

LIMITED LIABILITY PARTNERSHIP CROSS OPTION AGREEMENT.

Important Notes

Before completing the Limited Liability Partnership Cross Option Agreement, please read the following notes.

1. This documentation has been produced for consideration by you and your legal advisers. The legal and tax effects of the cross option agreement will depend on your individual circumstances and Legal & General (as defined in clause 1 of the cross option agreement) and its advisers accept no responsibility for ensuring that the cross option agreement meets your requirements.
2. Ensure that you fully understand the terms of the cross option agreement and how it works: see further the Technical Guide. If you are in any doubt about the terms, it is your responsibility to seek legal or tax advice as appropriate.
3. You should also ensure you have read and understood all the literature relating to your chosen policy for this cross option agreement.
4. This cross option agreement is designed for members of limited liability partnerships. It is not designed to be used for shareholding directors of limited companies or partners of a partnership.
5. Legal & General has drafted this cross option agreement to reflect the law as at 19th August 2010. Legal & General and its advisers cannot accept any responsibility for loss, damage or other claim that may arise from the use of this cross option agreement or the way in which you complete it. We therefore strongly recommend that you consult your own legal or tax adviser before proceeding.
6. Use CAPITALS and black or blue ink throughout. If you make a mistake while completing the cross option agreement, please correct the error by crossing out (do not use correction fluid) and the Members should initial the change.
7. The cross option agreement should be retained by the Members and kept with the Limited Liability Partnership Agreement. It should not be returned to Legal & General.

LIMITED LIABILITY PARTNERSHIP CROSS OPTION AGREEMENT

This Agreement is made on the

day of 20

by of of the first part
and of of the second part
and of of the third part
and of of the fourth part

(hereinafter together called "the Members" and individually "the Member ") who are all Members in the firm known as

LLP (OC) (hereinafter called "the Firm")

WHEREAS the Members desire entering into such share purchase arrangement as is indicated by the Members' initials in either or both of the boxes in paragraphs A. and B. below.

A. On the death of a Member his personal representatives shall have the option to sell his share in the Firm (hereinafter called "Share") to the surviving Members and the surviving Members shall have the option to purchase the deceased Member's Share from his personal representatives on the terms set out in this Agreement

[Members' initials]

B. On a Member suffering from any illness or disability that gives rise to any payment under any Critical Illness Policy or Terminal Illness Policy (as hereinafter defined) effected by him with Legal & General (as hereinafter defined), the Member in respect of whom the Critical Illness or Terminal Illness (as hereinafter defined) payment is made shall have the option to sell his Share to the other Members on the terms set out in this Agreement

[Members' initials]

Now it is hereby agreed as follows:

1. DEFINITIONS

In this Agreement unless the context otherwise requires the singular includes the plural and the masculine the feminine and the neuter and the following terms shall have the following meanings:

"Agreed Value"

means

- (a) in relation to the death of a Member, the Specified Value if the death occurs within three years of the date hereof and otherwise means the Fair Value
- (b) in relation to the Critical Illness or Terminal Illness of a Member, the Specified Value if the Payment Date is within three years of the date hereof and otherwise means the Fair Value.

"Critical Illness"

means any condition that gives rise to a payment of benefit under any Critical Illness Policy and "Critically Ill" shall be construed accordingly.

"Terminal Illness"

means any condition that gives rise to a payment of benefit under any "Terminal Illness Policy" and "Terminally Ill" should be construed accordingly.

"Critical Illness Policy"

means any policy evidencing a contract with Legal & General which provides Critical Illness cover which is effected by a Member in accordance with the terms of this Agreement.

"Terminal Illness Policy"

means any policy evidencing a contract with Legal & General which provides Terminal Illness cover which is effected by a Member in accordance with the terms of this Agreement.

"Fair Value"

means the value specified in the Second Schedule hereto.

"Legal & General"

means Legal & General Assurance Society Limited.

"Life Policy"

means a contract of life assurance effected by a Member on his own life in accordance with the terms of this Agreement.

"Payment Date"

means the date of receipt of the sum assured paid by Legal & General in settlement of a claim in respect of a Critical Illness under any Critical Illness Policy or Terminal Illness under any Terminal Illness Policy.

"Policy(ies)"

means one or more Life Policies and/or one or more Critical Illness or Terminal Illness Policies as appropriate.

"Relevant Proportion"

means the proportion specified in the Third Schedule hereto.

"Specified Value"

means the value specified in the First Schedule hereto.

2. AGREEMENT

2.1 Each of the Members hereby agrees

- (a) to grant options to the other Members
- (b) to effect one or more
 - (i) Life Policies and/or
 - (ii) Critical Illness Policies and/or Terminal Illness Policies
- (c) to request that the Policies are issued subject to trust for the primary benefit of the other Members and to maintain the Policies
- (d) where applicable, to co-operate fully in pursuing any claim under a Critical Illness Policy in respect of the Critical Illness of the Member or any claim under a Terminal Illness Policy in respect of the Terminal Illness of the Member in the manner hereinafter appearing and in consideration of each of the other Members agreeing to do the same.

2.2 Without prejudice and subject to all the terms and provisions of the remaining parts and clauses of this Agreement, all of clause 3 and clause 4.1 shall apply only if the boxes in paragraph A. of the Recital have been initialled by the Members and clause 4.2 shall apply only if the boxes in paragraph B. of the Recital have been initialled by the Members.

3. CALL OPTION

- 3.1 On the death of any Member the surviving Members shall if they together so elect by written notice to the deceased Member's personal representatives [whether or not they have obtained a grant of representation] within three months from the date of the said death be entitled to purchase the deceased Member's Share from the deceased Member's personal representatives for the Agreed Value whereupon the deceased Member's personal representatives shall sell the said Share to the surviving Members on the terms hereinafter appearing.
- 3.2 Where on the death of any Member there is more than one surviving Member and the option conferred by Clause 3.1 is exercised by all the surviving Members each of the surviving Members shall pay to the deceased Member's personal representatives the Relevant Proportion of the Agreed Value and in consideration of such payment shall become entitled to the Relevant Proportion of the deceased Member's Share or as near thereto as may be possible.
- 3.3 Where on the death of any Member there is more than one surviving Member and one or more (but not all) of the surviving Members wish to exercise the option conferred by Clause 3.1 such of the surviving Members as do wish to exercise that option may do so and such of the surviving Members as do not wish to exercise the said option need not do so and in such a case the Relevant Proportion of the Agreed Value of the Share to be paid by each of the surviving Members exercising the option and the Relevant Proportion of the Share of the deceased Member to which each of the surviving Members becomes entitled shall be paid and receivable as if the other Members did not exist (unless inter se the surviving Members exercising the option agree otherwise).

4. PUT OPTIONS

- 4.1 On the death of any Member the deceased Member's personal representatives shall if they so elect by written notice delivered to the surviving Members within six months after the date of the said death sell the deceased Member's Share to the surviving Members for the Agreed Value and on the exercise of such option the surviving Members shall purchase the said Share from the deceased Member's personal representatives on the terms hereinafter appearing provided that this option will not apply where prior to his death the Members has exercised the option conferred by Clause 4.2 hereof.
- 4.2 In the event of the Critical Illness or Terminal Illness of any Member that Member or his legally empowered representative (but only during the lifetime of the Critically Ill or Terminally Ill Member) shall if an election by written notice to the other Members is given within six months from the Payment Date sell the Share of the Critically Ill or Terminally Ill Member to the other Members for the Agreed Value whereupon the other Members shall purchase the said Share from the Critically Ill or Terminally Ill Member on the terms hereinafter appearing.
- 4.3 Where on the death, Critical Illness or Terminal Illness of any Member there is more than one other Member and the option conferred by Clause 4.1 or 4.2 is exercised, each of the other Members (unless inter se they agree otherwise) shall pay to the personal representatives of the deceased Member or the Critically Ill or Terminally Ill Member (as the case may be) his Relevant Proportion of the Agreed Value and in consideration of such payment shall become entitled to his Relevant Proportion of the Share of the deceased Member or the Critically Ill or Terminally Ill Member (as the case may be) or as near thereto as may be possible.

5. LIFE POLICIES, CRITICAL ILLNESS POLICIES AND TERMINAL ILLNESS POLICIES

- 5.1 Each Member shall no later than one month after the date of this Agreement effect:
- (a) a Life Policy (where the boxes in paragraph A. of the Recital are initialled) and/or
 - (b) a Critical Illness Policy and Terminal Illness Policy (where the boxes in paragraph B. of the Recital are initialled)
- with such sum assured under each as the Members shall agree between them as being appropriate in the context of the commercial arrangement between them and such Policies shall be written subject to a trust under which the Beneficiaries (as defined in the said trust) are the Members for the time being of the Firm.
- 5.2 Each Member shall pay promptly (or permit to be deducted and paid over to Legal & General from any sums due to him from the Firm) all premiums due from him in respect of the Policies.
- 5.3 Each Member on becoming Critically Ill or Terminally Ill will co-operate with the remaining Members in pursuing the claim under the Critical Illness or Terminal Illness Policy and will be notified immediately on Legal & General settling the claim under the said Policy.

6. SUM ASSURED LESS/GREATER THAN AGREED VALUE

If on the death, Critical Illness or Terminal Illness of any Member the option under Clause 3.1, 4.1 or 4.2 is exercised and for any reason the sum assured payable under the Policy(ies) is

- (a) less than the Agreed Value of that Member’s Share the balance of the Agreed Value shall be paid in

[state number and frequency] equal instalments and the outstanding amount from time to time shall

[bear interest at] / [not bear interest]*

- (b) more than the Agreed Value of that Member’s Share the other Members shall [retain the said excess without any obligation in the case of a deceased Member to the personal representatives or family thereof and in the case of a Critically Ill or Terminally Ill Member that Member] / [pay over the said excess to the personal representatives of the deceased Member or the Critically Ill or Terminally Ill Member (as the case may be) as though the Agreed Value was equal to the sum assured]*

* [delete as appropriate].

7. EFFECT OF AGREEMENT

7.1 Nothing in this Agreement shall in any way whatsoever prevent or hinder any Member from disposing charging encumbering or otherwise dealing in any way with his Share during his lifetime

7.2 This Agreement shall:

- (a) bind the Members and their respective personal representatives
- (b) cease to bind any Member and his personal representatives on the earlier of
 - (i) him ceasing to be a Member in the Firm
 - (ii) the Firm being dissolved

7.3 If this Agreement conflicts with any LLP or other agreement made between the Members and relating to their Share in the Firm, this Agreement will prevail.

THE FIRST SCHEDULE

Specified Value

The Specified Value of the Share of each Member shall be

Member	Specified Value

THE SECOND SCHEDULE

Fair Value

The Fair Value of the Share of each Member shall be the Relevant Proportion of the market value of the Firm as at the date of the Member’s death or the Payment Date (as the case may be) (such Fair Value not to be discounted for a minority Share) as determined by an independent auditor or professional valuer agreed between the Members and appointed by all the Members including the personal representatives of the deceased Member

or the Critically Ill or Terminally Ill Member (as the case may be) and in the absence of any such determination the Fair Value of the Share shall be the Relevant Proportion of the said market value as determined by a chartered accountant nominated by the President for the time being of the Institute of Chartered Accountants in England and Wales.

THE THIRD SCHEDULE

Relevant Proportion

- 1. Subject to paragraph 2 of this Schedule, the Relevant Proportion in respect of each Member shall be that proportion of the Firm’s income and capital profits to which that Member is entitled in the accounting period during which
 - (i) in a case where an option under clause 3.1 or 4.1 is exercised, the death referred to in clause 3.1 occurs and
 - (ii) in a case where an option under clause 4.2 is exercised, the Payment Date occurs.
- 2. In calculating the Relevant Proportion, it shall be assumed, except for the purposes of the Second Schedule to this Agreement, that the Member in respect of whose Share any option is being exercised, had no right to the income profits of the Firm
 - (a) on or immediately before his death where the option is being exercised under clause 3.1 or 4.1 hereof,
 - (b) on the Payment Date, where the option is being exercised under clause 4.2 hereof

SIGNATURES

In WITNESS whereof the said Members have hereunto set their hands the day and year first before written

Name of Member

Signature of Member

Name of witness

Signature of witness

Address of witness

Postcode

SIGNED by the said

Name of Member

Signature of Member

Name of witness

Signature of witness

Address of witness

Postcode

SIGNED by the said

SIGNATURES continued

Name of Member

Signature of Member

Name of witness

Signature of witness

Address of witness

Postcode

SIGNED by the said

Name of Member

Signature of Member

Name of witness

Signature of witness

Address of witness

Postcode

SIGNED by the said



Legal & General Assurance Society Limited

Registered in England No. 166055

Registered office: One Coleman Street, London EC2R 5AA

We are authorised and regulated by the Financial Services Authority.
We are members of the Association of British Insurers.

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