidentiality and Joint Defence Agreement”</b>	the confidentiality and joint defence agreement dated 3 August 2020 between (1) RWS, (2) SDL, (3) DLA Piper UK LLP and (4) CMS Cameron McKenna Nabarro Olswang LLP;
<b>“connected person” or “persons connected”</b>	in relation to person A, any person whose interests in shares person A is taken to be interested in pursuant to Part 22 of the Companies Act and related regulations;
<b>“Co-operation Agreement”</b>	the co-operation agreement dated 27 August 2020 between (1) RWS and (2) SDL;
<b>“Court”</b>	the High Court of Justice in England and Wales;
<b>“Court Hearing”</b>	the hearing by the Court of the application to sanction the Scheme;
<b>“Court Order”</b>	the order of the Court sanctioning the Scheme under section 899 of the Companies Act;
<b>“CREST”</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;
<b>“CREST Manual”</b>	the rules governing the operation of CREST, consisting of the CREST Reference Manual, the CREST International Manual, the CREST Rules, the Registrars Service Standards, the Settlement Discipline Rules, the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedure and the CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996);
<b>“CREST Proxy Instruction”</b>	a proxy appointment or instruction made using the CREST service, by way of the appropriate CREST message, which must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual;
<b>“Crest Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
<b>“Daily Official List”</b>	the daily official list of the London Stock Exchange;
<b>“Dealing Disclosure”</b>	an announcement pursuant to Rule 8 of the Takeover Code containing details of dealings in the relevant securities of a party to an offer;
<b>“Disclosed”</b>	(a) in the case of SDL, the information fairly disclosed by or on behalf of SDL: (i) in the annual report and accounts of SDL for the financial year ended 31 December 2019 and/or in the interim results of SDL for the period ended 30 June 2020; (ii) in any other public announcement made by SDL in accordance with the Market Abuse Regulation or the Disclosure Guidance and Transparency Rules before the Announcement Date; (iii) in the Announcement; (iv) in the information made available to RWS in the data room established by SDL (or SDL’s advisers) for the purposes of the Combination on or before 6.30 p.m. on 26 August 2020; or (v) as otherwise fairly disclosed in writing by or on behalf of SDL to RWS (or its officers, employees, agents or advisers) before the Announcement Date; and

	(b) in the case of RWS, the information fairly disclosed by or on behalf of RWS: (i) in the annual report and accounts of RWS for the financial year ended 30 September 2019 and/or in the interim results of RWS for the period ended 31 March 2020; (ii) in any other public announcement made by RWS in accordance with the Market Abuse Regulation or the Disclosure Guidance and Transparency Rules before the Announcement Date; (iii) in the Announcement; (iv) in the information made available to SDL in the data room established by RWS (or RWS’s advisers) for the purposes of the Combination on or before 6.30 p.m. on 26 August 2020; or (v) as otherwise fairly disclosed by or on behalf of RWS to SDL (or its officers, employees, agents or advisers) before the Announcement Date.
<b>“Disclosure Guidance and Transparency Rules”</b>	the disclosure guidance and transparency rules made by the FCA pursuant to section 73A of FSMA;
<b>“EBT”</b>	the proposed employee benefit trust to be established by RWS in conjunction with the Retained Shares;
<b>“EC” or “European Commission”</b>	the European Commission of the European Union;
<b>“EC Merger Regulation”</b>	Council Regulation (EC) No 139/2004;
<b>“Effective”</b>	in the context of the Combination: <ul style="list-style-type: none"> <li>(a) if the Combination is implemented by way of a Scheme, the Scheme having become effective in accordance with its terms, upon the delivery of the Court Order to the Registrar of Companies;</li> <li>(b) if the Combination is implemented by way of a Takeover Offer, the Takeover Offer having been declared or becoming unconditional in all respects in accordance with the requirements of the Takeover Code;</li> </ul>
<b>“Effective Date”</b>	the date upon which the Combination becomes Effective;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited a company incorporated in England and Wales with registered number 02878738;
<b>“Exchange Ratio”</b>	the ratio of 1.2246 New RWS Shares for each SDL Scheme Share;
<b>“Executive Directors’ Arrangements”</b>	has the meaning given in paragraph 8 of Part 1 of this document;
<b>“FAS”</b>	the Russian Federal Antimonopoly Service;
<b>“FCA”</b>	the UK Financial Conduct Authority;
<b>“FCO”</b>	the German Federal Cartel Office;
<b>“Forms of Proxy”</b>	the WHITE form of proxy for use by SDL Scheme Shareholders in connection with the SDL Court Meeting and the YELLOW Form of proxy for use by SDL Shareholders in connection with the SDL General Meeting, both of which accompany this document;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000;
<b>“German Act”</b>	the German Act against Restraints of Competition;
<b>“Gleacher Shacklock”</b>	Gleacher Shacklock LLP;
<b>“holder”</b>	a registered holder and includes any person entitled by transmission;
<b>“HSR Act”</b>	the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976;
<b>“Investec”</b>	Investec Bank plc;

<b>“Latest Practicable Date”</b>	16 September 2020, being the latest practicable date prior to the publication of this document;
<b>“Link Asset Services”</b>	the trading name of Link Market Services Limited;
<b>“Listing Rules”</b>	the listing rules, made by the FCA under Part 6 of FSMA;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Long-stop Date”</b>	17 June 2021, being the date falling nine months after the date of this document, or such later date (if any) as RWS and SDL may agree;
<b>“Main Market”</b>	the main market of the London Stock Exchange;
<b>“Market Abuse Regulation”</b>	the Market Abuse Regulation (EU) (No 596/2014);
<b>“N+1 Singer”</b>	Nplus1 Singer Advisory LLP;
<b>“New RWS Shares”</b>	the RWS Shares to be issued credited as fully paid to the SDL Scheme Shareholders (and any other SDL Shareholders whose SDL Shares are issued after the Scheme becomes Effective) pursuant to the Scheme;
<b>“Numis”</b>	Numis Securities Limited;
<b>“Offer Period”</b>	the period which commenced on the Announcement Date and ending on (i) the earlier of the date on which the Scheme becomes Effective and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Panel may decide) or (ii) the earlier of the date on which the Takeover Offer has become or has been declared unconditional as to acceptances and/or the date on which the Takeover Offer lapses or is withdrawn (or such other date as the Panel may decide), in each case other than where such lapsing or withdrawal is a result of RWS exercising its right to implement the Combination by way of a Takeover Offer;
<b>“Official List”</b>	the official list maintained by the FCA pursuant to Part 6 of FSMA;
<b>“Opening Position Disclosure”</b>	an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position, as defined in Rule 8 of the Takeover Code;
<b>“Overseas Shareholders”</b>	SDL Shareholders who have a registered address in a jurisdiction outside the UK, or whom RWS reasonably believes to be citizens, residents or nationals of a jurisdiction outside the UK;
<b>“Panel”</b>	the UK Panel on Takeovers and Mergers;
<b>“PricewaterhouseCoopers”</b>	PricewaterhouseCoopers LLP;
<b>“Proposals”</b>	the Combination, the issue and allotment of the New RWS Shares in connection with the Combination and Admission;
<b>“Quantified Financial Benefits Statement”</b>	the statement described as such and set out in Appendix 1 of this document;
<b>“Registrar of Companies”</b>	the Registrar of Companies in England and Wales;
<b>“Regulatory Information Service”</b>	a regulatory information service as defined in the FCA’s Handbook of rules and guidance as amended from time to time;
<b>“Restricted Jurisdiction”</b>	any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which RWS or SDL regards as unduly onerous;
<b>“Retained Shares”</b>	has the meaning given in paragraph 8 of Part 1 of this document;

<b>“Rollover”</b>	has the meaning given in paragraph 8 of Part 1 of this document;
<b>“Rothschild &amp; Co”</b>	N.M. Rothschild & Sons Limited;
<b>“Russian Act”</b>	Russian Federal Law No. 135-FZ on Protection of Competition of 2006 (as amended);
<b>“RWS”</b>	RWS Holdings plc, a public limited company incorporated under the laws of England and Wales with registration number 03002645;
<b>“RWS Articles”</b>	the articles of association of RWS in force from time to time;
<b>“RWS Board” or the “Board of RWS”</b>	the board of directors of RWS, comprising the RWS Directors;
<b>“RWS Circular”</b>	the circular to be published by RWS and to be sent to RWS Shareholders including the notice convening the RWS General Meeting to approve the issue of New RWS Shares in connection with the Combination;
<b>“RWS Directors”</b>	the directors of RWS whose names are set out in paragraph 2.2 of Part 5 of this document;
<b>“RWS Equalising Dividend”</b>	has the meaning given in paragraph 2 of Part 1 of this document;
<b>“RWS General Meeting”</b>	the general meeting of RWS to be convened to consider and, if thought fit, approve the RWS Resolution, including any adjournment thereof, and expected to be held on 9 October 2020;
<b>“RWS Group”</b>	RWS and its subsidiary undertakings and, where the context permits, each of them;
<b>“RWS Moravia”</b>	RWS Moravia IT s.r.o.;
<b>“RWS Resolution”</b>	the resolution to be proposed to RWS Shareholders at the RWS General Meeting to approve (i) the issue and allotment of the New RWS Shares in connection with the Combination and (ii) the establishment of the EBT;
<b>“RWS Shareholders”</b>	the holders of RWS Shares;
<b>“RWS Shares”</b>	the ordinary shares of £0.01 each in the capital of RWS;
<b>“Scheme”</b>	the scheme of arrangement under Part 26 of the Companies Act to effect the Combination, the full terms of which are set out in Part 6 of this document, with or subject to any modification, addition or condition which SDL and RWS may agree and, if required, the Court may approve or impose;
<b>“Scheme Record Time”</b>	6.00 p.m. on the Business Day immediately after the date on which the Court Order is made;
<b>“SDL”</b>	SDL plc, a public limited company incorporated in England and Wales registered with registered number 02675207;
<b>“SDL Articles”</b>	the articles of association of SDL, as amended from time to time;
<b>“SDL Board” or “Board of SDL”</b>	the board of directors of SDL, comprising the SDL Directors;
<b>“SDL Court Meeting”</b>	the meeting of the SDL Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act, for the purpose of approving the Scheme, including any adjournment thereof, notice of which is set out in Part 9 of this document, for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment);
<b>“SDL DABS Plan”</b>	the SDL Deferred Annual Bonus Share Plan;
<b>“SDL Directors”</b>	the directors of SDL whose names are set out in paragraph 2.1 of Part 5 of this document;
<b>“SDL Equalising Dividend”</b>	has the meaning given in paragraph 2 of Part 1 of this document;
<b>“SDL Executive Directors”</b>	Adolfo Hernandez and Xenia Walters;

<b>“SDL General Meeting”</b>	the general meeting of the SDL to be convened in connection with the Scheme, including any adjournment thereof, notice of which is set out in Part 10 of this document, to be held immediately following the SDL Court Meeting;
<b>“SDL Group”</b>	SDL and its subsidiary undertakings and, where the context permits, each of them;
<b>“SDL LTIP 2011”</b>	the SDL Long Term Incentive Plan (2011);
<b>“SDL LTIP 2016”</b>	the SDL Long Term Incentive Plan 2016;
<b>“SDL Meetings”</b>	together, the SDL General Meeting and the SDL Court Meeting;
<b>“SDL Options”</b>	the options or awards granted under or pursuant to the SDL Share Plans;
<b>“SDL Resolution”</b>	the resolution (or resolutions) to be proposed at the SDL General Meeting in connection with authorising the SDL Directors to take all required action in relation to the Scheme, amending SDL’s articles of association, re-registering SDL as a private limited company and such other matters as may be necessary to implement the Scheme, as set out in the notice of the SDL General Meeting set out in Part 10 of this document;
<b>“SDL RSP”</b>	the SDL Retention Share Plan;
<b>“SDL Scheme Shareholders”</b>	the holders of SDL Scheme Shares from time to time;
<b>“SDL Scheme Shares”</b>	the SDL Shares: <ul style="list-style-type: none"> <li>(a) in issue at the date of this document;</li> <li>(b) (if any) issued after the date of this document and before the Voting Record Time; and</li> <li>(c) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time, either on terms that the original or any subsequent holders of such shares are to be bound by the Scheme or in respect of which their holders are, or shall by such time have agreed in writing to be, bound by the Scheme,</li> </ul> and, in each case, remaining in issue at the Scheme Record Time, but excluding any SDL Scheme Shares held as treasury shares at any relevant date or time and any SDL Scheme Shares registered in the name of, or beneficially owned by, RWS or its nominees or any other member of the RWS Group at any relevant date or time;
<b>“SDL Share Plans”</b>	the SDL LTIP 2016, the SDL LTIP 2011, the SDL RSP, the SDL DABS Plan, the SDL SOS, the SDL Sharesave Scheme (UK) and the SDL International Sharesave Scheme;
<b>“SDL Shareholders”</b>	the registered holders of SDL Shares from time to time;
<b>“SDL Shares”</b>	the ordinary shares of £0.01 each in the capital of SDL;
<b>“SDL SOS”</b>	the SDL Share Option Scheme (2010);
<b>“SEC”</b>	the United States Securities and Exchange Commission;
<b>“Significant Interest”</b>	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of: (i) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking or (ii) the relevant partnership interest;
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers;

<b>“Takeover Offer”</b>	should the Combination be implemented by way of a takeover offer as defined in section 974 of the Companies Act, the offer to be made by or on behalf of RWS to acquire the entire issued and to be issued share capital of SDL and, where the context requires, any subsequent revision, variation, extension or renewal of such offer;
<b>“Third Party”</b>	any government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body or association, institution or agency (including, without limitation, any trade agency) or authority (including, without limitation, any anti-trust or merger control authority), any court or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“uncertificated” or “in uncertified form”</b>	a share or other security recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>“US” or “United States of America” or “United States” or “USA”</b>	the United States of America, its territories and possessions, all areas subject to its jurisdiction or any subdivision thereof, any state of the United States of America and the District of Columbia;
<b>“US Exchange Act”</b>	the US Securities Exchange Act of 1934;
<b>“US Securities Act”</b>	the United States Securities Act of 1933;
<b>“VAT”</b>	value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature;
<b>“Voting Record Time”</b>	6.00 p.m. on the day which is two days before the date of the SDL Court Meeting or, if the SDL Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the date of such adjourned meeting;
<b>“Wider RWS Group”</b>	RWS and its subsidiary undertakings and associated undertakings and any other body corporate partnership, joint venture or person in which RWS and all such undertakings (aggregating their interests) have a Significant Interest (other than any member of the Wider SDL Group); and
<b>“Wider SDL Group”</b>	SDL and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which SDL and all such undertakings (aggregating their interests) have a Significant Interest.

For the purposes of this document, **“associated undertaking”**, **“parent undertaking”**, **“subsidiary”**, **“subsidiary undertaking”** and **“undertaking”** have the respective meanings given thereto by the Companies Act.

All references to **“GBP”**, **“pence”**, **“Sterling”**, **“Pounds sterling”**, **“p”** or **“£”** are to the lawful currency of the United Kingdom.

All references to **“\$”** are to the lawful currency of the United States of America.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

Reference to the singular includes the plural and vice versa.

**PART 9  
NOTICE OF COURT MEETING**

**IN THE HIGH COURT OF JUSTICE** **CR: 2020:003281**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**COMPANIES COURT (CHD)**  
**INSOLVENCY AND COMPANIES COURT**  
**JUDGE PRENTIS**

**IN THE MATTER OF SDL PLC**

– and –

**IN THE MATTER OF THE COMPANIES ACT 2006**

NOTICE IS HEREBY GIVEN that by an Order dated 10 September 2020 made in the above matters the Court has given permission for a meeting to be convened of the holders of the SDL Scheme Shares (as defined in the scheme of arrangement referred to below), for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement proposed to be made between SDL plc (the “**Company**”) and the holders of the SDL Scheme Shares, and that such meeting shall be held at the offices of DLA Piper UK LLP at 160 Aldersgate Street, London, EC1A 4HT on 9 October 2020 at 10.00 a.m., at which place and time all holders of SDL Scheme Shares are requested to attend.

At the meeting the following resolution will be proposed:

“That the scheme of arrangement dated 17 September 2020, between the Company and the SDL Scheme Shareholders (as defined in the scheme of arrangement), a print of which has been produced to this meeting and, for the purposes of identification, signed by the Chairman hereof, in its original form or with or subject to any modification, addition or condition which may be agreed in writing by the Company and RWS and approved or imposed by the Court, be approved and the directors of the Company be authorised to take all such actions as they consider necessary or appropriate for carrying the scheme of arrangement into effect.”

Voting on the resolution to approve the scheme of arrangement will be by poll, which shall be conducted as the Chairman may determine.

A copy of the said scheme of arrangement and a copy of the explanatory statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this notice forms part.

**Holders of SDL Scheme Shares entitled to attend and vote at the meeting may vote in person at the said meeting or they may appoint another person, as their proxy to attend and vote in their stead. A proxy need not be a member of the Company. A WHITE form of proxy for use at the meeting is enclosed with this notice. Completion of the form of proxy shall not prevent a holder of SDL Scheme Shares from attending and voting at the meeting.**

**Given the current guidance and the general uncertainty on what additional and/or alternative measures may be put in place, holders of SDL Scheme Shares will not be permitted physically to attend the meeting (except as permitted by the Chairman of the meeting to establish a quorum). The Company will provide facilities for holders of SDL Scheme Shares who wish to attend, ask questions and vote at the meeting in real time should they wish to do so via an online platform, details of which are set out in the further notes below.**

Entitlement to attend and vote at the meeting or any adjournment thereof and the number of votes which may be cast thereat shall be determined by reference to the register of members of the Company at 6.00 p.m. on 7 October 2020 or, if the meeting is adjourned, on the day which is two days before the date of such adjourned meeting. In each case, changes to the register of members of the Company after such time shall be disregarded.

By the said Order, the Court has appointed David Clayton or, failing him, Adolfo Hernandez Fornieles or, failing him, Xenia Walters, to act as Chairman of the meeting and has directed the Chairman to report the result of the meeting to the Court.

The said scheme of arrangement shall be subject to the subsequent sanction of the Court.

DLA Piper UK LLP  
*Solicitors for the Company*

Dated: 17 September 2020



**Further notes:**

- (1) A WHITE form of proxy is enclosed with this notice. Instructions for use are shown on the form. Completing and returning a form of proxy will not prevent the shareholder from attending and voting at the meeting (or any adjournment of the meeting) in person, should he subsequently decide to do so.
- (2) It is requested that WHITE forms of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be received at the offices of Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time of the meeting (in other words, by 10.00 a.m. on 7 October 2020) or, as the case may be, the adjourned meeting. Non-working days shall not be taken into account for the purposes of calculating the deadline for returning forms for any adjourned meeting. A reply-paid envelope has been provided for this purpose for use in the United Kingdom only. Shareholders should note that whilst COVID-19 restrictions on social gatherings remain in place it will not be possible for shareholders to attend the meeting in person, save for those shareholders permitted by the Chairman of the meeting to establish a quorum. The Company will provide facilities for shareholders who wish to attend, ask questions and vote at the meeting in real time should they wish to do so via an online platform, details of which are set out in paragraph 24 below. If this form of proxy is not returned to Link Asset Services by 10.00 a.m. on 7 October 2020, shareholders may still complete this form of proxy and email it to aydin.djermal@linkgroup.co.uk at any time before the start of the meeting.
- (3) You may appoint more than one proxy provided that each proxy is appointed to exercise rights attaching to different shares.
- (4) If you wish to appoint multiple proxies, you may: (a) photocopy a WHITE form of proxy, fill in each copy in respect of different shares and send the multiple forms together to: Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or alternatively (b) contact Link Asset Services using the contact information set out in paragraph 20 below who will then issue you with multiple proxy forms. In each case, please ensure that all of the multiple proxy forms in respect of one registered holding are sent in the same envelope if possible.
- (5) Subject to the following principles where more than one proxy is appointed, where a WHITE form of proxy does not state the number of shares to which it applies (a "blank proxy") then that proxy is deemed to have been appointed in relation to the total number of shares registered in your name (the "member's entire holding"). In the event of a conflict between a blank proxy and a proxy which does state the number of shares to which it applies (a "specific proxy"), the specific proxy shall be counted first, regardless of the time it was sent or received (on the basis that as far as possible, the conflicting forms of proxy should be judged to be in respect of different shares) and remaining shares will be apportioned to the blank proxy (pro rata if there is more than one).
- (6) Where there is more than one proxy appointed and the total number of shares in respect of which proxies are appointed is no greater than your entire holding, it is assumed that proxies are appointed in relation to different shares, rather than that conflicting appointments have been made in relation to the same shares.
- (7) If two or more valid but different instruments of proxy are received in respect of the same share for use at the same meeting or on the same poll, the one which is last received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that share and if the Company is unable to determine which was the last received, none of them shall be treated as valid in respect of that share.
- (8) If conflicting proxies are sent or received at the same time in respect of (or deemed to be in respect of) your entire holding, none of them shall be treated as valid.
- (9) Where the aggregate number of shares in respect of which proxies are appointed exceeds your entire holding and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the number of votes attributed to each proxy will be reduced pro rata (on the basis that as far as possible, conflicting forms of proxy should be judged to be in respect of different shares).
- (10) Where the application of paragraph 9 above gives rise to fractions of shares, such fractions will be rounded down.
- (11) WHITE forms of proxy returned by fax will not be accepted.
- (12) If you appoint a proxy or proxies and then decide to attend the meeting and vote electronically via the virtual meeting platform described in paragraph 24, then your vote via the virtual meeting platform will override the proxy vote(s). If your vote via the virtual meeting platform is in respect of your entire holding then all proxy votes will be disregarded. If, however, you vote via the virtual meeting platform in respect of less than your entire holding, if you indicate that all proxies are to be disregarded, that shall be the case; but if you do not specifically revoke proxies either (i) by notice to the address specified for receipt of the form of proxy not less than 24 hours before the commencement of the meeting or (ii) by email to aydin.djermal@linkgroup.co.uk at any time before the start of the meeting, then your electronic vote will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding your entire holding.
- (13) In relation to paragraph 12 above, in the event that you do not specifically revoke proxies by notice to the address specified for receipt of the form of proxy not less than 24 hours before the commencement of the meeting, it will not be possible for the Company to determine your intentions in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.
- (14) Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the meeting or any adjournment(s) by using the CREST electronic proxy appointment service may do so in accordance with the procedures set out in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (15) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The appointment must, in order to be valid, be transmitted so as to be received by Link Asset Services (CREST Participant ID RA10) at least 48 hours prior to the meeting (excluding non-working days). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link Asset Services are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (16) CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (17) Shareholders entitled to attend and vote at the meeting may appoint a proxy electronically by logging on to [www.signalshares.com](http://www.signalshares.com), selecting "Register for the Share Portal" and entering "SDL" in the box provided. "SDL plc" will be presented on the next screen and you should click on this. Once you have clicked on this you should follow the prompts on the screen by entering your surname, your 11-digit investor code (which is shown on your share certificate or a dividend tax voucher), postcode, email address and selecting a password. Once you have registered you will have the opportunity to appoint a proxy online. For an electronic proxy to be valid, your appointment must be received by Link Asset Services no later than 48 hours before the time and date set for the meeting (excluding non-working days).
- (18) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (19) A shareholder which is a company (a corporation) and which wishes to be represented virtually at the meeting by a person with authority to speak, vote on a show of hands and vote on a poll (a corporate representative) must appoint such a person by resolution of its directors. A corporate representative has the same powers on behalf of the corporation he/she represents as that corporation could exercise if it were an individual member of the Company.
- (20) If you are in any doubt about completing the WHITE form of proxy please contact Link Asset Services by email at [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk) or please ring Link Asset Services on the helpline on +44 (0) 3071 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline will be open between 9.00 a.m. and 5.30 p.m. Monday to Friday excluding public holidays in England and Wales. Link Asset Services cannot provide advice on the merits of the Combination nor give any financial, legal or tax advice.
- (21) Any question relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting.
- (22) You may alternatively submit your question in advance by way of a letter addressed to the Chairman.
- (23) Voting on the resolution at this meeting will be conducted on an electronic poll rather than a show of hands.
- (24) In order to vote at the relevant meeting electronically and ask questions via the online meeting platform, SDL Shareholders will need to download the latest version of the Lumi AGM application (the "App") onto their smartphone device. The App is available in native application format (Android and iOS devices only) and can be downloaded from the Google Play Store™ Market or the Apple® App Store by searching by the application name "Lumi AGM". If you have previously downloaded the App, please ensure you are using the latest version by checking the status in the Google Play Store™ Market or the Apple® App Store. Please be aware that the App does not support Android 4.4 (or below) or iOS 9 (or below). Alternatively, SDL Shareholders can access the Lumi virtual meeting platform via a mobile web client, compatible with the latest browser versions of Chrome, Firefox, Internet Explorer 11 (Internet Explorer v. 10 and below are not supported), Edge and Safari and can be accessed using any web browser, on a PC or smartphone device. If you would prefer to participate and/or vote using this method, please go to <https://web.lumiagm.com>. Once you have downloaded the App, or accessed <https://web.lumiagm.com> from your web browser, you will be asked to enter the Lumi Meeting ID which is 158-619-102. You will then be prompted to enter your unique login and PIN number. Your unique login is your 11-digit Investor Code ("IVC"), including any zeros, and your PIN number is the last four digits of your IVC. If you are not in receipt of your IVC, this can be found on a share certificate or dividend tax voucher, or alternatively you can sign in to [www.signalshares.com](http://www.signalshares.com) to obtain your IVC. If, however, you cannot find your IVC and do not have access to [www.signalshares.com](http://www.signalshares.com) then please contact Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU on +44 (0) 371 664 0321 before 9 October 2020 to obtain your IVC in order to log in to the meeting. Lines are open 9.00 a.m. to 5.30 p.m. excluding non-working days. Access to the SDL Meetings will be available from 9.00 a.m. on 9 October 2020, although the voting functionality will not be enabled until the Chairman of the meeting declares the poll open. During the meeting, you must ensure you are connected to the internet at all times in order to vote when the Chairman of the meeting commences polling. Therefore, it is your responsibility to ensure connectivity for the duration of the meeting via your wireless or other internet connection. A user guide to the App and <https://web.lumiagm.com> is available on Lumi's website at <https://www.lumiglobal.com/hubfs/SDL.pdf>.

**PART 10**  
**NOTICE OF GENERAL MEETING**

**SDL PLC**

*(Incorporated in England and Wales with registered number 02675207)*

NOTICE IS HEREBY GIVEN that a general meeting of SDL plc (the “**Company**”) shall be held at the offices of DLA Piper UK LLP at 160 Aldersgate Street, London, EC1A 4HT on 9 October 2020 at 10.15 a.m. (or as soon thereafter as the SDL Court Meeting has concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution, which shall be proposed as special resolution (terms defined in the document of which this notice forms part shall have the same meaning in this notice unless otherwise expressly defined).

**Given the current guidance and the general uncertainty on what additional and/or alternative measures may be put in place, SDL Shareholders will not be permitted physically to attend the meeting (except as permitted by the Chairman of the meeting to establish a quorum). The Company will provide facilities for SDL Shareholders who wish to attend, ask questions and vote at the meeting in real time should they wish to do so via an online platform, details of which are set out in the further notes below.**

**SPECIAL RESOLUTION**

THAT:

- (a) For the purpose of giving effect to the scheme of arrangement dated 17 September 2020 (the “**Scheme**”) between the Company and the holders of SDL Scheme Shares, a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman of the meeting, in its original form or subject to any modification, addition or condition agreed in writing by the Company and RWS and approved or imposed by the Court, the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect.
- (b) With effect from the passing of this resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new article 154:

**“154 SCHEME OF ARRANGEMENT**

- (a) In this article 154, references to the “Scheme” are to the scheme of arrangement dated 17 September 2020 between the Company and the holders of its SDL Scheme Shares under Part 26 of the Companies Act 2006 in its original form or with or subject to any modification, addition or condition agreed by the Company and RWS Holdings plc approved or imposed by the Court in accordance with its terms. Expressions defined in the Scheme shall have the same meanings in this article 154 (save as expressly defined in these articles).
- (b) Notwithstanding any other provision of these articles, if the Company issues any SDL Shares (other than to RWS or its nominee(s)) at or after the Voting Record Time and at or before the Scheme Record Time, such shares shall be issued subject to the terms of the Scheme (and shall be SDL Scheme Shares for the purposes thereof) and the original or subsequent holders of such shares shall be bound by the Scheme accordingly.
- (c) Subject to the implementation of the Scheme and notwithstanding any other provisions of these Articles, if any SDL Shares are issued or transferred to any person or his nominee (a “**New Member**”) (other than under the Scheme to RWS or its nominee(s)) after the Scheme Record Time (the “**Post-Scheme Shares**”) they shall be immediately transferred to RWS (or as it may direct in writing) who shall be obliged to acquire all Post-Scheme Shares in consideration for, and conditional on, the allotment and issue or transfer to the New Member of such number of New RWS Shares (“**Consideration Shares**”) (and the payment in cash in respect of fractional entitlements, as described in paragraph (f) of this article) that the New Member would have been entitled to under the Scheme for those Post-Scheme Shares had they been SDL Scheme Shares, provided that if, in respect of any New Member who is resident, located or has a registered address in a jurisdiction outside the United Kingdom or the United States or whom RWS reasonably believes to be a citizen, resident or national of a jurisdiction outside the United Kingdom or the United States, RWS is advised that the law of a country outside the United Kingdom and the United States: (i) precludes the allotment, issue and/or delivery to that New Member of Consideration Shares; or (ii) precludes the matters referred to in (i) except after compliance by the Company or RWS (as the case may be) with any governmental or other consent or any registration,

filing or other formality with which the Company and/or RWS is unable to comply or compliance with which the Company and/or RWS (as the case may be) regards as unduly onerous, then RWS may, in its sole discretion, either: (A) determine that such Consideration Shares shall not be allotted, issued and delivered to such New Member, but shall instead be allotted, issued and delivered to a person appointed by RWS for such New Member on terms that such person shall, as soon as practicable following the allotment and issue of such Consideration Shares, sell the Consideration Shares so issued; or (B) determine that such Consideration Shares shall not be allotted, issued and delivered to such New Member, but instead a cash amount equal to the value of the Consideration Shares shall be paid to the New Member as soon as practicable, save that any fractional cash entitlements shall be rounded down to the nearest penny and individual entitlements to amounts of less than £5.00 shall be retained for the benefit of RWS. In the event that the Consideration Shares are to be sold pursuant to (A), the Company shall appoint a person to act, and who shall be authorised, as attorney or agent for the New Member pursuant to this article and such person shall be authorised on behalf of such New Member to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member and to give such instructions and to do all other things which he or she may consider necessary or expedient in connection with such sale. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) shall be paid to the persons entitled thereto in due proportion as soon as practicable following such sale, save that any fractional cash entitlements shall be rounded down to the nearest penny and individual entitlements to amounts of less than £5.00 shall be retained for the benefit of RWS.

- (d) The Consideration Shares allotted and issued or transferred to a New Member pursuant to paragraph (c) of this article shall be credited as fully paid and shall rank *pari passu* in all respects with the RWS Shares in issue at that time (other than as regards any dividends or other distributions payable by reference to a record date preceding the date of allotment or transfer).
- (e) On any reorganisation of or material alteration to the share capital of the Company (including, without limitation, any subdivision and/or consolidation) effected after the close of business on the Effective Date, the number of Consideration Shares to be allotted and issued or transferred to a New Member for a Post-Scheme Share pursuant to paragraph (c) of this article may be adjusted by the Directors in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this article to SDL Shares, Consideration Shares and Post-Scheme Shares shall, following such adjustment, be construed accordingly.
- (f) No fraction of a Consideration Share shall be allotted, issued or transferred to any New Member pursuant to this article. Any fraction of a Consideration Share to which a New Member would otherwise have become entitled shall be aggregated with the fractional entitlements of any other New Members whose shares are being transferred under this article on the same date and the maximum number of Consideration Shares resulting therefrom (rounded down to the nearest whole number of Consideration Shares) shall be allotted and issued to a person appointed by RWS to hold such Consideration Shares on behalf of the relevant SDL Scheme Shareholders. RWS shall procure that such Consideration Shares are sold in the market as soon as practicable after the Combination becomes Effective or, if later, their allotment and issue, and the net proceeds of sale (after deduction of all expenses and commissions incurred in connection with the sale) shall be distributed in due proportions to the persons entitled thereto (rounded down to the nearest penny), save that individual entitlements to amounts of less than £5.00 shall be retained for the benefit of RWS.
- (g) To give effect to any transfer of Post-Scheme Shares required by this article 154, the Company may appoint any person as attorney or agent for the New Member to transfer the Post-Scheme Shares to RWS and/or its nominee(s) and do all such other things and execute and deliver all such documents as may in the opinion of the attorney or agent be necessary or desirable to vest the Post-Scheme Shares in RWS or its nominee(s) and pending such vesting to exercise all such rights attaching to the Post-Scheme Shares as RWS may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney fails to act in accordance with the directions of RWS) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed by RWS. The attorney or agent shall be empowered to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member (or any subsequent holder) in favour of RWS or its nominees and the Company may give a good receipt for the consideration for the Post-Scheme Shares and may register RWS or its nominees as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares.

- (h) RWS shall, subject to paragraph (c) of this article, allot and issue or transfer the Consideration Shares to the New Member (and send a cheque with respect to any fractional entitlements in accordance with paragraph (f) of this article and in circumstances where paragraph (c) of this article applies) within 14 days after the transfer of the Post-Scheme Shares to RWS and/or its nominee(s).
- (i) Notwithstanding any other provision of these articles, neither the Company nor the Directors shall register the transfer of any SDL Scheme Shares and/or any Post-Scheme Shares effected between the Scheme Record Time and the Effective Date other than to RWS or its nominees.”.
- (c) Subject to and conditional upon the Scheme becoming Effective, pursuant to the provisions of the Companies Act: (i) the Company be re-registered as a private limited company under the name of “SDL Limited”; and (ii) the articles of association of the Company be amended as follows: (a) references to “SDL plc” as the name of the Company be amended to “SDL Limited”; and (b) the statement that the Company is a public company limited by shares be amended to state that the Company is a private company limited by shares, each with effect from the date that the re-registration of the Company is approved by the Registrar of Companies.
- (d) The directors of the Company be and are hereby generally and unconditionally authorised to capitalise a sum not exceeding £40,000 standing to the credit of the Company’s share premium account and for the directors of the Company to apply such sum in paying up in whole or in part (as they shall see fit) subscriptions for SDL Shares pursuant to the terms of any employee share schemes of the Company.

By order of the SDL Directors

*Registered office*  
New Globe House, Vanwall Business Park,  
Vanwall Road, Maidenhead, England, SL6 4UB

*Pamela Pickering*  
*Company Secretary*

17 September 2020

**Notes:**

- (1) Members of the Company entitled to attend and vote at the meeting may vote in person at the said meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead. A proxy need not be a member of the Company.
- (2) A YELLOW form of proxy is enclosed with this notice. Instructions for use are shown on the form. Completing and returning a form of proxy will not prevent the shareholder from attending and voting at the meeting (or any adjournment of the meeting) in person, should he subsequently decide to do so. Shareholders should note that whilst COVID-19 restrictions on social gatherings remain in place it will not be possible for shareholders to attend the meeting in person, save for those shareholders permitted by the Chairman of the meeting to establish a quorum. The Company will provide facilities for shareholders who wish to attend, ask questions and vote at the meeting in real time should they wish to do so via an online platform, details of which are set out in paragraph 24 below.
- (3) To be valid, a YELLOW form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be received at the offices of Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time of the meeting (in other words, by 10.15 a.m. on 7 October 2020) or, as the case may be, the adjourned meeting. Non-working days shall not be taken into account for the purposes of calculating the deadline for returning forms for any adjourned meeting. A reply-paid envelope has been provided for this purpose for use in the United Kingdom only. Forms of proxy returned by fax will not be accepted.
- (4) You may appoint more than one proxy provided that each proxy is appointed to exercise rights attaching to different shares.
- (5) If you wish to appoint multiple proxies, you may: (a) photocopy a YELLOW form of proxy, fill in each copy in respect of different shares and send the multiple forms together to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or alternatively (b) contact Link Asset Services using the contact information set out in paragraph 22 below who will then issue you with multiple proxy forms. In each case, please ensure that all of the multiple proxy forms in respect of one registered holding are sent in the same envelope if possible.
- (6) Subject to the following principles where more than one proxy is appointed, where a YELLOW form of proxy does not state the number of shares to which it applies (a “blank proxy”) then that proxy is deemed to have been appointed in relation to the total number of shares registered in your name (the “member’s entire holding”). In the event of a conflict between a blank proxy and YELLOW form of proxy which does state the number of shares to which it applies (a “specific proxy”), the specific proxy shall be counted first, regardless of the time it was sent or received (on the basis that as far as possible, the conflicting forms of proxy should be judged to be in respect of different shares) and remaining shares will be apportioned to the blank proxy (pro rata if there is more than one).
- (7) Where there is more than one proxy appointed and the total number of shares in respect of which proxies are appointed is no greater than your entire holding, it is assumed that proxies are appointed in relation to different shares, rather than that conflicting appointments have been made in relation to the same shares.
- (8) If two or more valid but different instruments of proxy are received in respect of the same share for use at the same meeting or on the same poll, the one which is last received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that share and if the Company is unable to determine which was the last received, none of them shall be treated as valid in respect of that share.
- (9) If conflicting proxies are sent or received at the same time in respect of (or deemed to be in respect of) your entire holding, none of them shall be treated as valid.
- (10) Where the aggregate number of shares in respect of which proxies are appointed exceeds your entire holding and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the number of votes attributed to each proxy will be reduced pro rata (on the basis that as far as possible, conflicting forms of proxy should be judged to be in respect of different shares).
- (11) Where the application of paragraph 10 above gives rise to fractions of shares, such fractions will be rounded down.
- (12) If you appoint a proxy or proxies and then decide to attend the meeting and vote electronically via the virtual meeting platform described in paragraph 24, then your vote via the virtual meeting platform will override the proxy vote(s). If your vote via the virtual meeting platform is in respect of your entire holding then all proxy votes will be disregarded. If, however, you vote via the virtual meeting platform in respect of less than your entire holding, if you indicate that all proxies are to be disregarded, that shall be the case; but if you do not specifically revoke proxies, then your vote via the virtual meeting platform will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding your entire holding. If you wish to revoke a proxy or proxies then in order for the revocation to be valid it must be received by the Company at the address specified for receipt of the forms of proxy not less than 24 hours before the commencement of the meeting or adjournment thereof.
- (13) In relation to paragraph 12 above, in the event that you do not specifically revoke proxies, it will not be possible for the Company to determine your intentions in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.
- (14) Entitlement to attend and vote at the meeting or any adjournment thereof and the number of votes which may be cast thereat shall be determined by reference to the register of members of the Company at 6.00 p.m. on 7 October 2020 or, if the meeting is adjourned, on the day which is two days before the date of such adjourned meeting. In each case, changes to the register of members of the Company after such time shall be disregarded.
- (15) Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the meeting or any adjournment(s) by using the CREST electronic proxy appointment service may do so in accordance with the procedures set out in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

- (16) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The appointment must, in order to be valid, be transmitted so as to be received by Link Asset Services (CREST Participant ID RA10) at least 48 hours prior to the meeting (excluding non-working days). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link Asset Services are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (17) CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (18) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (19) Shareholders entitled to attend and vote at the meeting may appoint a proxy electronically by logging on to [www.signalshares.com](http://www.signalshares.com), selecting "Register for the Share Portal" and entering "SDL" in the box provided. "SDL plc" will be presented on the next screen and you should click on this. Once you have clicked on this you should follow the prompts on the screen by entering your surname, your 11-digit investor code (which is shown on your share certificate or dividend tax voucher), postcode, email address and selecting a password. Once you have registered you will have the opportunity to appoint a proxy online. For an electronic proxy to be valid, your appointment must be received by Link Asset Services no later than 48 hours before the time and date set for the meeting (excluding non-working days).
- (20) A shareholder which is a company (a corporation) and which wishes to be represented at the meeting by a person with authority to speak, vote on a show of hands and vote on a poll (a corporate representative) must appoint such a person by resolution of its directors. A corporate representative has the same powers on behalf of the corporation he/she represents as that corporation could exercise if it were an individual member of the Company.
- (21) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority will be determined by the order in which the names stand in the Company's register of members in respect of the joint holding.
- (22) If you are in any doubt about completing the YELLOW form of proxy please contact Link Asset Services by email at [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk) or please ring Link Asset Services on the helpline on +44 (0) 3071 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline will be open between 9.00 a.m. and 5.30 p.m. Monday to Friday excluding public holidays in England and Wales. Link Asset Services cannot provide advice on the merits of the Combination nor give any financial, legal or tax advice.
- (23) Any question relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. You may alternatively submit your question in advance by way of a letter addressed to the Chairman.
- (24) In order to vote at the meeting electronically and ask questions via the online meeting platform, SDL Shareholders will need to download the latest version of the Lumi AGM application (the "App") onto their smartphone device. The App is available in native application format (Android and iOS devices only) and can be downloaded from the Google Play Store™ Market or the Apple® App Store by searching by the application name "Lumi AGM". If you have previously downloaded the App, please ensure you are using the latest version by checking the status in the Google Play Store™ Market or the Apple® App Store. Please be aware that the App does not support Android 4.4 (or below) or iOS 9 (or below). Alternatively, SDL Shareholders can access the Lumi virtual meeting platform via a mobile web client, compatible with the latest browser versions of Chrome, Firefox, Internet Explorer 11 (Internet Explorer v. 10 and below are not supported), Edge and Safari and can be accessed using any web browser, on a PC or smartphone device. If you would prefer to participate and/or vote using this method, please go to <https://web.lumiagn.com>. Once you have downloaded the App, or accessed <https://web.lumiagn.com> from your web browser, you will be asked to enter the Lumi Meeting ID which is 158-619-102. You will then be prompted to enter your unique login and PIN number. Your unique login is your 11-digit Investor Code ("IVC"), including any zeros, and your PIN number is the last four digits of your IVC. If you are not in receipt of your IVC, this can be found on a share certificate or dividend tax voucher, or alternatively you can sign in to [www.signalshares.com](http://www.signalshares.com) to obtain your IVC. If, however, you cannot find your IVC and do not have access to [www.signalshares.com](http://www.signalshares.com), then please contact Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU on +44 (0) 371 664 0321 before 9 October 2020 to obtain your IVC in order to log in to the meeting. Lines are open 9.00 a.m. to 5.30 p.m. excluding non-working days. Access to the SDL Meetings will be available from 9.00 a.m. on 9 October 2020, although the voting functionality will not be enabled until the Chairman of the meeting declares the poll open. During the meeting, you must ensure you are connected to the internet at all times in order to vote when the Chairman of the meeting commences polling. Therefore, it is your responsibility to ensure connectivity for the duration of the meeting via your wireless or other internet connection. A user guide to the App and <https://web.lumiagn.com> is available on Lumi's website at <https://www.lumiagn.com/hubfs/SDL.pdf>.

## APPENDIX 1 QUANTIFIED FINANCIAL BENEFITS STATEMENT

Paragraph 3 of Part 1 of this document, contains statements of estimated cost savings and synergies expected to arise from the Combination (together, the “**Quantified Financial Benefits Statement**”).

A copy of the Quantified Financial Benefits Statement is set out below:

*“The RWS Board, having reviewed and analysed the potential synergies of the Combination, and based on its experience of operating in the translation services, software and localisation sectors, is confident that as a direct result of the Combination, the Combined Group will generate attractive cost synergies and create additional shareholder value.*

*The RWS Board has consulted with the SDL management team on the scale of available cost synergies, and with the benefit of their experience of running a software business, as well as taking into account the factors it can influence, believes that the Combination will generate significant run-rate annual cost synergies of at least £15 million by the end of the financial year ended 30 September 2022, the first full year post Completion.*

*These anticipated cost synergies will accrue as a direct result of the Combination and would not be achieved on a standalone basis. The potential sources of quantified cost synergies are in addition to any savings previously targeted and already underway by either RWS or SDL.*

*The constituent elements of these quantified cost synergies, which are expected to originate from the cost bases of both RWS and SDL, comprise:*

- **Combining corporate and support functions:** *Approximately 40 per cent. of the cost savings are expected to be generated from the rationalisation and consolidation of corporate and support functions, including the removal of duplicate public company costs, the consolidation and rationalisation of the Combined Group’s Board and executive leadership teams, and the combination of other group support functions;*
- **Optimising the Combined Group’s sales and marketing activities:** *Approximately 40 per cent. of the cost savings are expected to be generated from the optimisation of the sales and marketing functions of the Combined Group, including by sharing best practices and removing duplicate activities;*
- **Aligning certain third party spend:** *Approximately 15 per cent. of the cost savings are expected to be generated from the alignment of expenses policies across the Combined Group and the removal of duplicative third party costs; and*
- **Maximising operating efficiencies in overlapping language translation activities:** *The balance of the cost savings is expected to be generated from limited actions to rationalise overlapping teams within the Combined Group’s language translation activities.*

*In achieving these cost synergies, the Combined Group expects to incur aggregate cash implementation costs of approximately £17 million, which are all expected to be one-off in nature and incurred in the financial year in which Completion occurs.*

*Whilst there is pricing and volume risk in certain areas of customer overlap, based on the analysis to date and aside from the one-off integration cash costs referred to above, the RWS Directors do not expect material dis-synergies to arise as a result of the Combination.*

*Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out in Appendix 4 to the Announcement.”*

Further information on the basis of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out below:

### **Bases of belief and principal assumptions**

Following commencement of discussions regarding the Combination, a synergy development team (the “**Synergy Team**”) was established at RWS to evaluate and assess the potential synergies available for the integration and undertake an initial planning exercise. The Synergy Team worked in consultation with SDL’s management team to identify areas of potential savings.

In preparing the Quantified Financial Benefits Statement, both RWS and SDL have shared certain operating and financial information to facilitate a detailed analysis in support of evaluating the potential cost benefits available from the creation of the Combined Group. In circumstances where data has been limited for commercial or other reasons, the Synergy Team has made estimates and assumptions to aid its development of individual cost benefit initiatives.

The assessment and qualification of the potential synergies have, in turn, been informed by the RWS management's industry experience and knowledge of the existing businesses, as well as its experience of executing and integrating past acquisitions, together with consultation with SDL.

In general, the cost benefit assumptions have in turn been risk adjusted, exercising a degree of prudence in the calculation of the estimated cost benefits set out above.

In arriving at the Quantified Financial Benefits Statement, RWS has, in addition, made the following assumptions:

- No material change in macroeconomic, political, legal or regulatory conditions in the markets and regions in which RWS and SDL operate;
- No material change in accounting standards;
- No significant impact on the underlying operations of either business from the creation of the Combined Group;
- No impact on the underlying operations of either business from the COVID19 pandemic other than as already disclosed by RWS and SDL in statements made in their respective half-year trading announcements on 9 June 2020 and 11 August 2020;
- No material change in foreign exchange rates; and
- No material divestments from either the RWS or SDL existing businesses.

The baselines used for the quantified cost synergies were:

- For RWS: full year operating expenses for the financial year ended 30 September 2019; and
- For SDL: full year operating expenses for the financial year ended 31 December 2019.

### **Reports**

As required by Rule 28.1(a) of the Takeover Code, PricewaterhouseCoopers, as reporting accountants to RWS, and Canaccord Genuity and Gleacher Shacklock, as joint financial advisers to RWS, have provided the opinions required under that Rule. Copies of these reports are included in the Announcement.

The RWS Directors have confirmed that:

- (a) the Quantified Financial Benefits Statement remains valid; and
- (b) each of PricewaterhouseCoopers, Canaccord Genuity and Gleacher Shacklock has confirmed to RWS that their respective reports produced in connection with the Quantified Financial Benefits Statement continue to apply.

### **Notes**

These statements are not intended as a profit forecast and should not be interpreted as such. These statements of estimated synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the estimated synergies referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither the Quantified Financial Benefits Statement nor any other statement in the Announcement or this document should be construed as a profit forecast or interpreted to mean that RWS' earnings in the financial year ended 30 September 2022, being the first full year following the Effective Date, or in any subsequent period, will necessarily match or be greater than or be less than those of RWS or SDL for the relevant preceding financial period or any other period.

Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting synergies may be materially greater or less than those estimated.

(Intentionally left blank)





