

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

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Vertical Aerospace Ltd.

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM S-8
REGISTRATION STATEMENT**

Under
THE SECURITIES ACT OF 1933

Vertical Aerospace Ltd.

(Exact name of registrant as specified in its charter)

Cayman Islands

(State or other jurisdiction of
incorporation or organization)

Not Applicable

(I.R.S. Employer
Identification No.)

c/o Vertical Aerospace Ltd.

140-142 Kensington Church Street

London W8 4BN

United Kingdom

(Address of Principal Executive Offices)

Not Applicable

(Zip Code)

**VERTICAL AEROSPACE LTD. 2021 INCENTIVE AWARD PLAN
VERTICAL AEROSPACE ENTERPRISE MANAGEMENT INCENTIVE OPTION AGREEMENTS**
(Full title of the plan)

Cogency Global Inc.

122 East 42nd Street, 18th Floor

New York, NY 10168

United States

(Name and address of agent for service)

(800) 221-0102

(Telephone number, including area code, of agent for service)

Copies to:

Robbie McLaren, Esq.

J. David Stewart, Esq.

Latham & Watkins (London) LLP

99 Bishopsgate

London EC2M 3XF

United Kingdom

Tel: +44 20 7710-1000

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

PART I INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

The documents containing the information specified in this Part I of Form S-8 will be sent or given to participants as specified by Rule 428(b)(1) under the Securities Act of 1933, as amended (the “Securities Act”). In accordance with the rules and regulations of the United States Securities and Exchange Commission (the “Commission”) and the instructions to Form S-8, such documents are not being filed with the Commission either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424 under the Securities Act. These documents and the document incorporated by reference pursuant to Item 3 of Part II of this Registration Statement, taken together, constitute the prospectus as required by Section 10(a) of the Securities Act.

PART II INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

References in this Registration Statement to “we,” “us,” “our,” and the “Company,” or similar references, refer to Vertical Aerospace Ltd., unless otherwise stated or the context otherwise requires.

Item 3. Incorporation of Documents by Reference.

We hereby incorporate by reference herein the following documents (or portions thereof) that we have filed with or furnished to the Commission:

- Our [prospectus dated January 27, 2022 filed with the Commission pursuant to Rule 424\(b\)](#) under the Securities Act relating to the [Registration Statement on Form F-1 originally filed with the Commission on January 18, 2022, as amended \(Commission File No. 333-262207\)](#), which contains audited financial statements for our latest fiscal year for which such statements have been filed;
- [Our Report of Foreign Private Issuer on Form 6-K \(excluding Exhibit 99.1 thereto\) furnished with the Commission on January 27, 2022 \(Commission File No. 001-41169\)](#); and
- The description of our Ordinary Shares that is contained in our [Registration Statement on Form 8-A \(Commission File No. 001-41169\), filed with the Commission on December 15, 2021](#), as updated by any amendment or report filed for the purpose of updating such description.

All reports and other documents filed by us with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and, to the extent designated therein, certain Reports of Foreign Private Issuer on Form 6-K furnished by us to the Commission, in each case, subsequent to the effective date of this Registration Statement and prior to the filing of a post-effective amendment to this Registration Statement indicating that all securities offered under the Registration Statement have been sold, or deregistering all securities then remaining unsold, are also incorporated herein by reference and shall be a part hereof from the date of the filing or furnishing of such documents.

Any statement contained in a document all or a portion of which is incorporated or deemed incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document or report which also is or is deemed to be incorporated by reference herein modifies or

supersedes such statement in such document. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except where any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against willful default, willful neglect, actual fraud or the consequences of committing a crime. Our amended and restated memorandum and articles of association permit indemnification of officers and directors to the maximum extent permitted by law, including for any liability incurred in their capacities as such. In addition, we have entered into indemnification agreements with each of our directors. The indemnification agreements provide the indemnitees with contractual rights to indemnification, and expense advancement and reimbursement, to the fullest extent permitted under Cayman Islands law, subject to certain exceptions contained in those agreements. We have also purchased a policy of directors' and officers' liability insurance that insures our officers and directors against the cost of defense, settlement or payment of a judgment in some circumstances.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

Exhibit Number	Description of Exhibit
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- | | |
|-----------------------------|---|
| <u>3.1</u> | <u>Amended and Restated Memorandum and Articles of Association of the Company, as currently in effect (incorporated by reference to Exhibit 1.1 to the Company's Report of Foreign Private Issuer on Form 6-K, as amended (File No. 001-41169) filed on December 16, 2021).</u> |
| <u>4.1</u> | <u>Specimen Ordinary Share certificate of the Company (incorporated by reference to Exhibit 4.6 to Amendment No. 7 to the Company's Registration Statement on Form F-4 (Commission File No. 333-257785), filed with the Commission on November 24, 2021).</u> |
| <u>4.2</u> | <u>Form of Vertical Aerospace Ltd. 2021 Incentive Award Plan (incorporated by reference to Exhibit 10.9 to Amendment No. 7 to the Company's Registration Statement on Form F-4 (Commission File No. 333-257785), filed with the Commission on November 24, 2021).</u> |
| <u>4.3*</u> | <u>Form of Vertical Aerospace Group Ltd. Enterprise Management Incentive Option Agreements.</u> |
| <u>4.4*</u> | <u>Form of Vertical Aerospace Ltd. Replacement Enterprise Management Incentive Option Agreements.</u> |
| <u>5.1*</u> | <u>Opinion of Walkers (Cayman) LLP, Cayman counsel to the Company, as to the legality of the securities being registered.</u> |

[23.1*](#) [Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.](#)

[23.2*](#) [Consent of Walkers \(Cayman\) LLP \(contained in Exhibit 5.1\).](#)

[24.1*](#) [Powers of Attorney \(included on signature page hereto\).](#)

[107*](#) [Filing Fee Table.](#)

* Filed herewith.

Item 9. Undertakings.

(a) The undersigned Company hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities

(ii) offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) of this section do not apply if the registration statement is on Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by or furnished to the Commission by the Company pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Company hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Company's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of

expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in London, England on this 24th day of March, 2022.

VERTICAL AEROSPACE LTD.

By: /s/ Vincent Casey

Name: Vincent Casey

Title: Chief Financial Officer

POWER OF ATTORNEY AND SIGNATURES

We, the undersigned officers and directors of Vertical Aerospace Ltd., hereby severally constitute and appoint Stephen Fitzpatrick and Vincent Casey, and each of them singly (with full power to each of them to act alone), our true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them for him or her and in his or her name, place and stead, and in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement (or any other registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933), and to file the same, with all exhibits thereto and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Stephen Fitzpatrick</u> Stephen Fitzpatrick	Chief Executive Officer and Member of the Board (Principal Executive Officer)	March 24, 2022
<u>/s/ Vincent Casey</u> Vincent Casey	Chief Financial Officer and Member of the Board (Principal Accounting and Financial Officer)	March 24, 2022
<u>/s/ Michael Cervenka</u> Michael Cervenka	President and Member of the Board	March 24, 2022

<u>/s/ Dómhnaíl Slattery</u> Dómhnaíl Slattery	Chairman of the Board	March 24, 2022
<u>/s/ Kathy Cassidy</u> Kathy Cassidy	Member of the Board	March 24, 2022
<u>/s/ Gur Kimchi</u> Gur Kimchi	Member of the Board	March 24, 2022
<u>/s/ Marcus Waley-Cohen</u> Marcus Waley-Cohen	Member of the Board	March 24, 2022

AUTHORIZED REPRESENTATIVE

Pursuant to the requirements of the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of Vertical Aerospace Ltd., has signed this registration statement in the City of New York, State of New York, on the 24th day of March, 2022.

COGENCY GLOBAL INC.

By: /s/ Colleen De Vries
Name: Colleen De Vries
Title: Sr. Vice President of Cogency Global Inc.

EMI share option agreement

THIS AGREEMENT is made on [●]

PARTIES

(1) Vertical Aerospace Group Ltd (registered number 12590994) whose registered office is at 140-142 Kensington Church Street, London, W8 4BN (**Company**); and

(2) [●]

(the **Option Holder**).

BACKGROUND

A The Company has agreed to grant to the Option Holder an Option to acquire Shares on the terms set out in this Agreement.

B The Option is intended to be a tax-advantaged EMI Option granted under the provisions of Schedule 5.

C The Company is a qualifying company as defined in Part 3 of Schedule 5.

D The Option is granted for commercial reasons in order to recruit or retain the Option Holder and not as part of a scheme or arrangement the main purpose, or one of the main purposes, of which is the avoidance of tax.

E The Option Holder declares that the average time that they are required to work as an employee on the business of the Group is at least 25 hours a week or if less 75% of their working time (as defined in paragraph 27 of Schedule 5), or that they otherwise satisfy paragraph 26 of Schedule 5.

F The Company will satisfy the exercise of the Option by transferring or procuring the transfer of Shares or issuing new Shares.

G The Option Holder has agreed to grant the Company a Call Option to acquire Shares, subject to the terms of this Agreement.

1 Definitions

In this Agreement, except where the context otherwise requires, the words and expressions set out below will bear the following meanings, namely:

Acquiring Company	has the meaning ascribed to it in paragraph 39 of Schedule 5;
Committed Time	has the meaning given in paragraph 26 of Schedule 5;
Control	has the meaning given in section 995 of the Income Taxes Act 2007;
Date of Grant	in respect of the Option, means the date on which this Agreement is entered into by all parties to it;
Directors	means the board of directors of the Company from time to time or a duly authorised committee of such directors;

Disqualifying Event	means the first to occur of an event that is (or is to be treated as) a disqualifying event as specified in sections 533 to 539 inclusive of ITEPA;
EMI Option	means an Option which satisfies the relevant provisions of Schedule 5;
Employer Company	means the company by reference to whose employment the Committed Time requirement is met by the Option Holder in respect of EMI Options or, if the Option is an Unapproved Option, the employing company of the Option Holder;
Employer's NICs	means secondary class 1 (employer's) national insurance contributions, or employer's social security or similar contributions;
Exchange Offer	has the meaning ascribed to it in clause 5.7;
Exercise Price	means the price per Share to be paid by the Option Holder on the exercise of the Option, as stated in clause 3.2;
Eligible Employee	means an employee who meets the conditions of Part 4 of Schedule 5;
Exit	a Takeover, Listing or Sale;
Group	means the Company and each and any of its Qualifying Subsidiaries or where the context permits, any one or more of them, and references to 'member of the Group' or 'Group Company' shall be construed accordingly;
HMRC	means Her Majesty's Revenue and Customs;
Individual Limit	means the limit on the market value of Shares subject to EMI Options which may be granted to the Option Holder as set out in paragraphs 5 and 6 of Schedule 5;
ITEPA	means the Income Tax (Earnings and Pensions) Act 2003;
Leaver	means the Option Holder in the event they cease to be an employee and, where relevant, a director of a Group Company and do not immediately become an employee and/or director of a Group Company;
Lien	means mortgages, liens, security interests, pledges, easements, rights of first refusal, options, restrictions or encumbrances of any kind;
Listing	means the admission of all of the Shares to trading on a Securities Market;

Market Value	has the meaning ascribed to it in Part VIII of the Taxation of Chargeable Gains Act 1992 but subject to paragraph 55 of Schedule 5;
New Option	has the meaning ascribed to it in clause 1.1.1;
Option	means the right to acquire Shares granted to the Option Holder under this Agreement which will be either, in whole or in part, an EMI Option or an Unapproved Option;
Performance Target	means the target(s) set out in Appendix 1 to this Agreement which govern(s) the extent to which the Option may be exercised in accordance with clause 5;
Purchaser	means the Company or such third party as nominated by the Company to whom any Shares are to be sold under this Agreement;
Qualifying Exchange of Shares	means an exchange of shares which meets the conditions of Part 6 of Schedule 5;
Qualifying Subsidiary	means a Subsidiary which qualifies under paragraph 11 of Schedule 5;
Replacement Period	means one of the periods referred to in paragraph 42 of Schedule 5;
Sale	means the sale as a going concern of the whole or a substantial part by value (to be determined in the absolute discretion of the Directors) of the assets of the Company and its subsidiaries, excluding any sale or disposal in which the transferor controls, is controlled by, or is under common control with the transferee;
Schedule 5	means Schedule 5 to ITEPA;
Securities Market	means any market which is listed under Part II, Part III or Part IV of Schedule 3 to the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or AIM;
Share	means a B Ordinary share of £0.00001 each in the capital of the Company which is fully paid-up and non-redeemable;
Subsidiaries	has the meaning given to it in paragraph 10 of Schedule 5;
Takeover	means an unconditional agreement giving rise to a change of Control of the Company where any person (whether alone or together with any associate) becomes the beneficial owner of shares in the issued ordinary share capital of the Company carrying the right to exercise more than 50 per cent of the votes (and, for the purposes of this definition, 'associate' means, in

relation to any person, a person who is either (i) acting in concert (as defined in the Takeover Code) with such person, or (ii) 'a connected person' of such person (as defined in section 1122 of the Corporation Tax Act 2010) and an 'unconditional agreement' includes an agreement which was conditional but has become unconditional);

Tax Liability

means all liability to:

income tax, or any other tax, which the Company or its Subsidiaries are or may be liable to account for on behalf of the Option Holder to any taxation authority;

social security or similar contributions which the Company or its Subsidiaries are or may be liable to account for (or, for which it has agreed to account) on behalf of the Option Holder to any taxation authority; and

Employer's NICs which the Option Holder is required to pay in accordance with clauses 7.1.1 or 7.1.2,

which arises as a consequence of or in connection with the exercise, release, assignment or cancellation of the Option and/or the earmarking, holding, disposal and/or purchase of the Shares acquired pursuant to the Option (or any other securities or assets acquired or earmarked as a result of holding Shares) and/or the receipt by an 'Associated Person' (as defined in section 472 ITEPA) of a benefit in connection with the Option;

Unapproved Option

means the Option to the extent that it fails to satisfy the requirements of Schedule 5;

Variation

means any variation in the share capital of the Company arising from any reduction, sub-division or consolidation of capital or issue of shares by way of capitalisation of profits or reserves or by way of rights or demerger or any other variation of share capital of the Company on any distribution in specie or any special dividend; and

Working Time

has the meaning ascribed to it in paragraph 27 of Schedule 5.

2 Interpretation

2.1 In this Agreement any reference to a statutory provision will be deemed to include that provision as it may from time to time be consolidated, amended or re-enacted, and will include a reference to any subordinate legislation or regulation created under

it and where the context so admits or requires, the singular will include the plural and vice versa and the masculine will include the feminine and vice versa.

2.2 The headings are for the sake of convenience only and should be ignored when construing this Agreement.

3 Option grant

3.1 Grant

Subject to the provisions of this Agreement, the Company hereby grants to the Option Holder an Option to acquire up to [●] Shares.

3.2 Exercise Price

The Exercise Price is [●].

3.3 Performance targets

The Option is subject to the Performance Target(s) referred to in Appendix 1 of this Agreement. The Performance Target(s) may only be adjusted if an event occurs which causes the Directors, acting fairly and reasonably, to believe that all or any of the Performance Target(s) are no longer a fair target, in which case the Directors can waive or adjust the Performance Target(s) accordingly. A Performance Target cannot be adjusted so that it is more difficult to satisfy.

3.4 Assignability

Subject to any right of the Option Holder's personal representatives to exercise the Option following the Option Holder's death, the Option will be personal to the Option Holder and will not be capable of being transferred, assigned or charged.

3.5 Articles of association

The Shares acquired on exercise of the Option are subject to the restrictions and provisions (including any conditions of forfeiture) set out in the articles of association of the Company from time to time. The restrictions on the Shares are as follows: Shares may not be sold or transferred to a third party without consent from A ordinary shareholders, the Shares have no voting rights and the Shares have no dividend rights.

3.6 Adherence to shareholder agreements

The Option Holder also unconditionally and irrevocably agrees as a condition of exercise of the Option if required by the Directors, to adhere (including, if requested, by executing a deed of adherence) to the terms of any applicable shareholders' agreement or similar agreement to which the Company may require the Option Holder to adhere in relation to the Shares acquired pursuant to the exercise of the Option.

3.7 Notification of EMI Option

The Employer Company shall, in respect of the EMI Option, complete the EMI notification form electronically so as to be received by HMRC within the period of 92 days after the Date of Grant (or such other period as may be specified by paragraph 44 of Schedule 5 at the relevant time). In addition, as Background E of this Agreement contains a declaration by the Option Holder that they satisfy the Working Time requirement, the Employer Company shall keep a copy of this Agreement which has been duly executed by the Option Holder available for inspection by HMRC at any time. A copy of the duly executed Agreement (including the Working Time declaration as contained in Background E of this Agreement) will be sent to the Option Holder within seven days of the Option Holder executing this Agreement.

4 Option limits

- 4.1 To the extent that the grant of this Option to the Option Holder would cause the Individual Limit to be exceeded, the number of Shares granted under this Option which exceeds the Individual Limit will form part of an Unapproved Option.

5 Rights of exercise and lapse of option

- 5.1 The Option may only be exercised in the circumstances referred to in clauses 5 and 1, subject to the remainder of this clause. Any such exercise must be in accordance with clause 6.

5.2 Leaver

In the event that the Option Holder becomes a Leaver, the Option will lapse with immediate effect without ever becoming exercisable unless the Directors, in their absolute discretion determine otherwise.

5.3 Exercise on Exit

Subject to the remainder of clause 5, in the event of an Exit other than a Takeover, the Option Holder may exercise the Option in full (regardless of the extent to which any Performance Targets have been satisfied).

Subject to the remainder of clause 5, in the event of a Takeover which results in the new beneficial owner having shares carrying more than 99% of the voting rights of the Company, the Option Holder may exercise the Option in full (regardless of the extent to which any Performance Targets have been satisfied).

The Directors will determine:

- 5.3.1 the period within which the Option may be exercised at the end of which it will cease to be exercisable and shall not be capable of becoming exercisable again as a result of any provision of this Agreement; and
- 5.3.2 the date or time on which the Option will lapse.

5.4 Exercise before or conditional on Exit

Subject to clause 5.7 and notwithstanding clause 5.3, the Directors may also determine that the Option may be exercised immediately before, or conditional upon, an Exit but otherwise on the basis set out in this Agreement.

5.5 Acceptance of Takeover

If the Option becomes exercisable in connection with a Takeover, it shall be a condition of exercise (unless the Directors determine otherwise) that the Option Holder agrees to:

- 5.5.1 accept the terms of the Takeover and sell the Shares acquired from the exercise of the Option pursuant to the Takeover, and
- 5.5.2 execute a power of attorney (in such terms as the Directors shall determine, acting reasonably) appointing any one or more of the Directors (or such other person or persons as the Directors shall determine) as the Option Holder's attorney to take all such actions as are necessary to effect the exercise of the Option and sale of the resulting Shares pursuant to the Takeover.

5.6 Acquisition of Control by an employee ownership trust

Notwithstanding the remainder of this clause 5, in the event that the Directors anticipate that Control of the Company will be acquired by the trustee of an employee ownership trust that complies with sections 236H to 236U of the Taxation of Chargeable Gains Act 1992, the Directors may, in their absolute discretion, determine that such acquisition will not cause the Option to become exercisable and that clause 5.3 shall therefore not apply.

5.7 Exchange Offer

If following a Takeover the Company will be a subsidiary of a holding company where that holding company has substantially the same shareholders (with substantially the same proportionate shareholdings) as the Company immediately before the Takeover, the Option shall not, unless the Directors determine otherwise, become exercisable pursuant to clauses 5.3 to 5.4 provided the Option Holder is offered the opportunity (either in accordance with clause 1 or otherwise) to release the Option in consideration of the grant of new rights over shares in the holding company which the Directors, acting reasonably, consider equivalent to the rights under the Option (the 'Exchange Offer'). For the avoidance of doubt, if the Option Holder does not accept the Exchange Offer, the Option will lapse.

5.8 Disqualifying Event

In relation to a Disqualifying Event, other than a Disqualifying Event dealt with in clause 5.2, the Directors may determine that the Option may be exercised immediately before or during the period of 90 days (or such other period as they in their absolute discretion determine) following the Disqualifying Event. Where the Directors determine that the Option may be exercised they will also determine the extent to which it can be exercised and the period within which it can be exercised and, in doing so, may take into account the extent to which any Performance Targets have been satisfied at the time of the Disqualifying Event.

5.9 Notifications to Option Holder

The Directors shall notify the Option Holder as soon as practicable following any determination(s) made pursuant to this clause 5.

5.10 Lapse

The Option shall lapse on the occurrence of the earliest of the following:

- 5.10.1 the tenth anniversary of the Date of Grant;
- 5.10.2 the date on which the Option Holder becomes a Leaver;
- 5.10.3 the expiry of any applicable period determined in accordance with clause 5.8 (Disqualifying Events);
- 5.10.4 unless the Directors determine otherwise, the date or time determined in accordance with clause 5.3.2;
- 5.10.5 the expiry of the period within which the Exchange Offer is stated to remain open for acceptance assuming the offer referred to in clause 5.7 has not been validly accepted;
- 5.10.6 the date on which a resolution is passed, or an order is made by the court, for the compulsory winding-up of the Company;

- 5.10.7 the date on which the Option Holder becomes bankrupt or does or omits to do anything as a result of which the Option Holder is deprived of the legal or beneficial ownership of the Option;
- 5.10.8 12 months after the date of death of the Option Holder; and

5.10.9 any other date determined in accordance with this Agreement.

6 Exercise of Option

6.1 The Option will be exercisable in whole or in part by notice in writing (in the form prescribed by the Company from time to time) given by the Option Holder (or the personal representatives of the Option Holder) to the Company. The notice of exercise of the Option will be accompanied by a remittance in cleared funds for the aggregate of the Exercise Price payable and any Tax Liability unless the Company has agreed an alternative arrangement. The effective date of exercise will be the date on which the Company is satisfied that all necessary documentation and information has been provided and that all conditions have been satisfied.

6.2 Subject to clause 7, within 30 days of the exercise of the Option, the Directors will allot or procure the transfer of the Shares in respect of which the Option has been validly exercised and will issue a definitive certificate in respect of the Shares allotted or transferred, unless the Directors consider that such allotment or transfer would not be lawful in the relevant jurisdiction. Shares so allotted or transferred will be held subject to the Company's articles of association from time to time.

6.3 Circumstances in which exercise will not be permitted

Notwithstanding any other provision in this Agreement, the exercise of the Option (in whole or in part) will not be permitted unless the Directors are satisfied at the relevant time that all conditions relating to such exercise pursuant to this Agreement have been met and (if then applicable) that such exercise would not be in breach of any applicable laws, codes or regulations relating to the acquisition of securities, or any internal code of the Company.

7 The Option Holder's undertakings

7.1 The Option Holder unconditionally and irrevocably agrees as a condition of the Option Holder's right to exercise the Option that to the extent lawful and unless the Directors determine otherwise:

7.1.1 there may be recovered from the Option Holder an amount equal to any liability to Employer's NICs which arises as a consequence of or in connection with the Option;

7.1.2 the Option Holder will enter into any election or agreement required by the Directors (including, but without limitation, a joint election of the type referred to in paragraph 3B of Schedule 1 to the Social Security Contributions and Benefits Act 1992) under which the liability for any Employer's NICs which arises as a consequence of or in connection with the exercise of the Option is transferred to the Option Holder;

7.1.3 the Option Holder will place the Group in funds and indemnify the Group in respect of the Tax Liability;

7.1.4 to the extent that the Option Holder does not place the Group in funds in accordance with clause 7.1.3, within 14 days, the Option Holder permits the Company or any member of the Group to sell on the Option Holder's behalf at the best price which it can reasonably obtain such number of Shares transferred or allotted to the Option Holder following exercise as will provide an amount equal to the Tax Liability and/or an amount equal to the Tax Liability may be withheld from any amounts due to the Option Holder from the Group;

7.1.5 the exercise of the Option will be conditional on the Option Holder executing a tax election under section 431(1) of ITEPA to disapply fully the provisions of Chapter 2 of Part 7 of ITEPA in respect of restricted securities in such form as is approved by or agreed with HMRC under the terms of section 431(5) of ITEPA; and

7.1.6 the Option Holder will sign, promptly, all documents required by the Group to effect the terms of this provision.

8 Variation of share capital

8.1 If a Variation occurs, the number or nominal value of Shares comprised in the Option and/or the Exercise Price may be adjusted in such manner as the Directors may deem appropriate (including retrospective adjustment where a Variation occurs after the date of exercise of the Option but the record date relating to such Variation precedes such date of exercise), provided always that no material increase will be made to the aggregate Exercise Price in respect of the Option. Notice of any such adjustments to the terms of the Option will be given in writing to the Option Holder by the Directors.

8.2 Any adjustment made to the Exercise Price granted over unissued Shares which would have the effect of reducing the Exercise Price to less than the nominal value of a Share will only be made if and to the extent that the Directors are authorised to capitalise from the reserves of the Company a sum equal to the amount by which the aggregate nominal value of the Shares in respect of which the Option is exercisable exceeds the adjusted aggregate Exercise Price. The Directors may apply such sum in paying up such shortfall on such Shares so that on the exercise of the Option, the Directors will capitalise such sum and apply the same in paying up such amount.

9 Call Option and Power of Attorney

9.1 The Option Holder hereby grants the Company a right, exercisable with effect from Date of Grant, for the Purchaser to purchase any Shares obtained through this Agreement from the Option Holder for consideration equal to the Market Value (**Call Option**).

9.2 In order to exercise the Call Option, the Company must serve a notice of exercise on the Option Holder electronically or in such other form as the Directors shall determine (**Exercise Notice**).

9.3 The date of the Exercise Notice shall be determined in accordance with Clause 13 (**Exercise Notice Date**).

9.4 After Company serves the Exercise Notice:

9.4.1 the Shares to which the Call Option relates shall be transferred to the Purchaser by no later than 30 days after the Exercise Notice Date;

9.4.2 the Purchaser shall pay the Market Value to Option Holder in cash or in such other form;

9.4.3 the Company will carry out the formalities necessary to effect the transfer of the Shares to the Purchaser; and

9.4.4 the Option Holder shall take such actions as are necessary to transfer the Shares to the Purchaser with full title guarantee free and clear of all Liens.

9.5 the Exercise Notice pursuant to Clause 9.3 shall be deemed to constitute an A Consent (as defined in, and for the purposes of the Articles including, but not limited to, article 5.2 of the Articles) in respect of the transfer of any Vested Shares pursuant to the exercise of the Holdco Call Option.

9.6 The Option Holder hereby appoints the Company (acting by any of its directors from time to time) as its agent and attorney to:

9.6.1 execute all documents and do all acts and things in such Option Holder's name or otherwise on such Option Holder's behalf which the Directors shall in their absolute discretion consider necessary or desirable in order to effect the sale and transfer of the Shares to the Purchaser under this Deed; and,

9.6.2 execute any joint election required to be entered into under Rule 8.1.5, in the Option Holder's name and on the Option Holder's behalf.

The power of attorney set out in this Clause 9 shall be irrevocable, save with the consent of the Company.

10 Amendments

10.1 The Directors may amend this Agreement by resolution provided that:

- 10.1.1 no alteration will be effective to cancel or alter adversely any subsisting rights of the Option Holder unless such alteration is made with the prior written consent of the Option Holder; and
 - 10.1.2 no amendment will have effect if it would prevent the Option from satisfying the provisions of Schedule 5.
- 10.2 Notwithstanding clause 10.1, the Directors may amend the provisions of this Agreement as they consider necessary or desirable in order to:
- 10.2.1 make them more effective or easier for the administration of this Agreement;
 - 10.2.2 comply with or take account of the provisions of any proposed or existing legislation;
 - 10.2.3 take account of any Takeover, Sale or Listing; or
 - 10.2.4 obtain or maintain favourable tax or regulatory treatment for the Company or any member of the Group or the Option Holder
- without the need for the consent of the Option Holder provided that such amendments or additions do not affect the basic principles of this Agreement.

11 Administration

- 11.1 The decision of the Directors in relation to any dispute or question affecting the Option Holder or as to any rights or obligations pursuant to this Agreement or in relation to its construction or effect will be final and conclusive.
- 11.2 The Company may, but will not be obliged to, provide the Option Holder with copies of any notices, circulars or other documents sent to shareholders of the Company.

12 General

- 12.1 The Company will at all times ensure that there are sufficient Shares available for issue or to be transferred in satisfaction of the outstanding Option.

- 12.2 Notwithstanding any other provision of this Agreement, the grant of the Option will not form part of the Option Holder's entitlement to remuneration or benefits pursuant to the Option Holder's employment contract nor does the existence of an employment contract give the Option Holder any right or entitlement to have the Option granted to the Option Holder or any expectation that the Option will or might be granted to the Option Holder. The rights and obligations of the Option Holder under the terms of the employment contract will not be affected by the grant of the Option. The Option Holder will not be entitled to any compensation or damages for any loss or potential loss which the Option Holder may suffer by reason of being or becoming unable to exercise the Option in consequence of the termination of the Option Holder's employment contract for any reason or for any other reason which may cause the Option to lapse (including, without limitation, any breach of contract) or in any other circumstances whatsoever. The benefit of this provision is given for the Company, for itself and as trustee and agent of all of its subsidiaries and associated companies. The Company will hold the benefit of this provision on trust for all of them and may assign the benefit of this provision to any of them.

- 12.3 The Option Holder hereby acknowledges that the Company is under no obligation to ensure that a Disqualifying Event does not occur. Furthermore, the Option Holder agrees that she shall have no claim against the Company arising in relation to the change in the tax treatment of the Option Holder in respect of the EMI Option following a Disqualifying Event occurring. Although the Company intends this Option to rank as an EMI Option, no warranty is given by the Company that this Option does in fact qualify as an EMI Option nor that it will continue to do so.

13 Notices

Any notice or other communication in connection with this Agreement to be given to the Company shall be delivered or sent by post to its registered office or by any other written means which the Company and the Option Holder use to communicate with each other and which the Company shall prescribe, and in all cases shall be effective upon receipt. Any notice or other communication to be given to the Option Holder in connection with this Agreement shall be delivered to that individual's place of work or by email (if the Option Holder is still an employee of the Group) or sent through the post in a prepaid cover addressed to the Option Holder at the address last known to the Company and if so sent shall be deemed to have been duly given on the date of posting. Any document so sent to the Option Holder shall be deemed to have been duly delivered notwithstanding that the Option Holder is then deceased (and whether or not the Company has notice of the Option Holder's death) except where the legal personal representatives have established their title to the satisfaction of the Company and supplied to the Company an address to which documents are to be sent.

14 Stamp duty

Any stamp duty or stamp duty reserve tax payable in respect of a transfer of Shares to or at the direction of the Option Holder (other than stamp duty or stamp duty reserve tax payable on the sale of Shares by the Company at the direction of the Option Holder) shall be paid by the Company.

15 Contracts (Rights of Third Parties) Act 1999

Except as expressly provided by the Company, a person who is not party to this Agreement has no right under the Contracts (Rights of Third Parties) 1999 to rely upon or enforce any provisions of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act. The Option Holder may not declare that the Option Holder is a trustee of the Option Holder's rights under this Agreement for the benefit of any third parties.

16 Governing law

This Agreement and the Option granted under it and any dispute or claim arising out of, or in connection with it, its subject matter or formation shall be governed by, and construed in accordance with, the laws of England and Wales. The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of, or in connection with, this Agreement, its subject matter or formation.

This document has been executed and delivered as a deed on the date written at the beginning of it.

Executed as a deed by Vertical Aerospace Group Ltd acting by [●], director, in the presence of: _____
Director

Name of witness:

Address:

Occupation:

Executed as a deed by

Signature _____

in the presence of:

Name of witness:

Address:

Occupation:

12

APPENDIX 1
PERFORMANCE TARGETS

[●]

13

THIS AGREEMENT is made on _____ 2021

BETWEEN

(1) **VERTICAL AEROSPACE GROUP LIMITED**, a company incorporated in England and Wales with company number 12590994 and its registered office at 140-142 Kensington Church Street, London, England, W8 4BN (the “**Original Grantor**”); and

(2) **VERTICAL AEROSPACE LIMITED**, a Cayman Islands exempted company incorporated with limited liability, with its registered office at PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands (the “**Pubco**”); and

(3) [•] (the “**Optionholder**”)

(each a “**Party**” and together the “**Parties**”).

1. BACKGROUND

1.1 The Optionholder is an employee of Vertical Aerospace Group Limited.

1.2 By an agreement dated [•], which is appended to this Agreement at Schedule 1 (the “**Original Option Agreement**”), the Original Grantor granted to the Optionholder an option intended to be a tax qualifying enterprise management incentive (“**EMI**”) option over B ordinary shares with a nominal value of £0.00001 each in the capital of the Original Grantor.

1.3 Pubco has obtained Control of the Original Grantor pursuant to the terms of the BCA. In accordance with the BCA, shareholders of the Original Grantor have become shareholders of Pubco.

1.4 Pubco wishes to grant a replacement EMI option to the Optionholder in consideration of the Optionholder’s surrender of the Original Option on the terms set out in this Agreement. It is intended that the Option granted under this Agreement shall be a “replacement option” as defined in paragraph 41 of Schedule 5.

1.5 The board of directors of Pubco consider that it is in the best interests of Pubco to retain and incentivise the Optionholder and have therefore determined to grant the Option to acquire ordinary shares with a par value of US\$0.0001 each in the capital of Pubco on the terms of this Agreement.

1.6 It is intended that this Option is an enterprise management incentive option in accordance with the provisions of Schedule 5.

1.7 Pubco is a qualifying company as defined in Part 3 of Schedule 5.

2. DEFINITIONS

2.1 In this Agreement, the following words and expressions shall have the following meanings:

(a) “**Control**” has the meaning given by section 995 of the Income Tax Act 2007;

(b) “**Exercise Price**” means [•] per Option Share (as adjusted in accordance with this Agreement);

(c) “**HMRC**” means Her Majesty’s Revenue & Customs;

- (d) “**BCA**” means the business combination agreement dated 10 June 2021 between Pubco, the Original Grantor and other parties thereto;
- (e) “**Option Shares**” means [*number*]¹ ordinary shares with a nominal value of US\$0.0001 each in the capital of Pubco (as the Option may be adjusted to relate to on a variation of Pubco’s share capital).
- (f) “**ITEPA**” means the United Kingdom’s Income Tax (Earnings and Pensions) Act 2003;
- (g) “**Option**” means the option granted by this Agreement;
- (h) “**Original Option**” means the option granted pursuant to the terms of the Original Option Agreement over [●] shares in the capital of the Original Grantor, with an exercise price of [●] per share;
- (i) “**Original Option Agreement**” has the meaning given in Clause 1.2, a copy of which is appended to this Agreement as Schedule 1;
- (j) “**Pubco Ordinary Shares**” has the meaning given in the BCA; and
- (k) “**Schedule 5**” means Schedule 5 to ITEPA.

3. GRANT OF OPTION AND RELEASE OF ORIGINAL OPTION

3.1 In consideration of the release of the Original Option under Clause 3.2, Pubco grants to the Optionholder the Option, which is an option to acquire the Option Shares at the Exercise Price, on the terms set out in this Agreement.

3.2 In consideration of the grant of the Option under Clause 3.1, the Optionholder waives all rights the Optionholder has or may have under the Original Option, and releases the Original Grantor from all obligations it has or may have under the Original Option.

3.3 The Option is granted under the provisions of Schedule 5.

3.4 By signing this agreement, the Optionholder:

- (a) agrees to the terms of the Option as set out in this agreement; and
- (b) declares that the Optionholder works for Pubco or one of its subsidiaries (including, for the avoidance of doubt, the Original Grantor or one of its subsidiaries) for at least 25 hours a week or 75% of the Optionholder’s working time.

3.5 Within 92 days of the date of this Agreement, the Optionholder’s employer shall notify HMRC of the grant of the Option in accordance with the applicable requirements of Schedule 5.

3.6 All the terms of the Original Option Agreement apply to and are hereby incorporated into this Agreement, except where inconsistent with this agreement. Without limiting the generality of the foregoing, for the purposes of interpreting the Original Option Agreement as incorporated into this Agreement:

¹ **Note to draft:** Insert number of Pubco shares under option. The exchange ratio is approximately 1:1,218 (i.e. option over one Vertical share = option over 1,218 Pubco shares). Please refer to capitalisation table prepared by Pubco for exact count.

- (a) The “Company” and “Vertical Aerospace Group Ltd” as used in the Original Option Agreement will each be taken to mean Vertical Aerospace Limited; and “Group”, “Group Company” and “Directors” shall be construed accordingly;

- (b) The “Exercise Price” as defined in this Agreement shall apply in lieu of the exercise price as specified in clause 3.2 of the Original Option Agreement;
- (c) “Share” and similar terms as used in the Original Option Agreement shall be taken to mean ordinary shares with a nominal value of US\$0.0001 each in the capital of Pubco;
- (d) The “Option Shares” as defined in this Agreement shall apply in lieu of the details of the shares subject to option as specified in the Original Option Agreement;
- (e) Clause 5 (Restrictions applying to the Option Shares) of this Agreement shall apply in lieu of the restrictions summarised in clause 3.5 of the Original Option Agreement and any restrictions arising from the Original Grantor’s articles of association; and
- (f) Clause 9.5 of the Original Option Agreement, which relates to certain matters in respect of the Original Grantor’s articles of association, shall not apply for the purpose of this Agreement.

4. VESTING AND EXERCISE CONDITIONS

- 4.1 The Option shall vest in accordance with the following vesting schedule which shall apply in lieu of the “Performance Targets” set out in Appendix 2 of the Original Option Agreement. References in the Original Option Agreement to the extent to which the Performance Targets are satisfied (or similar references) shall be taken to mean the extent to which the Option has vested in accordance with this vesting schedule.

Vesting schedule²

[Where existing option was 100% vesting on 30 June 2020: Linear quarterly vesting from 1 July 2019 to 30 June 2023. For example, as at 30 June 2021, 50% of the Option will have vested.]

[Where existing option was 100% vesting on 30 June 2022: Linear quarterly vesting from 1 July 2021 to 30 June 2025. For example, as at 30 June 2022, 25% of the Option will have vested.]

[Where existing option was 100% vesting on 30 June 2024: Linear quarterly vesting from 1 July 2022 to 30 June 2026. For example, as at 30 June 2023, 25% of the Option will have vested.]

- 4.2 The conditions of exercise set out in the Original Option Agreement shall otherwise continue to apply.
- 4.3 For the avoidance of doubt, the Option shall not become exercisable, nor shall it lapse, by virtue of completion of the transactions anticipated by the BCA.

5. RESTRICTIONS APPLYING TO THE OPTION SHARES

- 5.1 ³ [Number] Option Shares (the “**Earnout Restricted Securities**”) shall be subject to the relevant restrictions set out in this Clause 5 (which for information purposes only are summarised in Schedule 2), and the remaining Option Shares shall not be subject to any relevant restrictions.

² **Note to draft:** Include the relevant option and delete the others as appropriate.

³ **Note to draft:** Insert number of shares for each award which will be subject to the earn-out mechanism.

- 5.2 The Optionholder hereby unconditionally and irrevocably agrees as a condition of exercise of the Option that the following provisions shall apply to the Earnout Restricted Securities which the Optionholder hereby agrees to comply with in all respects:

- (a) The Optionholder shall not Transfer any Earnout Restricted Securities during the Restricted Period (the “**Earnout Restriction**”), except in accordance with the following:
- (i) the Earnout Restriction shall expire with respect to fifty percent (50%) of the Earnout Restricted Securities (the “**First Earnout Tranche**”) on the First Earnout Threshold Date; and
 - (ii) the Earnout Restriction shall expire with respect to an additional fifty percent (50%) of the Earnout Restricted Securities (the “**Second Earnout Tranche**”) on the Second Earnout Threshold Date (for the avoidance of doubt no Earnout Restriction shall apply to any Earnout Restricted Securities following the Second Earnout Threshold Date).

Notwithstanding the foregoing, if the First Earnout Threshold Date and the Second Earnout Threshold Date does not occur prior to the Long Stop Date, then on the Long Stop Date all Earnout Restricted Securities will be irrevocably forfeited and surrendered to Pubco for cancellation and for nil consideration. The Optionholder hereby irrevocably consents to such surrender and undertakes to take all reasonable actions necessary to effect such surrender as may be requested by Pubco.

- (c) During the Restricted Period, each certificate (if any are issued) evidencing any Earnout Restricted Securities shall be stamped or otherwise imprinted with a legend in substantially the following form, in addition to any other applicable legends:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER, VOTING, DIVIDENDS AND OTHER RIGHTS SET FORTH IN AN OPTION AGREEMENT, DATED AS OF [●], BY AND AMONG THE ISSUER OF SUCH SECURITIES (THE “**ISSUER**”) AND THE ISSUER’S SECURITY HOLDER NAMED THEREIN, AS AMENDED. A COPY OF SUCH OPTION AGREEMENT WILL BE FURNISHED WITHOUT CHARGE BY THE ISSUER TO THE HOLDER HEREOF UPON WRITTEN REQUEST.”

- (d) During the Restricted Period, the Earnout Restricted Securities that are subject to an Earnout Restriction do not entitle the Optionholder (or any transferee thereof) to any voting rights, pre-emption rights, dividends or other rights as a shareholder of Pubco prior to expiration of the applicable Earnout Restriction in accordance with Clause 5.2(a). The restrictions set forth in this Clause 5.2 shall only apply with respect to the Earnout Restricted Securities and shall not apply to any other Option Shares.

5.3 The share prices referenced in this Clause 5 will be equitably adjusted on account of any changes in the equity securities of Pubco by way of stock split, stock dividend, combination or reclassification, or through merger, consolidation, reorganization, recapitalization or business combination, or by any other means.

5.4 If any Transfer is made or attempted contrary to the provisions of this Clause 5, such Transfer shall be null and void ab initio, and Pubco shall refuse to recognize any such transferee of the Earnout Restricted Securities as one of its equity holders for any purpose. In order to enforce this Clause 5.4, Pubco may impose stop-transfer instructions with respect to any relevant Earnout Restricted Securities (and any permitted transferees and assigns thereof), as applicable, until the end of the Restricted Period.

5.5 For the purposes of this Clause 5:

- (a) the term “**Closing Date**” means the date on which the Share Acquisition Closing takes place (within the meaning of the BCA);
- (b) the term “**First Earnout Threshold Date**” means the date on which the sale price of the Pubco Ordinary Shares equals or exceeds \$15.00 per share for any twenty (20) trading days within any thirty (30) trading day period;
- (c) the term “**Long Stop Date**” means the date that is five (5) years after the Closing Date;

- (d) the term “**Restricted Period**” means the period beginning on the Closing Date and ending on the earlier of (i) the Second Earnout Threshold Date and (ii) the Long Stop Date;
- (e) the term “**Second Earnout Threshold Date**” means the date on which the sale price of the Pubco Ordinary Shares equals or exceeds \$20.00 per share for any twenty (20) trading days within any thirty (30) trading day period; and
- (f) the term “**Transfer**” means the (A) sale of, offer to sell, contract or agreement to sell, hypothecate, pledge, grant of any option to purchase or otherwise dispose of or agreement to dispose of or establishment or increase of a put equivalent position or liquidation with respect to or decrease of a call equivalent position within the meaning of Section 16 of the United States Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, with respect to, any security, (B) entry into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any security, whether any such transaction is to be settled by delivery of such securities, in cash or otherwise, or (C) public announcement of any intention to effect any transaction specified in clause (A) or (B).

6. DATA PROTECTION

Pubco will collect and process information relating to the Optionholder for the purposes of this Agreement in accordance with Pubco’s employee privacy policy.

7. GENERAL

7.1 This Agreement may be amended in any respect if both Pubco and the Optionholder agree in writing.

7.2 Any notice or other communication required or to be made in connection with the Option shall be in writing and shall be delivered personally, sent by pre-paid first class post, recorded delivery post, commercial courier or email (but email communications shall only be treated as having been validly sent if the sender has an appropriate confirmation of receipt).

7.3 This Agreement may be executed in any number of counterparts, but shall not be effective until each party has signed at least one counterpart. Each executed counterpart shall constitute an original of this Agreement but all the counterparts together will constitute one and the same instrument.

7.4 This Agreement and the Option shall be governed by and construed in accordance with English law and the courts of England and Wales shall have exclusive jurisdiction to hear any claim or dispute arising out of it.

5

IN WITNESS of which the Parties have duly executed this Agreement as a deed on the day and year first before written.

6

Schedule 1 – Original Option Agreement *[to be appended]*

7

Schedule 2 – Restrictions

[Number] of the Option Shares (the “**Earnout Restricted Securities**”) shall be subject to the following restrictions:

1. The Earnout Restricted Securities generally cannot be transferred (i.e. sold, disposed of, etc.) to another person until the price of Pubco’s shares meets certain thresholds.

2. None of the Earnout Restricted Securities can be transferred to another person before the date that the sale price of Pubco’s ordinary shares equals or exceeds \$15.00 per share for any twenty (20) trading days within any thirty (30) trading day period (“**First Earnout Threshold Date**”).

3. From the First Earnout Threshold Date, this transfer restriction expires for 50% of the Earnout Restricted Securities.

4. From the date on which the sale price of the Pubco’s ordinary shares equals or exceeds \$20.00 per share for any twenty (20) trading days within any thirty (30) trading day period (the “**Second Earnout Threshold Date**”), this transfer restriction expires for 100% of the Earnout Restricted Securities.

5. If the First Earnout Threshold Date and the Second Earnout Threshold Date does not occur prior to the date that is five (5) years after the closing of the transactions envisaged by the BCA (the “**Long Stop Date**”), then from the Long Stop Date all Earnout Restricted Securities will be forfeited for nil consideration.

6. While Earnout Restricted Securities are subject to the transfer restriction summarised above, those Earnout Restricted Securities will not entitle the holder (or any transferee thereof) to any voting rights, pre-emption rights, dividends or other rights as a shareholder of Pubco.

The restrictions summarised above shall only apply with respect to the Earnout Restricted Securities and shall not apply to the other Option Shares.

The above summary is for information purposes only to provide an understanding of the relevant restrictions. For full details, refer to Clause 5 of the Agreement to which this Schedule is a schedule.

**Executed for and on behalf
of VERTICAL AEROSPACE GROUP LIMITED**

}

[Authorised signatory]

**Executed for and on behalf
of VERTICAL AEROSPACE LIMITED**

}

[Authorised signatory]

**Executed by
[OPTIONHOLDER NAME]**

}



24 March 2022

Our Ref: AB/RE/175594

Vertical Aerospace Ltd.
Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
Cayman Islands
KY1-1104

Dear Addressees

VERTICAL AEROSPACE LTD.

We have been asked to provide this legal opinion to you with regard to the laws of the Cayman Islands in connection with the registration by Vertical Aerospace Ltd. (the "**Company**"), of 34,084,619 ordinary shares with a par value of \$0.0001 per share in the capital of the Company (the "**Shares**") for issuance under the Vertical Aerospace Ltd. 2021 Incentive Award Plan (the "**Plan**") and under certain option agreements pursuant to which certain employees of the Company or its Subsidiaries have been granted options which are intended to be tax qualifying enterprise management incentive options under Schedule 5 of the UK Income Tax (Earnings and Pensions) Act 2003 (the "**EMI Option Agreements**") and, each, an "**EMI Option Agreement**") under the United States Securities Act of 1933, as amended (the "**Securities Act**") and pursuant to the terms of the Registration Statement (as defined in Schedule 1).

For the purposes of giving this opinion, we have examined and relied upon the originals or copies of the documents listed in Schedule 1.

We are Cayman Islands Attorneys at Law and express no opinion as to any laws other than the laws of the Cayman Islands in force and as interpreted at the date of this opinion.

Based upon the foregoing examinations and the assumptions and qualifications set out below and having regard to legal considerations which we consider relevant, and under the laws of the Cayman Islands, we give the following opinion in relation to the matters set out below.

1. The Company is an exempted company with limited liability, validly existing under the laws of the Cayman Islands and in good standing with the Registrar of Companies in the Cayman Islands (the "**Registrar**").

2. The Shares have been duly authorised by all necessary corporate action of the Company and upon the issue of the Shares (by the entry of the name of the registered owner thereof in the Register of Members of the Company confirming that such Shares have been issued credited as fully paid), delivery and payment therefor by the purchaser in accordance with the Memorandum and Articles of Association (as defined in Schedule 1), the Plan and the EMI Option Agreements in the manner contemplated by the Registration Statement and the Prospectus (as each term is defined in Schedule 1), the Shares will be validly issued, fully paid and non-assessable (meaning that no additional sums may be levied in respect of the Shares on the holder thereof by the Company).

Walkers

190 Elgin Avenue, George Town

Grand Cayman KY1-9001, Cayman Islands

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WALKERS

The foregoing opinion is given based on the following assumptions.

1. The originals of all documents examined in connection with this opinion are authentic. The signatures, initials and seals on the Documents, other than the EMI Option Agreements, are genuine and are those of a person or persons given power to execute the Documents under the Resolutions (as defined in Schedule 1). All documents purporting to be sealed have been so sealed. All copies are complete and conform to their originals. The Documents conform in every material respect to the latest drafts of the same produced to us and, where provided in successive drafts, have been marked up to indicate all changes to such Documents.
1. The Memorandum and Articles of Association (as defined in Schedule 1) reviewed by us will be the memorandum and articles of association of the Company in effect upon the issuance of the Shares.
2. The accuracy and completeness of all factual representations made in the Registration Statement and the Prospectus and all other documents reviewed by us.
3. The Company will receive consideration in money or money's worth for each Share offered when issued, such consideration in any event not being less than the stated par or nominal value of each Share.
2. The Resolutions (defined in Schedule 1) were duly adopted in accordance with the constitutional documents and governing law of the Company in force at the relevant time and shall remain in full force and effect as at the date of issuance of the Shares.
4. Each of the Registration Statement, the Plan (including each award agreement issued pursuant thereto) and a form of the EMI Option Agreements will be duly authorised, executed and delivered (as applicable) by or on behalf of all relevant parties prior to the issue of the Shares and will be legal, valid, binding and enforceable against all relevant parties in accordance with their terms under all relevant laws (other than the laws of the Cayman Islands).
5. All preconditions to the issue of the Shares under the terms of the Plan and/or the EMI Option Agreements will be satisfied or duly waived prior to the issue of the Shares and there will be no breach of the terms of the Plan and/or the EMI Option Agreements.
6. There is nothing under any law (other than the laws of the Cayman Islands) which would or might affect any of the opinions set forth above.

We have relied upon the statements and representations of directors, officers and other representatives of the Company as to factual matters.

WALKERS

Our opinion as to good standing is based solely upon receipt of the Certificate of Good Standing issued by the Registrar. The Company shall be deemed to be in good standing under section 200A of the Companies Act on the date of issue of the certificate if all fees and penalties under the Companies Act have been paid and the Registrar has no knowledge that the Company is in default under the Companies Act.

This opinion is limited to the matters referred to herein and shall not be construed as extending to any other matter or document not referred to herein. This opinion is given solely for your benefit and the benefit of your legal advisers acting in that capacity in relation to

this transaction and may not be relied upon by any other person, other than persons entitled to rely upon it pursuant to the provisions of the Securities Act, without our prior written consent.

This opinion shall be construed in accordance with the laws of the Cayman Islands.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. We also hereby consent to the reference to this firm in the Prospectus.

Yours faithfully

WALKERS (CAYMAN) LLP

WALKERS

SCHEDULE 1

LIST OF DOCUMENTS EXAMINED

1. The Certificate of Incorporation dated 21 May 2021, the Amended and Restated Memorandum and Articles of Association of the Company as adopted on 1 December 2021 (the "**Memorandum and Articles of Association**"), the Register of Directors and the Register of Members dated 15 March 2021 (copies of which have been provided to us by the Company's registered office in the Cayman Islands).
 2. The Cayman Online Registry Information System (CORIS), the Cayman Islands' General Registry's online database, searched on 22 March 2022.
 3. A copy of a Certificate of Good Standing dated 15 March 2022 in respect of the Company issued by the Registrar (the "**Certificate of Good Standing**").
 4. copies of the executed written resolutions of the board of directors of the Company dated 9 December 2021 and 24 March 2022 (the "**Resolutions**").
 5. Copies of the following documents (the "**Documents**"):
 - (a) the Registration Statement on Form S-8 originally filed on 24 March 2022 by the Company with the United States Securities and Exchange Commission (including all amendments or supplements thereto the "**Registration Statement**");
 - (b) a prospectus dated 24 March 2022 (the "**Prospectus**");
 - (c) the Plan;
 - (d) a form of the EMI Option Agreement; and
 - (e) such other documents as we have deemed necessary to render the opinions set forth herein.
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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-8 of Vertical Aerospace Ltd. of our report dated July 9, 2021, except with respect to the matters that raise substantial doubt about the Company's ability to continue as a going concern discussed in Note 2, as to which the date is September 20, 2021, relating to the financial statements of Vertical Aerospace Group Ltd., which appears in this Registration Statement.

/s/ PricewaterhouseCoopers LLP
Bristol, United Kingdom
March 24, 2022

CALCULATION OF FILING FEE TABLE

FORM S-8

(Form Type)

Vertical Aerospace Ltd.

(Exact Name of Registrant as Specified in its Charter)

Table I: Newly Registered Securities

Security Type	Security Class Title	Fee Calculation Rule	Amount Registered(1)	Proposed Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Fee Rate	Amount of Registration Fee
Equity	Ordinary Shares, \$0.0001 par value per share — 2021 Incentive Award Plan	Rule 457(c) and 457(h)	12,427,964(2)	\$ 7.28(4)	\$ 90,475,577.92	\$92.70 per million dollars	\$ 8,387.09
Equity	Ordinary Shares, \$0.0001 par value per share — EMI Option Agreements	457(h)	21,656,655(3)	\$ 0.24(5)	\$ 5,197,597.20	\$92.70 per million dollars	\$ 481.82
Total Offering Amounts					\$ 95,673,175.12		\$ 8,868.91
Total Fees Previously Paid							—
Total Fee Offsets							—
Net Fee Due							\$ 8,868.91

- Pursuant to Rule 416 of the Securities Act of 1933, as amended (the “Securities Act”), this Registration Statement shall also cover any additional ordinary shares, par value \$0.0001 per share (“Ordinary Share”), of Vertical Aerospace Ltd. (the “Company”) that
- (1) become issuable under the Company’s 2021 Incentive Award Plan (the “Incentive Plan”) by reason of any future share dividend, share split, recapitalization or other any similar transaction.
 - (2) Represents 12,427,964 Ordinary Shares reserved for issuance under the 2021 Incentive Award Plan.
 - (3) Represents 21,656,655 Ordinary Shares reserved for issuance which are intended to be tax qualifying enterprise management incentive options under Schedule 5 of the UK Income Tax (Earnings and Pensions) Act 2003 (the “EMI Option Agreements”). Estimated solely for purposes of calculating the registration fee pursuant to Rules 457(c) and 457(h) of the Securities Act, the proposed maximum offering price per share and proposed maximum aggregate offering price are based upon the average of the high and low prices of the Company’s Ordinary Shares as reported on the New York Stock Exchange on March 17, 2022, which date is within five business days prior to the filing of this Registration Statement.
 - (4) Estimated solely for purposes of calculating the registration fee pursuant to 457(h) of the Securities Act, the proposed maximum offering price per share and proposed maximum aggregate offering price are based upon the weighted average price of £0.183 and converted to \$0.24 at the noon buying rate of the Federal Reserve Bank of New York of £1.00 to \$1.3063 on March 11, 2022, at which the options pursuant to the EMI Option Agreements may be exercised in exchange for the Company’s Ordinary Shares.
 - (5)