
Rules of the Footasylum plc Long Term Incentive Plan

Adopted by resolution of the Board of Directors with effect from

Registered with HM Revenue & Customs on..... under
reference.....

Expires on

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RULES

of the

FOOTASYLUM PLC LONG TERM INCENTIVE PLAN

1. INTERPRETATION

In these Rules:

1.1 the following expressions have the following meanings unless inconsistent with the context:

"Acquiring Company"	a company which obtains Control of the Company as a result of an Internal Reorganisation
"Acquisition Price"	in respect of any Award, the Award Price multiplied by the number of Shares (including any Dividend Equivalent Shares) in respect of which such Award is exercised
"Admission Date"	the date that the Shares are admitted to trading on AIM
"Adoption Date"	the date on which the Plan is adopted by a resolution of the Board
"AIM"	the market of the London Stock Exchange known as AIM
"AIM Rules"	the rules for companies dealing on AIM as published by the London Stock Exchange and as amended from time to time
"Award"	a right to acquire Shares granted to an Eligible Employee pursuant to the Plan and for the time being subsisting or, where the context so requires, a right to acquire Shares so to be granted
"Award Certificate"	a certificate issued pursuant to Rule 4.4
"Award Holder"	a person holding an Award or, where the context so requires, the legal personal representatives of such a person
"Award Period"	in respect of an Award, the period commencing on the day immediately after the Vesting Date in respect of such Award and ending on the Award Termination Date
"Award Price"	in respect of an Award, a price per Share equal to the nominal value of a Share on the Date of Grant (subject to adjustment pursuant to Rule 14)
"Award Termination Date"	in relation to an Award either: (a) the day immediately prior to the tenth anniversary of the Date of Grant of the Award; or (b) such earlier date (if any) as the Committee determines on or prior to the Date of Grant

of such Award

"Base Salary"	<p>on the date in question, the basic annual salary of an Eligible Employee under his contract of employment with the Company or any Subsidiary excluding, for the avoidance of doubt, any of the following:</p> <ul style="list-style-type: none">(a) benefits in kind;(b) bonuses;(c) share options and any other share incentive award; and(d) employer's pension contributions
"Board"	<p>the board of directors for the time being of the Company or the directors present at a duly convened meeting of the directors or a duly appointed committee of the board of directors at which a quorum is present</p>
"Clawback"	<p>a claw-back of value in accordance with Rule 16 and "Clawed-Back" shall be construed accordingly</p>
"Committee"	<p>the remuneration committee of the Board</p>
"Company"	<p>Footasylum plc (registered number 05535565)</p>
"Control"	<p>the meaning given to that term by section 995 of the Income Tax Act 2007 and "Controlled" shall be construed accordingly</p>
"Date of Grant"	<p>in respect of any Award, the date upon which that Award is granted by the Company or the Trustee as the case may be</p>
"Dealing Day"	<p>a day on which the London Stock Exchange is open for the transaction of business</p>
"Dividend Enhancement"	<p>in relation to an Award, its enhancement, pursuant to Rule 6</p>
"Dividend Equivalent Cash"	<p>in relation to any Award, any cash amount calculated in accordance with Rule 6.7</p>
"Dividend Equivalent Shares"	<p>in relation to any Award, the number of Shares calculated in accordance with Rule 6</p>
"Dividend Payment Date"	<p>in respect of any dividend payable upon the Shares, the date upon which such dividend is paid</p>
"Early Exercise Trigger"	<p>in respect of any Award, the first to occur of:</p> <ul style="list-style-type: none">(a) the Award Holder ceasing to be an Eligible Employee in circumstances where, pursuant to Rule 9, the Award may (subject to the satisfaction of any condition imposed on the Award pursuant to Rule 5) be exercised in a stated period of time after such cessation of employment; or

- (b) an event referred to in **Rules 12.2 to 12.7** inclusive by reference to which the Award may be exercised (or would be capable of being exercised but for the application of **Rule 12.1.1**)

"Eligible Employee"	any individual who, at the relevant date, is an employee (including an executive director) of any company within the Group
"Employee Tax Liability"	all income tax and/or employee's national insurance contributions for which a company in the Group (or any other person who, at the relevant time, is the employer of the Eligible Employee) is obliged to account to HMRC
"Equivalent Value"	in relation to any Excess Vested Shares subject to an Award as determined pursuant to Rule 16.3 , the monetary equivalent of such Excess Vested Shares as ascertained by the Committee by reference to the aggregate Market Value of such Excess Vested Shares measured at the date of the Committee's determination to apply Clawback to the Award concerned pursuant to Rule 16.2
"Fair Processing Notice"	the notice referring to this Plan, made available through the Company's intranet and/or the Company Secretary or any other officer of the Company, which sets out how personal data relating to Eligible Employees and Award Holders will be processed in connection with the Plan
"Financial Year"	a financial year of the Company (as determined in accordance with the provisions of section 390 of the Companies Act 2006)
"General Offer"	a general offer to acquire the whole or part of the issued ordinary share capital of the Company (or such part of such capital as is not then owned by the offeror or any company Controlled by the offeror and/or any persons acting In Concert with the offeror) as a result of which the offeror (or any such companies and/or such persons) may gain Control of the Company
"Group"	the Company and all of the Subsidiaries for the time being or, where the context so requires, any one or more of them and "Group Member" shall be construed accordingly
"HMRC"	HM Revenue and Customs
"Holding Period"	in relation to an Award, the period commencing on the Vesting Date of the Award and ending on the second anniversary of such Vesting Date
"In Concert"	the meaning given to that term in The City Code on Take-overs and Mergers as amended from time to time
"Internal Reorganisation"	the acquisition of the whole of the issued ordinary share capital of the Company ("old shares") by

another company ("new company") in circumstances in which:

- (a) the consideration for the old shares consists wholly of the issue of shares ("new shares") in the new company;
- (b) the new shares are issued in consideration of the old shares only at times when there are no issued shares in the new company other than:
 - (i) subscriber shares; and
 - (ii) new shares previously issued in consideration of old shares;
- (c) the consideration for the new shares of each description consists wholly of old shares of the corresponding description;
- (d) the new shares of each description are issued to holders of old shares of the corresponding description in respect of, and in proportion to, their holdings; and

by virtue of section 127 of the Taxation of Chargeable Gains Act 1992 as applied by section 135(3) of that Act the exchange of shares is not treated as involving a disposal of the old shares or an acquisition of the new shares

"Issue or Reorganisation"

any:

- (a) capitalisation issue or rights issue (other than an issue of shares pursuant to the exercise of an option given to the shareholders of the Company to receive shares in lieu of dividend), any open offer or any other variation in the share capital of the Company including (without limitation) any consolidation, sub-division or reduction of capital of the Company; or
- (b) demerger, special dividend, or other similar event relating to the Company which the Committee considers would affect the quoted price of a Share to a material extent

"ITEPA"

the Income Tax (Earnings and Pensions) Act 2003

"London Stock Exchange"

London Stock Exchange plc or any successor body thereto

"Market Value"

in respect of the grant of an Award:

- (a) if the Date of Grant is the Admission Date, the price at which shares are offered to investors in connection with the admission of the Shares to trading on AIM;
- (b) if the Shares are for the time being admitted

to trading on AIM and have been so admitted for at least one Dealing Day prior to the Date of Grant of the Award, the closing mid-market price for a Share as derived from AIM for the Dealing Day immediately preceding that date as published in the United Kingdom Financial Times; or

- (c) if the conditions referred to in **paragraphs (a) and (b)** of this definition are not satisfied, the market value of a Share as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 for the date in question,

and in respect of any matter other than the grant of an Award, for the date in question:

- (d) if the Shares are for the time being admitted to trading on AIM and have been so admitted for at least one Dealing Day prior to the date in question, the closing mid-market price for a Share as derived from AIM for the Dealing Day immediately preceding that date as published in the United Kingdom Financial Times; or
- (e) if the condition referred to in **paragraph (d)** of this definition is not satisfied, the market value of a Share as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 for the date in question

“Other Employees’ Scheme” any employees’ share scheme (within the meaning of section 1166 of the Companies Act 2006) adopted by the Company enabling directors or employees of any company in the Group, or trustees on behalf of such directors or employees, to acquire Shares other than the Plan

“Performance Condition” any condition imposed upon an Award pursuant to the provisions of **Rule 5**

“Performance Period” in respect of any condition imposed upon the grant of an Award pursuant to **Rule 5**, the period over which such condition is to be measured as specified in the Award Certificate relating to such Award provided that:

- (a) the period is not less than 3 years long; and
- (b) does not commence before the end of the Financial Year that ends immediately prior to the Date of Grant

“Permitted Grant Period” the period of 42 days commencing on any of the following:

- (a) the Admission Date

	(b) the Adoption Date;
	(c) the Dealing Day immediately following the date of the preliminary announcement of the annual results of the Company in any year or the date of the announcement of the half-year results of the Company in any year; or
	(d) any other time fixed by the Committee where, in the absolute discretion of the Committee, circumstances are considered to be exceptional so as to justify the grant of an Award
"Plan"	the Footasylum plc Long Term Incentive Plan established by the adoption of these Rules and as from time to time amended in accordance with the provisions of these Rules
"Relevant Date"	in relation to an Award, the earliest to occur of: <ul style="list-style-type: none"> (a) its Vesting Date; (b) any Early Exercise Trigger
"Relevant Financial Year"	the Financial Year during which the Date of Grant falls
"Schedule 2 Share Incentive Plan"	a share incentive plan which meets the requirements of Parts 2 to 9 (inclusive) of Schedule 2 to ITEPA
"Schedule 3 SAYE Option Scheme"	a scheme which meets the requirements of Parts 2 to 7 (inclusive) of Schedule 3 to ITEPA
"Schedule 4 CSOP Scheme"	a scheme which meets the requirements of Parts 2 to 6 (inclusive) of Schedule 4 to ITEPA
"Shares"	fully paid ordinary shares (of whatever class) in the capital of the Company or, as the context may require, shares for the time being representing the same in consequence of any Issue or Reorganisation
"Subsidiary"	any subsidiary of the Company within the meaning of section 1159 of the Companies Act 2006 over which the Company has Control
"Take-over"	following a General Offer, the unconditional acquisition of Control of the Company by the offeror (or any company Controlled by the offeror and/or any persons acting In Concert with the offeror)
"Take-over Date"	the date on which a Take-over happens
"Treasury Shares"	qualifying shares to which sections 724 to 732 of the Companies Act 2006 apply
"Trustee"	the trustee or trustees of any employee benefit trust established by the Company, the beneficiaries of which include employees of the Group
"Vesting Date"	in respect of an Award, the Vesting Date specified in the Award Certificate (as provided in Rule 4.4) being the date following which the Award shall be

exercisable pursuant to **Rule 7.1** provided that such Vesting Date shall not occur before:

- (a) the expiry of the Performance Period, if there is only one Performance Period applying to the Award in question; or
- (b) the end of the Performance Period which expires last in time, if there is more than one Performance Period applying to the Award in question; or
- (c) in any case, the third anniversary of the Date of Grant,

and shall not, in any case, be a date which occurs after the tenth anniversary of the Date of Grant

“Vesting Period”

in respect of an Award, the period commencing on the Date of Grant and ending on the Vesting Date (inclusive)

- 1.2 references to any statutory provisions will, where the context so admits or requires, be construed as including references to the corresponding provisions of any earlier statute (whether repealed or not) directly or indirectly amended, consolidated, extended or replaced by those provisions (or re-enacted in those provisions) and of any subsequent statute in force at any relevant time directly or indirectly amending, consolidating, extending, replacing or re-enacting the same and will include any orders, regulations, instruments or other subordinate legislation made under the relevant statute;
- 1.3 any reference to a Rule is a reference to a rule of this Plan;
- 1.4 unless the context requires otherwise, words importing the singular shall also include the plural and vice versa, any reference to the masculine shall include the feminine as the context shall admit or require and any reference to a person shall include incorporated and unincorporated bodies;
- 1.5 any reference to “income tax and/or employee’s national insurance contributions” shall, in the context of any Award Holder who is resident in any jurisdiction outside the United Kingdom, include a reference to any taxation or social security payable in that other jurisdiction which is equivalent or similar to income tax and employee’s national insurance contributions and, in such circumstances, any corresponding reference to “HMRC” shall include a reference to the relevant taxation authority in that other jurisdiction;
- 1.6 any reference to “employer’s national insurance contributions” shall, in the context of any Award Holder who is resident in any jurisdiction outside the United Kingdom, include a reference to any taxation or social security payable in that other jurisdiction which is equivalent or similar to employer’s national insurance contributions; and
- 1.7 the descriptive headings to Rules are inserted for convenience only, have no legal effect and shall be ignored in the interpretation of these Rules.

2. COMMITTEE MAY GRANT AWARDS

The Committee is empowered (with effect from the Adoption Date) to authorise the grant of Awards by the Company or the Trustee to Eligible Employees in accordance with these Rules.

3. RESTRICTIONS ON THE GRANTING OF AWARDS

- 3.1 No Award shall be granted to an Eligible Employee except during a Permitted Grant Period provided that if, by reason of the AIM Rules, any relevant share dealing code adopted by

the Company or any statute or any regulation or order made thereunder or any governmental directive, the Company or the Trustee shall be restricted from granting Awards within such Permitted Grant Period, Awards may be granted within the period of 40 days commencing immediately after the Dealing Day following the lifting of such restrictions.

3.2 No Award shall be granted more than ten years after the Adoption Date.

3.3 Subject to **Rules 3.4, 3.5** and **6.10**, no Award shall be granted after the Admission Date if immediately following the grant of such Award the aggregate nominal value of the ordinary shares in the Company:

3.3.1 issued or then capable of being issued pursuant to Awards granted under the Plan within the immediately preceding period of ten years; and

3.3.2 issued or then capable of being issued pursuant to options granted or rights obtained in such ten year period under any Other Employees' Scheme,

would exceed 10 per cent of the nominal value of the ordinary share capital of the Company at that time in issue.

3.4 For the purposes of **Rule 3.3**, ordinary shares (including Dividend Equivalent Shares) which have been acquired (or may be acquired) pursuant to:

3.4.1 an Award granted under the Plan by a Trustee; and/or

3.4.2 an option or other right granted by a person (other than the Company) under any Other Employees' Scheme,

shall only count as "issued or then capable of being issued" to the extent that the ordinary shares that were (or are) subject to any such Award, option or other right were issued (or there is an intention for them to be issued) by the Company to a Trustee or other person for the purposes of the Plan or any Other Employees' Scheme or, subject to **Rule 3.7**, were Treasury Shares transferred (or there is an intention for them to be transferred) by the Company to a Trustee or other person for the purposes of the Plan or any Other Employees' Scheme. For the avoidance of doubt, any Treasury Shares transferred (or where there is an intention for them to be transferred) to satisfy an Award granted under the Plan or any option or other right granted under any Other Employees' Share Scheme shall, subject to **Rule 3.7**, count as "issued or then capable of being issued" for the purpose of **Rule 3.3**.

3.5 For the purposes of **Rules 3.3** and **3.6**:

3.5.1 Shares issued or then capable of issue pursuant to options granted or other rights obtained on or prior to the Admission Date (whether pursuant to the Plan or otherwise); and

3.5.2 Shares which were the subject of an option or other right (whether granted under the Plan or otherwise) which has lapsed or been surrendered

shall not count towards the limits set out therein.

3.6 Subject to **Rules 3.5** and **3.9**, no Award may be granted after the Admission Date to an Eligible Employee if the sum of:

3.6.1 the aggregate Market Value (as at the Date of Grant) of the Shares subject to that Award; and

3.6.2 the aggregate Market Value of the Shares subject to any Award granted to such Eligible Employee in the Relevant Financial Year pursuant to the Plan (and, for these purposes, the Market Value shall be the Market Value as at the date on which such other Award was granted)

exceeds 100 per cent of the Eligible Employee's Base Salary as at the Date of Grant.

- 3.7 In the event that Treasury Shares are no longer required to be included for the purpose of operating anti-dilution limits in employees' share schemes by the Investment Association (or any replacement body thereof), then **Rule 3.4** shall be applied by ignoring all references to Treasury Shares therein, to the effect that Treasury Shares shall not be counted as falling within the term, "issued or then capable of being issued" for the purpose of **Rule 3.3**.
- 3.8 No Award shall be granted to an Eligible Employee at a time when such grant to such Eligible Employee would be in breach of the AIM Rules, any relevant share dealing code adopted by the Company or any statute or any regulation or order made thereunder or any governmental directive.
- 3.9 An Award may be granted in excess of the limit set out in **Rule 3.6**, but only in circumstances (including, but not limited to, those in connection with the recruitment of an employee within the Group) which the Committee, in its absolute discretion, considers to be sufficiently exceptional to justify the grant of an Award in excess of such limit.

4. **GRANT OF AWARDS**

- 4.1 Subject to **Rule 3**, the Committee may (if in its absolute discretion it so decides) authorise the Company or a Trustee to grant an Award to an Eligible Employee.
- 4.2 Subject as otherwise provided in these Rules, the Committee shall have an absolute discretion in determining on or prior to the grant of Awards on any occasion (inter alia):
- 4.2.1 when to grant (or authorise any Trustee to grant) Awards;
 - 4.2.2 to whom to grant Awards (or who it recommends a Trustee grants Awards to);
 - 4.2.3 the number of Shares (subject, in the case of an Award granted or to be granted by any Trustee, to that Trustee's consent) over which each Award is to subsist;
 - 4.2.4 whether the Award will be subject to Dividend Enhancement;
 - 4.2.5 the Award Termination Date of an Award;
 - 4.2.6 the Vesting Date of an Award;
 - 4.2.7 whether it shall be a condition of exercise that the Award Holder will be responsible for paying any employer's national insurance contributions payable as a result of or in connection with the exercise of the Award; and
 - 4.2.8 whether in respect of an Award, the Award Price shall be payable per Share, or whether the price payable per Share to exercise the Award shall be zero.
- 4.3 No person shall be entitled as of right to be granted any Award.
- 4.4 Subject to **Rule 4.5**, each Award shall be granted by the execution and delivery by the Company (or the Trustee where it is granting the Award concerned) as a deed of an Award Certificate in respect of that Award. No consideration shall be payable by any Eligible Employee in respect of the grant of an Award to him. Each Award Certificate shall as soon as reasonably practicable after execution and delivery by the Company (or the Trustee where it is granting the Award concerned), and in any event within 14 days thereafter, be issued to the relevant Award Holder and shall specify (inter alia) the following (but shall otherwise be in such form as the Committee may from time to time determine):
- 4.4.1 the Date of Grant of the Award;

- 4.4.2 the number of Shares over which the Award subsists;
 - 4.4.3 the Award Price, if any, in relation to the Award;
 - 4.4.4 if the Committee has imposed any additional conditions on the grant of the Award pursuant to **Rule 5**, that the Award is subject to such conditions (and a copy of such conditions must accompany the Award Certificate and contain details of the Performance Period or Performance Periods over which the conditions are measured);
 - 4.4.5 the Award Termination Date;
 - 4.4.6 the Vesting Date;
 - 4.4.7 whether the Award is subject to Dividend Enhancement or not;
 - 4.4.8 the fact that the Award may be renounced as provided in **Rule 4.7**; and
 - 4.4.9 if the Committee has determined pursuant to **Rule 4.2.7** that it shall be a condition of exercise that the Award Holder will be responsible for any employer's national insurance contributions which may arise on exercise of the Award, that the Award is subject to such a condition.
- 4.5 The Committee may determine that instead of each Award being granted by the execution and delivery by the Company (or the Trustee, where it is granting the Award concerned) as a deed of an Award Certificate in respect of the Awards, Awards shall be granted by the Company (or the Trustee, where it is granting the Awards in question) executing a single deed poll recording the grant of the Awards concerned and agreeing to be bound by the Award Certificates. In such case, the Committee shall procure that as soon as reasonably practicable after an Award has been granted, the Company or the Trustee, as the case may be, shall issue an Award Certificate to each Award Holder. The Award Certificate shall specify all of the details identified in **Rule 4.4** and shall otherwise be in such form as the Committee may from time to time determine.
- 4.6 In the event of any Award Holder losing his Award Certificate, the Company (or the Trustee, in any case where it granted the Award in question) shall as soon as reasonably practicable after receipt of notice of such loss together, if it so requires, with an indemnity from the Award Holder in respect of any liability of the Company or the Trustee, as the case may be, arising as a consequence of such loss (in such form as the Committee or, as the case may be, the Trustee may request) issue or procure the issue to the Award Holder of a duplicate of such Award Certificate and any reference in these Rules to an Award Certificate shall include a reference to such a duplicate. Where an Award is exercised in part the Committee (or the Trustee in any case where it granted the Award in question) shall, at its discretion, endorse or procure the endorsement of the Award Certificate as to such partial exercise or issue, or procure the issue of, a new Award Certificate in respect of the balance of the Award.
- 4.7 Any Eligible Employee to whom an Award is granted may, by notice in writing to the Company (or the Trustee, in any case where it has granted the Award in question) given within 30 days after the Date of Grant, renounce in whole or in part his rights under the Award. In such a case, the Award shall to the extent renounced be treated, for all purposes of the Plan, as never having been granted and (if already issued) an Award Certificate shall be returned to the Company (or the Trustee, in any case where it has granted the Award in question) for cancellation or, in the case of renunciation in part, for amendment. No consideration shall be payable by the Company (or, as the case may be, the Trustee) for any such renunciation.
- 4.8 An Award shall be personal to the Eligible Employee to whom it is granted and, except to the extent necessary to enable a personal representative to exercise the Award following the death of an Award Holder, shall not be transferable or assignable. An Award shall not be charged, pledged or otherwise encumbered and any purported assignment, charge,

disposal or dealing with the rights and interest of the Award Holder under the Plan shall render the Award void.

5. PERFORMANCE CONDITION

- 5.1 Awards may be granted subject to such other conditions (which are additional to any conditions in any of these Rules) as the Committee may determine. For the avoidance of doubt, an Award may be subject to no such other conditions or more than one such other condition and each condition may be measured over a Performance Period relating to that particular condition. Such other conditions may (among other things) relate to the achievement of a target by the Company or by any other member of the Group.
- 5.2 Any condition imposed on an Award pursuant to **Rule 5.1** may provide that the Award shall become capable of exercise in respect of a given number or proportion of Shares comprised therein according to whether, and the extent to which, such condition is met.
- 5.3 Subject to **Rules 5.4** and **5.5**, any condition imposed pursuant to **Rule 5.1** on the grant of an Award may only be waived or amended by the Committee:
- 5.3.1 on the occurrence of a specific event or events which are fixed by the Committee on the grant of such Award and which were set out in the copy of the performance condition that accompanied the relevant Award Certificate issued pursuant to **Rule 4.4**; or
- 5.3.2 on the occurrence of any other event or events which causes the Committee reasonably to consider that the condition should be waived or that a different or amended condition would be a fairer measure of performance.
- 5.4 The amendment of any condition pursuant to **Rule 5.3** may take such form as the Committee, in its absolute discretion (subject to the prior written consent of the Trustee in any case where such Trustee is to satisfy the Award), deems fit save that such amendment may not cause the achievement of a target to be materially more challenging to achieve than the original task or target would have been but for the event or events in question. As soon as reasonably practicable after the Committee has exercised its power to waive or amend any condition in relation to an Award pursuant to **Rule 5.3**, it shall notify the Award Holder concerned of such waiver or amendment and the relevant Award shall be subject to the condition as amended or, in the case of a waiver, shall no longer be subject to the condition that has been waived.
- 5.5 If an Early Exercise Trigger occurs (or is to occur) in relation to any Award prior to the end of any Performance Period relating to that Award, the Committee may assess any condition imposed pursuant to **Rule 5.1** (as amended if relevant under **Rule 5.3**) that is to be measured over the Performance Period in question on such modified basis as it deems fair and reasonable, measured over the period beginning at the start of the relevant Performance Period and ending on the date upon which the Early Exercise Trigger occurred (or is to occur). Any condition which is modified pursuant to this **Rule 5.5** shall only be modified in such a way as is, in the reasonable opinion of the Committee, fair and reasonable having regard to the abbreviated Performance Period in question and in such a way as may not cause the achievement of the modified condition to be materially more difficult to perform or harder to achieve than the original condition prior to such modification.
- 5.6 Notwithstanding any other provision in these Rules, any condition imposed on an Award pursuant to this **Rule 5** shall not be treated as having been satisfied (either in whole or in part) or failed unless and until the Committee has notified the Award Holder of such in writing. As soon as reasonably practicable after any condition imposed on an Award pursuant to **Rule 5** has been satisfied (in whole or in part), the Committee shall notify the Award Holder in writing of the same. To the extent to which the Committee determines that any condition imposed on an Award pursuant to this **Rule 5** has not been satisfied, such Award shall lapse with immediate effect in relation to the Shares subject to such condition.

6. **DIVIDEND EQUIVALENTS**

- 6.1 The following provisions of this **Rule 6** shall apply in relation to any Award which the Committee has determined, pursuant to **Rule 4.2**, should be subject to Dividend Enhancement.
- 6.2 Whenever a dividend is paid by the Company in respect of Shares at any time commencing on the Date of Grant of an Award and ending on the Relevant Date, there shall, in relation to the Award concerned (providing it is still subsisting at the relevant time), be separately ascertained the whole number of Shares which could have been purchased with a sum as nearly as possible equal to but not exceeding the aggregate cash amount of the dividend so paid, in respect of the Shares subject to that Award.
- 6.3 For the purpose of ascertaining the number of Shares that could have been acquired pursuant to **Rule 6.2** on a Dividend Payment Date with the dividend paid on such Dividend Payment Date, the price payable for a Share shall be a price equal to the Market Value of a Share as at the Dividend Payment Date in question.
- 6.4 The number of Shares so ascertained in accordance with **Rule 6.2**, shall in relation to dividends paid after the Date of Grant of the Award concerned, be notionally added to and form part of the Shares subject to that Award with effect from the date of payment of such dividend and shall be taken into account in any further application or **Rule 6.2**.
- 6.5 For the avoidance of doubt, the Award Holder shall not be entitled to the Dividend Equivalent Shares either legally or beneficially when they are notionally added to the Award and shall only have the right, to acquire such Dividend Equivalent Shares (or such cash payment in respect of them as ascertained pursuant to the application of **Rule 6.7**), upon the exercise of the Award concerned and at no other time. Furthermore, for the avoidance of doubt, **Rule 6.2** shall not be applied in respect of any dividend paid in respect of Shares subject to an Award where the payment of such dividend occurs after the Relevant Date.
- 6.6 Subject to **Rules 6.7** and **6.9**, as and when an Award becomes exercisable pursuant to, and in accordance with these Rules, it shall also become exercisable as to all Dividend Equivalent Shares notionally added to it pursuant to **Rule 6.2**.
- 6.7 At any time prior to the exercise of an Award, the Committee may, in its sole discretion, determine that following exercise of the Award in respect of any Dividend Equivalent Shares ascertained in accordance with the foregoing provisions of this **Rule 6**, instead of transferring such Dividend Equivalent Shares to the Award Holder in question, the Award Holder shall instead be paid by the Company (or the Trustee with its consent) a cash payment equal to the Market Value of the Dividend Equivalent Shares that would, but for the exercise of the Committee's discretion pursuant to this **Rule 6.7**, have been transferred to the Award Holder (such Market Value to be measured on the date that such Dividend Equivalent Shares would, but for this **Rule 6.7**, have been transferred to the Award Holder).
- 6.8 Any payment of Dividend Equivalent Cash will be subject to the deduction and withholding of any applicable income tax and/or employee's national insurance contributions payable in respect of such payment and for the avoidance of doubt the Award Holder shall only be entitled to receive in his hands such amount of the payment as remains after all such deductions and withholdings have been made.
- 6.9 For the avoidance of doubt, and notwithstanding any other provisions in these Rules:
- 6.9.1 if an Award lapses in full as a result of the application of any of **Rules 8, 9, 10** and/or **12** or otherwise, it shall also lapse as to any Dividend Equivalent Cash or Dividend Equivalent Shares as the case may be;
- 6.9.2 if as a result of the application of any conditions imposed on an Award pursuant to **Rule 5** (whether by virtue of **Rule 5, Rule 9, Rule 12** or otherwise) an Award ceases to be capable of exercise in respect of any of the

Shares that were originally subject to the Award in question as at the Date of Grant ("Lapsed Shares"), then to the extent that any Dividend Equivalent Shares would not have been added to the Award but for the Lapsed Shares, the Award shall cease to be exercisable (and shall lapse) as to such Dividend Equivalent Shares.

6.10 For the purposes of applying the limit in **Rule 3.3** only Dividend Equivalent Shares that have either been:

6.10.1 actually acquired by an Award Holder on the exercise of an Award; or

6.10.2 notionally added to an Award pursuant to **Rule 6.2** (without the Award having ceased to be exercisable as to such Dividend Equivalent Shares in accordance with **Rule 6.9**),

shall be taken into account. For the avoidance of doubt, Dividend Equivalent Shares that could potentially be notionally added to an Award in the future shall be ignored for the purposes of **Rule 3.3**.

7. **EXERCISE OF AWARDS**

7.1 Subject to the satisfaction of any conditions imposed pursuant to **Rule 5** and compliance with these Rules by the Award Holder, an Award may be exercised (in whole or in part) only at any time during the relevant Award Period. This **Rule 7.1** is subject to the remaining provisions of this **Rule 7** and to the provisions of **Rules 8, 9, 10, 12** and **13**.

7.2 In order to exercise an Award in whole or in part the Award Holder shall:

7.2.1 in the case of an Award granted by the Company, deliver to the Secretary of the Company a notice in writing in a form approved by the Committee specifying the number of Shares in respect of which the Award is being exercised accompanied by payment (or other method of remittance satisfactory to the Committee) of the Acquisition Price (if any is payable in respect of the Award concerned) for those Shares; or

7.2.2 in the case of an Award granted by a Trustee, deliver to both the Trustee and the Secretary of the Company a notice in writing in a form approved by the Committee specifying the number of Shares in respect of which the Award is being exercised accompanied by payment (or other method of remittance satisfactory to the Trustee) of the Acquisition Price (if any is payable in respect of the Award concerned) for those Shares.

Either such notice shall take effect on the day it is actually delivered and such day shall constitute for all purposes (except as otherwise specified in **Rules 12.3** or **12.6**) the date of exercise of such Award. The relevant Award Certificate shall also be lodged with the Company (or the Trustee, in any case where it has granted the Award in question) but failure so to do shall not invalidate the exercise of the Award provided it is delivered within a reasonable time thereafter. The Company shall keep and make available to Award Holders upon request copies of a form of notice that is suitable for the purpose of exercising an Award.

7.3 An Award may be exercised in whole or in part and if exercised in part shall continue to subsist to the extent that it has not been exercised and may be further exercised in whole or in part in accordance with these Rules. The Company (or the Trustee, in any case where it has granted the Award in question) shall, following exercise of an Award in part, deliver to the Award Holder the endorsed Award Certificate, or a new Award Certificate, in accordance with **Rule 4.6**.

7.4 All allotments, issues and transfers of Shares (and the issue of a definitive share certificate) shall be made within 30 days of the date of exercise of the relevant Award and will be subject (if applicable) to such Shares being admitted to trading on AIM and to all (if any) necessary consents of HM Treasury or other authorities under enactments or

regulations for the time being in force and it shall be the responsibility of the Award Holder to comply with any requirements to be fulfilled in order to obtain or obviate the necessity for any such consent. At the request of an Award Holder the entity obliged to settle such Award (whether this be the Trustee or the Company) may, in its absolute discretion, resolve to allot and issue or transfer (as the case may be) some or all of the Shares to be acquired on the exercise of an Award to such other person or persons as may be nominated by the Award Holder, provided that the Award Holder is the beneficial owner of such Shares.

- 7.5 Shares issued on the exercise of an Award shall be issued subject to the Memorandum and Articles of Association of the Company as from time to time amended and shall rank in full for all dividends or other distributions payable to the holders of Shares by reference to a record date occurring on or after the date of allotment and for any rights to be granted to such holders by reference to such a record date. In all other respects the Shares so to be issued shall be identical and rank *pari passu* with the fully paid registered Shares in issue on the date of such exercise. Shares transferred on the exercise of an Award shall be transferred without the benefit of any rights attaching to the Shares by reference to a record date preceding the date of such exercise.
- 7.6 The Company will (if applicable) make an application to the London Stock Exchange so that upon the issue of Shares upon the exercise of an Award (or as soon thereafter as reasonably practicable) such Shares shall be admitted to trading on AIM.
- 7.7 While any Award granted by the Company remains unexercised in whole or in part and has not lapsed the Company shall keep available sufficient unissued Shares and/or ensure that it has made arrangements to procure the transfer of sufficient issued Shares and/or ensure that it holds sufficient Treasury Shares (as the case may be) to satisfy in full all such Awards to the extent they have not been exercised.
- 7.8 An Award granted by the Company shall, unless otherwise specified by the Committee on or prior to the Date of Grant, be treated as being an Award to subscribe for the relevant number of Shares over which the Award subsists unless and until the Committee, in its absolute discretion, determines at any time before resolving to allot Shares upon the exercise of such Award that in substitution for the allotment and issue of Shares that it shall procure the transfer of some or all of the Shares over which such Award subsists, or that it shall transfer Treasury Shares, to the relevant Award Holder (or to a person nominated by the relevant Award Holder in accordance with **Rule 7.4**). Upon the Committee making such a determination the Award (either in whole or in part as the case may be) shall be treated as having been at all times an Award to acquire (and not to subscribe for) the relevant number of Shares as so determined by the Committee or to receive Treasury Shares as so determined by the Committee (as the case may be). If the Committee determines to procure the transfer of the relevant number of Shares or transfer Treasury Shares to an Award Holder upon exercise of an Award, the obligation to pay stamp duty (if any) on the transfer shall be a liability of the Company.
- 7.9 In the event of a determination pursuant to and in accordance with **Rule 7.8**, the Shares comprised in the relevant Award (or, as the case may be, the relevant part of the Award) shall not be taken into account for the purposes of the limits contained in **Rule 3.3**, unless such Shares are Treasury Shares. Treasury Shares that are transferred or to be transferred to satisfy the exercise of Awards are, subject to **Rules 3.4** and **3.7**, to be regarded as issued or capable of being issued for the purposes of the limit contained in **Rule 3.3**.
- 7.10 If an Employee Tax Liability arises as a result of or in connection with the exercise of an Award then unless:
- 7.10.1 the relevant Award Holder has indicated in the form of exercise that he will make a payment to the Company of an amount equal to the Employee Tax Liability; and
- 7.10.2 the Award Holder does, within 7 days of being notified by the Company of the amount of the Employee Tax Liability, make such payment to the Company,

the Company, or if applicable the Trustee, may sell or procure the sale of sufficient of the Shares resulting from the exercise of the Award on behalf of the Award Holder and arrange payment to the member of the Group (or other relevant person) on which the Employee Tax Liability falls of an amount equal to the Employee Tax Liability out of the proceeds of sale (by way of reimbursement).

7.11 If the Committee determines pursuant to **Rule 4.2.7** that it shall be a condition of exercise of the Award in question that the Award Holder is responsible for paying any employer's national insurance contributions payable as a result of or in connection with the exercise of that Award then **Rule 7.10** shall apply mutatis mutandis to such employer's national insurance contributions as though references in that Rule to "Employee Tax Liability" were references to the employer's national insurance contributions due as a result of or in connection with the exercise of the Award concerned.

7.12 It shall, unless the Committee determines otherwise, be a condition of exercise of an Award, that the Award Holder must deliver a validly completed election pursuant to Section 431(1) of ITEPA in respect of all the Shares resulting from the exercise of the Award concerned to the Company no later than 7 days following the exercise of the Award.

8. RESTRICTIONS UPON THE EXERCISE OF AWARDS AND LAPSE OF AWARDS

8.1 No Award Holder shall in any circumstances be entitled to exercise an Award either in whole or in part at any time when such exercise would be in breach of the AIM Rules, any relevant share dealing code adopted by the Company or any statute or any regulation or order made thereunder or any governmental directive.

8.2 In addition to any other provision in these Rules pursuant to which an Award shall lapse on an earlier date, an Award shall lapse and cease to be exercisable upon the earliest of:

8.2.1 the expiry of the Award Period relating to that Award;

8.2.2 subject as provided in **Rules 12.5** and **12.6**, on the commencement of the winding-up of the Company; and

8.2.3 upon a bankruptcy order being made in respect of the Award Holder.

9. CESSATION OF EMPLOYMENT BEFORE THE VESTING DATE

9.1 If an Award Holder ceases to be an Eligible Employee at any time prior to the Vesting Date of an Award by reason of his injury, ill health or disability (in each case evidenced to the satisfaction of the Committee), retirement with the agreement of his employer, death or his office or employment being with either a company which ceases to be a Group Member or relating to a business or part of a business which is transferred to a person who is not a Group Member or in any other circumstances at the discretion of the Committee, then the Award concerned for which the Vesting Date has yet to occur at the time of such cessation shall not lapse upon the Award Holder ceasing to be an Eligible Employee but shall continue in existence and be retained by the Award Holder subject to the following provisions of this **Rule 9**.

9.2 In any case where **Rule 9.1** is applicable to an Award, unless the Committee determines that the Award shall be capable of exercise prior to its Vesting Date pursuant to **Rule 9.3**, the Award in question shall:

9.2.1 become capable of exercise in accordance with **Rule 7.1** following its Vesting Date subject to the prior satisfaction of any conditions imposed upon the grant of that Award under **Rule 5** (after adjustment, if relevant, in accordance with **Rule 5.3** or **Rule 5.5**);

9.2.2 be subject to the application of **Rule 15**; and

- 9.2.3 subject always to **Rule 8** and **11.3**, lapse immediately on the expiry of 12 months following its Vesting Date.
- 9.3 The Committee may, in its sole discretion, determine that notwithstanding **Rule 9.2.1**, that if **Rule 9.1** is applicable to an Award, the Award in question may, subject to the prior satisfaction of any conditions imposed upon the grant of that Award under **Rule 5** (after adjustment, if relevant, in accordance with **Rule 5.3** or **Rule 5.5**), be capable of exercise immediately on the date that the Award Holder ceases to be an Eligible Employee. In the event that the Committee exercises its discretion pursuant to the foregoing provisions of this **Rule 9.3** to permit an Award to be capable of exercise immediately on the date that the Award Holder ceases to be an Eligible Employee, the Award in question:
- 9.3.1 shall be subject to the application of **Rule 15**; and
- 9.3.2 shall, subject always to **Rule 8** and **11.3**, lapse immediately on the expiry of 12 months following the date of such cessation.
- 9.4 If an Award Holder ceases to be an Eligible Employee at any time in any circumstance not mentioned in **Rule 9.1**, then any Award which he holds at the date of cessation in respect of which the Vesting Date has not occurred shall lapse immediately on the date of such cessation.
- 9.5 The foregoing provisions of this **Rule 9** are subject to **Rule 11**.

10. **CESSATION OF EMPLOYMENT ON OR AFTER THE VESTING DATE**

- 10.1 If an Award Holder ceases to be an Eligible Employee at any time on or after the Vesting Date of an Award by reason of his injury, ill health or disability (in each case evidenced to the satisfaction of the Committee), retirement with the agreement of his employer, death or his office or employment being with either a company which ceases to be a Group Member or relating to a business or part of a business which is transferred to a person who is not a Group Member or in any other circumstances at the discretion of the Committee, then the Award concerned for which the Vesting Date has already occurred at the time of such cessation shall not lapse upon the Award Holder ceasing to be an Eligible Employee but shall continue in existence and be retained by the Award Holder and may be exercised in accordance with **Rule 7.1** subject to the prior satisfaction of any conditions imposed upon the grant of that Award under **Rule 5** (after adjustment, if relevant, in accordance with **Rule 5.3** or **Rule 5.5**) at any time during the period of 12 months following the date of the Award Holder ceasing to be an Eligible Employee. To the extent that the Award is not exercised during such 12 month period it shall lapse immediately at the expiry of such 12 month period. For the avoidance of doubt, **Rule 15** will not apply to any such Award.
- 10.2 If an Award Holder ceases to be an Eligible Employee at any time in any circumstance not mentioned in **Rule 10.1**, then any Award which he holds at the date of cessation in respect of which the Vesting Date has occurred shall lapse immediately on the date of such cessation.
- 10.3 The foregoing provisions of this **Rule 10** are subject to **Rule 11**.

11. **MEANING OF CESSATION OF EMPLOYMENT & RELATED MATTERS**

- 11.1 For the purpose of **Rule 9** and **Rule 10**:
- 11.1.1 an Award Holder shall not be treated as ceasing to be employed by the Company or any Subsidiary until he ceases to hold employment in the Company or any Subsidiary; and
- 11.1.2 if an Award Holder is on leave from work in circumstances where he has a contractual or statutory right to return to work at the end of the period of leave, the Award Holder will be treated as continuing to be employed within

the Group unless and until the Award Holder ceases to be entitled to exercise their right to return to work.

11.2 If an Award Holder ceases to be an Eligible Employee by reason of his death his legal personal representatives shall be able to exercise all rights of the Award Holder in respect of his ability to exercise any Award held by him at the date of his death (subject to adducing proof satisfactory to the Committee that they are the Award Holder's legal personal representatives).

11.3 Notwithstanding any other provision of **Rule 9** or **Rule 10**, where an Award has become exercisable in accordance with **Rule 9** or **Rule 10** and the provisions of **Rule 12** subsequently apply (or vice versa), the period of time allowed for the exercise of an Award shall be the first to expire under **Rule 9**, **Rule 10** or **Rule 12** (as the case may be).

12. **CHANGE IN CONTROL, LIQUIDATION AND DEMERGER**

12.1 The provisions of this **Rule 12** shall apply if any one or more of the events specified in this **Rule 12** occur at any time. For the avoidance of doubt, the following provisions of this **Rule 12** shall not apply to an Internal Reorganisation save to the extent provided in **Rule 13.5**, and the exercise of an Award pursuant to the provisions of this **Rule 12** shall be subject to:

12.1.1 the prior satisfaction of any conditions imposed upon the grant of that Award under **Rule 5** (after adjustment, if relevant, in accordance with **Rule 5.3** or **Rule 5.5**); and

12.1.2 where one or more of the events specified in this **Rule 12** occur before the end of the Vesting Period relating to that Award, the application of **Rule 15**.

12.2 If at any time any person makes a General Offer:

12.2.1 an Award Holder may, subject to **Rule 12.3** and subject as otherwise provided in **Rule 8**, exercise any Award then held by him during the period commencing on the date of such offer and expiring six calendar months from the Take-over Date (and any Award not exercised at the end of such period will lapse immediately); and

12.2.2 forthwith upon such an offer being posted to shareholders the Committee shall notify the Award Holders of such offer and shall use its reasonable endeavours to procure that if an Award Holder is allotted Shares which are not the subject of the said offer, pursuant to an exercise of Awards in accordance with **Rule 12.2.1**, the offeror shall offer to acquire from the Award Holder all such Shares upon the same terms as the terms on which the offeror acquired Shares the subject of the General Offer.

12.3 Any Award exercised pursuant to **Rule 12.2** on or before the Take-over Date shall be conditional upon and shall not take effect until immediately before the Take-over and if the Take-over does not arise the notices of exercise delivered in relation to the Awards pursuant to **Rule 12.2** shall be null and void and all such Awards shall remain in force and may be subsequently exercised in accordance with and subject to these Rules.

12.4 If a person becomes entitled to acquire Shares under sections 974 to 991 inclusive of the Companies Act 2006, the Committee shall notify each Award Holder of such circumstances as soon as it becomes aware of them and an Award Holder may, subject as provided in **Rule 8**, exercise any Award then held by him at any time up to the seventh day before the last day on which that person remains entitled to serve notice under section 980 of the Companies Act 2006. Any Award not exercised at the end of such period will lapse immediately.

12.5 If the Court sanctions a compromise or arrangement under Part 26 of the Companies Act 2006 proposed for the purpose of or in connection with:

- 12.5.1 the acquisition of the whole or part of the issued ordinary share capital of the Company (or such part of such capital as is not then owned by the acquiror or any company Controlled by the acquiror and/or any person acting In Concert with the acquiror) as a result of which the acquiror (or any such companies and/or such other persons) may gain Control of the Company; or
- 12.5.2 a scheme for the reconstruction of the Company or its amalgamation with any other company,

an Award Holder may, subject as provided in **Rule 8**, exercise any Award then held by him during the period commencing on the date on which the compromise or arrangement is sanctioned by the Court and expiring six calendar months from the date of such sanctioning. Any Award not exercised at the end of such period will lapse immediately.

- 12.6 In the event of a resolution being passed by the Company for the voluntary winding-up of the Company (except for the purposes of a reconstruction or amalgamation sanctioned by the Court under Part 26 of the Companies Act 2006) an Award Holder may, subject as provided in **Rule 8**, exercise any Award then held by him during the period of six calendar months commencing on the date of the passing of the resolution for such winding-up and such Awards shall be deemed for the purpose of determining the right of such Award Holder to participate in any distribution to shareholders (but for no other purpose whatsoever) to have been exercised immediately before the passing of the said resolution. Any Award not exercised at the end of such period will lapse immediately.
- 12.7 In the event that a proposal for a demerger of the Company, a special dividend or other similar event is announced in relation to the Company which the Committee considers would affect the quoted share price of a Share to a material extent, the Committee may in its absolute discretion determine that such announcement should be treated as a General Offer. In such case, **Rules 12.2** and **12.3** shall apply to all Awards as at the time of the announcement of the proposed demerger, special dividend or other similar event concerned as though, for the purpose of **Rules 12.2** and **12.3**, such announcement was the making of a General Offer and the Take-over Date was the date of the completion of the demerger, special dividend or other similar event concerned.

13. **INTERNAL REORGANISATION**

- 13.1 If an Internal Reorganisation occurs, unless the Committee determines otherwise pursuant to **Rule 13.5**, each Award Holder shall, subject to the agreement of the Acquiring Company, release his rights under each Award (whether or not the Vesting Date for such Award has occurred at the time of the Internal Reorganisation) held by him at the time of such Internal Reorganisation in consideration of the grant to him of a new award ("the new award") which is equivalent to the Award released ("the old award") but which relates to shares ("the new shares") in the Acquiring Company. The period of time permitted for such release to occur shall be such period as is specified by the Committee and notified to Award Holders but which in any event shall not expire later than 3 months following the date upon which the Internal Reorganisation occurs. Any Award which is not released prior to the expiry of the period so specified by the Committee shall lapse immediately at the expiry of such period.
- 13.2 For the purposes of **Rule 13.1** the new award shall not be deemed to be equivalent to the old award unless the new award shall be capable of being exercised at the same time as the old award. Each new award shall be subject to the provisions of the Plan as in effect immediately prior to the release of the old award.
- 13.3 For the purposes of the Plan, and in respect only of Awards the rights comprised in which have been released in accordance with **Rule 13.1**, following the grant of the new awards the term "Shares" shall have the same meaning as is ascribed to the term "the new shares" in this **Rule 13** and the term "Company" will for the purposes only of the definitions of "Acquiring Company", "Issue or Reorganisation", "General Offer", "Take-over" and **Rules 6, 7, 8, 12, 13, 14, 16, 18, 19, 20** and **23** mean the company the share capital of which the new shares form part.

13.4 Upon a transaction in accordance with **Rule 13.1** the event by virtue of which that transaction was effective will, following that transaction, be deemed not to have occurred for the purposes of whichever is relevant of **Rules 12.2** or **12.3**.

13.5 The Committee may, in its absolute discretion determine that **Rule 13.1** shall not apply in the event that an Internal Reorganisation occurs. In such case, **Rules 12.1** and **12.2.1** (but not **Rule 12.3**) shall apply to all Awards as though, for the purpose of **Rule 12.2.1**, the occurrence of Internal Reorganisation was both the making of a General Offer and the Take-over Date.

14. **ADJUSTMENT OF AWARDS**

14.1 Upon the occurrence of an Issue or Reorganisation the number and/or nominal value of Shares comprised in each Award and/or the Award Price (if any applies to the Award in question) thereunder may, subject to **Rule 14.3**, be adjusted in such manner as the Committee may deem appropriate (save that no such adjustment shall be made without the prior written approval of the Trustee in any case where such Trustee has granted the Award or has agreed to satisfy it). Subject as provided in **Rule 14.2**, where the Award is to subscribe for Shares and an Award Price is payable in order to exercise the Award concerned (rather than the price per Share payable to exercise such Award being zero), the adjusted Award Price for a Share shall never be less than its nominal value.

14.2 Where an Award is to subscribe for Shares and an Award Price is payable in order to exercise the Award concerned, an adjustment may be made pursuant to **Rule 14.1** which would result in the Award Price being less than the nominal value of a Share provided that at the date of such adjustment the Board has authority to capitalise from the reserves of the Company a sum equal to the amount by which the aggregate nominal value of the Shares subject to such Award exceeds the adjusted Acquisition Price. On exercise of such Award, the Board shall capitalise such sum and apply it in paying up such amount.

14.3 Notwithstanding **Rule 14.1**, an Award shall not be adjusted pursuant to such **Rule 14.1** in any case where the Issue or Reorganisation concerned is one falling within paragraph (b) of the definition of Issue or Reorganisation and the Committee has in relation to such Issue or Reorganisation permitted the Award in question to become immediately capable of exercise prior to the Vesting Date of such Award pursuant to **Rule 12.7**.

14.4 Notice of any adjustments made pursuant to **Rule 14.1** shall be given to the Award Holders by the Committee, which may call in Award Certificates for endorsement or replacement.

15. **PRO-RATING OF AWARDS ON EARLY EXERCISE**

15.1 The provisions of this **Rule 15** shall apply if, in relation to any Award, an Early Exercise Trigger shall occur before the end of the Vesting Period for that Award.

15.2 Following the occurrence of an Early Exercise Trigger in relation to any Award, the maximum number of Shares over which the Award may be exercised (rounded down to the nearest whole number) shall, subject to **Rule 15.3**, be reduced to the proportion of the number of Shares comprised in the Award that equals the proportion that the number of days which have elapsed from the Date of Grant of the Award to and including the date upon which the Early Exercise Trigger occurs bears to the number of days in the Vesting Period relating to that Award.

15.3 The Committee may, having full regard to all circumstances surrounding the Early Exercise Trigger in question, in its absolute discretion ignore the prescribed pro rating of the Shares over which an Award may be exercised set out in **Rule 15.2** and either reduce the number of Shares over which the Award may be exercised by some lesser extent of pro-ration than that proscribed by **Rule 15.2** or make no such reduction.

15.4 For the avoidance of doubt, in assessing any condition imposed on an Award pursuant to **Rule 5** the Committee shall take into account any adjustment to the maximum number of Shares over which the Award may be exercised made pursuant to this **Rule 15**.

16. **CLAWBACK**

16.1 Notwithstanding anything to the contrary herein, the provisions of this **Rule 16** shall apply in the event that at any time prior to the third anniversary of the Vesting Date of an Award ("**Determination Date**"):

16.1.1 the Committee determines that the published accounts of the Company in respect of any of the Financial Years taken into account in assessing the extent to which any Performance Condition in respect of such Award was satisfied were materially misstated and that such misstatement has resulted in the Award becoming capable of exercise over a greater number of Shares than would have been the case had the misstatement not occurred; or

16.1.2 the Committee determines that an error (including an error based on incorrect information) was made in assessing the extent to which any Performance Condition in respect of such Award was satisfied and that such error has resulted in the Award becoming capable of exercise over a greater number of Shares than would have been the case had the error not been made; or

16.1.3 the Committee discovers that the Award Holder has, at any time on or prior to the Vesting Date of the Award, committed serious misconduct (as determined by the Committee).

16.2 In the event that any of **Rules 16.1.1, 16.1.2** or **16.1.3** applies to an Award, the Committee may, in its absolute discretion, at any time prior to the Determination Date, determine that such Award is subject to Clawback.

16.3 In the event that a determination is made by the Committee pursuant to **Rule 16.2**, the amount or value that may be Clawed-Back shall be:

16.3.1 in the circumstances described in **Rule 16.1.1** or **16.1.2**, the excess number of Shares in respect of which the Award was granted or became capable of exercise (as the case may be) as a result of the misstatement or error concerned;

16.3.2 in the circumstances described in **Rule 16.1.3**, such number of Shares (not exceeding the total number of Shares in respect of which the Award is capable of exercise or was exercised) as is determined in the sole discretion of the Committee,

and for the purpose of this **Rule 16**, such number of Shares shall comprise the "**Excess Vested Shares**".

16.4 In the event that a determination is made by the Committee pursuant to **Rule 16.2**, the Clawback shall be effected in one or more of the following ways so as to ensure that the Excess Vested Shares or the Equivalent Value thereof is recovered from the Award Holder:

16.4.1 the Committee may reduce (including a reduction to zero) the amount of any future bonus which would be payable to the Award Holder under any bonus plan operated by any Group Member;

16.4.2 the Committee may reduce (including a reduction to zero) the extent to which any subsisting Award held by the Award Holder is capable of exercise, notwithstanding the extent to which any condition imposed pursuant to **Rule 5** on such Award is satisfied;

16.4.3 the Committee may reduce (including a reduction to zero) the number of Shares that would have otherwise been made subject to any future Award granted to the Award Holder or the number of Shares that would have otherwise been made subject to any future option or award granted to the Award Holder under any employees' share scheme operated by the Company

(other than a Schedule 2 Share Incentive Plan, a Schedule 3 SAYE Option Scheme or a Schedule 4 CSOP Scheme);

- 16.4.4 the Committee may require the Award Holder to pay to such Group Member as the Committee directs and on such terms as the Committee may direct (including, but not limited to, deduction from salary or from any other payment owed to the Award Holder by any Group Member) such amount as will enable full recovery from the Award Holder of the Equivalent Value of the Excess Vested Shares from the Award Holder.
- 16.5 In the event that **Rule 16.4.4** is applied to the Award Holder, the Award Holder shall comply with any direction given by the Committee pursuant to such **Rule 16.4.4**.

17. **SHARE RETENTION**

- 17.1 Subject to **Rule 17.2**, the Award Holder of an Award in question shall not be entitled to, and shall not, at any time during the Holding Period relating to such Award dispose of, transfer, assign, charge, hypothecate or otherwise encumber the Shares acquired pursuant to the exercise of such Award (including any Dividend Equivalent Shares) or any of them.
- 17.2 Notwithstanding **Rule 17.1**, an Award Holder shall at any time during the Holding Period applying in respect of an Award:
- 17.2.1 be permitted to dispose of such number of Shares (and Dividend Equivalent Shares) acquired pursuant to the exercise of such Award as may produce a sum sufficient to discharge any income tax and/or employee's national insurance contributions and/or employer's national insurance contributions for which the Award Holder is liable pursuant to **Rules 7.10** and **7.11** as a result of the exercise of the Award in question;
- 17.2.2 be permitted to dispose of such number of Shares (and Dividend Equivalent Shares) acquired pursuant to the exercise of such Award as may produce a sum equal to the Acquisition Price, (if any), in respect of that Award;
- 17.2.3 be permitted to dispose of, or transfer, Shares acquired pursuant to the exercise of such Award in circumstances where such Shares are being disposed of or transferred in connection with a Take-over or an event referred to in **Rule 12.5, 12.6** or **12.7**;
- 17.2.4 be permitted to dispose of Shares with the Committee's express written consent (but not otherwise) in any circumstances which the Committee determines to be exceptional.
- 17.3 For the avoidance of doubt:
- 17.3.1 in the event that an Award is exercised on or after the expiry of the Holding Period that is applicable to such Award, the restrictions contained in **Rule 17.1** shall not apply to any Shares (and/or Dividend Equivalent Shares) acquired pursuant to the exercise of the Award in question;
- 17.3.2 immediately following the expiry of the Holding Period relating to an Award the restrictions contained in **Rule 17.1** shall cease to apply to any Shares (and/or Dividend Shares) acquired pursuant to the Award in question.
- 17.4 By accepting the grant of an Award and not renouncing it, an Award Holder shall be deemed to have agreed to the foregoing provisions of this **Rule 17**.

18. **COSTS**

Any costs relating to the introduction and administration of the Plan shall be payable by the Company.

19. **ADMINISTRATION**

- 19.1 The Committee shall have power from time to time to make and vary such regulations (not being inconsistent with these Rules) for the implementation and administration of the Plan as it thinks fit.
- 19.2 Any notice given by an Eligible Employee or an Award Holder to the Company (or, as the case may be, the Trustee) in pursuance of the Plan must be given in writing and signed by the Eligible Employee or Award Holder as the case may be and shall be acted upon by the Company (or, as the case may be, the Trustee) as soon as practicable after receipt provided that the Company (or, as the case may be, the Trustee) may, in its absolute discretion, act on instructions given or purporting to be given by electronic mail or facsimile and shall not be responsible for any loss whatsoever occasioned by so acting. Any such notice shall be properly given if sent by post to or delivered to the Secretary of the Company at its registered office (or, as the case may be, to the Trustee at the address set out in the Award Certificate).
- 19.3 Any notification or other notice which the Company is required to give or may desire to give to any Award Holder in pursuance of the Plan shall be sufficiently given if delivered to him in person or if sent through the post in a prepaid cover addressed to such Award Holder at his address last known to the Company.
- 19.4 Any notice sent by post shall (save as provided by **Rule 7.2**) be deemed to be properly served 48 hours after an envelope containing such notice and properly addressed has been posted by first class post.
- 19.5 The Company shall make returns of all Awards granted and exercised and shall provide such other information relating to the Award Holders as may be from time to time required by HMRC.

20. **GENERAL**

- 20.1 The formation, existence, construction, performance, validity and all aspects whatsoever of the Plan, any term of the Plan and any Award granted under it shall be governed by English law. The English courts shall have jurisdiction to settle any disputes which may arise out of or in connection with the Plan. The jurisdiction provisions contained in this **Rule 20.1** are made for the benefit of the Company and any Trustee only, which accordingly retain the right to bring proceedings in any other court of competent jurisdiction.
- 20.2 The decision of the Committee in any dispute or question concerning the construction or effect of the Plan or any other questions arising in connection with the Plan shall be final and conclusive.
- 20.3 The Board may at any time resolve to terminate the Plan in which event no further Awards shall be granted but the provisions of the Plan shall, in relation to the Awards then subsisting, continue in full force and effect.
- 20.4 Notwithstanding any other provision of these Rules:
- 20.4.1 the Plan shall not form any part of any contract of employment between the Company or any Subsidiary and any employees of any of those companies, and it shall not confer on any such employees any legal or equitable rights (other than those constituting the Awards themselves) against the Company or any Subsidiary, directly or indirectly, or give rise to any cause of action in law or in equity against the Company or any Subsidiary;
- 20.4.2 the benefits to Eligible Employees under the Plan shall not form any part of their wages or remuneration or count as pay or remuneration for pension fund or other purposes; and

20.4.3 in no circumstances shall any Eligible Employee, on ceasing to hold the office or employment by virtue of which he is or may be eligible to participate in the Plan, be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under the Plan which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office or otherwise.

20.5 By accepting the grant of an Award and not renouncing it, an Award Holder shall be deemed to have agreed to the foregoing provisions of this **Rule 20**.

21. **AMENDMENTS TO THESE RULES**

21.1 Subject to **Rule 21.2**, these Rules may be amended in any manner by resolution of the Committee from time to time.

21.2 Subject as provided in **Rule 21.3**, no amendments to these Rules shall adversely affect any subsisting Awards except with the written consent on the part of such Award Holders as hold subsisting Awards that are affected by the proposed amendments over at least 75% of the total number of Shares subject to all subsisting Awards that are affected by the proposed amendments.

21.3 Notwithstanding the provisions of **Rules 21.2**, the Committee may make minor amendments to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any Award Holder or any member of the Group.

22. **OVERSEAS EMPLOYEES**

Notwithstanding any other provision of these Rules, the Committee may, in respect of an Award granted to an Eligible Employee who is or who may become primarily subject to taxation on his remuneration outside the United Kingdom, amend or alter the provisions of any Award to take account of relevant overseas taxation or securities law provided that the Committee shall not make any such amendment or alteration which would result in an Eligible Employee being granted an Award upon terms commercially more favourable than the terms upon which the Award could have been granted if the Eligible Employee was subject to taxation on his remuneration primarily within the United Kingdom.

23. **DATA PROTECTION**

Any personal data relating to an Eligible Employee and/or an Award Holder that is used in connection with the Plan shall be processed in accordance with the Fair Processing Notice as from time to time amended. A copy of the current Fair Processing Notice will be available on the Company's intranet or on request by contacting the Company Secretary or any other officer of the Company.