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Rules of The Shanks Group plc 2011 Long-Term Incentive Plan

Approved by the Company in general meeting
on [21 July 2011]

RULES OF THE SHANKS GROUP plc 2011 LONG-TERM INCENTIVE PLAN

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RULES OF THE SHANKS GROUP plc 2011 LONG-TERM INCENTIVE PLAN

1. DEFINITIONS

In these Rules (unless the context otherwise requires) the following words and phrases have the following meanings:

"Admitted" means admitted to the official list maintained by the FSA and admitted to trading on the London Stock Exchange's market for listed securities;

"Announcement Date" means any date on which the results of the Group for any period are announced;

"Associated Company" has the meaning given to it in section 449 of the Corporation Tax Act 2010;

"Award" means a conditional award of a specified number of Shares;

"Award Tax Liability" means an amount sufficient to satisfy all United Kingdom taxes, duties, social security or national insurance contributions and/or their equivalent in any other jurisdiction or any other amounts which are required to be withheld or accounted for by a Participant's Employing Company, the Company, any Associated Company of the Company or the Trustees in connection with the grant, holding, exercise and/or vesting of an Option and/or an Award, or in connection with a Dividend Accrual Payment;

"Board" means the board of directors from time to time of the Company (or the directors present at a duly convened meeting of such board), the Remuneration Committee or any other duly authorised committee of the Board;

"Cash Alternative" has the meaning given to it in Rule 13.1;

"Commencement Date" means the date on which the Plan is approved by the Company in general meeting;

"Company" means Shanks Group plc, registered in Scotland No SC077438;

"Compulsory Acquisition Provisions" means the provisions contained in Chapter 3 of Part 28 of the Companies Act 2006;

"Condition" means any Performance Condition or any other objective condition determined by the Board on or prior to the Date of Grant of an Award;

"Control" has the meaning given to it by section 995 of the Income Tax Act 2007;

"Date of Grant" means the date on which an Award is granted in accordance with Rule 3.1;

"Dealing Day" means any day on which the London Stock Exchange is open for the transaction of business;

"Discretionary Share Scheme" means any Employees' Share Scheme in which participation is solely at the discretion of the Board or the grantor of rights under such a scheme;

"Dividend Accrual Payment" means an amount equal to the aggregate cash amount of the Dividends;

"Dividends" means the aggregate dividends (excluding any related tax credits and any dividend of a special or exceptional nature unless the Board in its absolute discretion determines that it shall be included) which would have been paid to the Participant in respect of the Shares acquired on the exercise of an Option for such period, commencing no earlier than the Option Grant Date and ending no later than the date of such acquisition, as the Board may, in its discretion, determine, had those Shares been beneficially owned by the Participant during that period;

"Early Vesting Date" means, if any of the circumstances described in Rule 8.2 or Rule 12.1 shall arise, such earlier date than the Normal Vesting Date as may be provided for;

"Earnings" means the aggregate annual rate of base salary (excluding bonuses) of an Eligible Employee payable in respect of all such office(s) or employment(s) on the Date of Grant of an Award;

"Eligible Employee" means any employee (including an executive director) of any Participating Company;

"Employees' Share Scheme" has the meaning given to it in section 1166 of the Companies Act 2006;

"Employing Company" means the Company or any Member of the Group or any Associated Company of the Company by which the Participant is or, where the context so admits, was employed;

"Employment" means office or employment with any Member of the Group;

"Financial Year" has the meaning given to it in section 390 of the Companies Act 2006;

"Formula" has the meaning given to it in Rule 8.2 as modified for the purposes of Rule 11.1;

"FSA" means the Financial Services Authority (or any successor entity) acting in its capacity as the competent authority for the purposes of part VI of the Financial Services and Markets Act 2000;

"Group" means the Company and its Subsidiaries from time to time;

"HMRC" means Her Majesty's Revenue and Customs and, where relevant, any predecessor body which carried out part of its functions and references to any approval by HMRC shall, where appropriate, include approval by an officer of Revenue and Customs;

"Internal Reorganisation" means any compromise, arrangement or offer relating to Shares (including any Specified Event) after which, in the reasonable opinion of the Board, Control of the Company remains substantially in the hands of the same persons as beforehand;

"London Stock Exchange" means London Stock Exchange plc or any successor company or body carrying on the business of London Stock Exchange plc;

"Market Value" means, in relation to a Share on any date:

- (a) at any time at which the Shares are Admitted, its average middle market quotation (as derived from the Daily Official List of the London Stock Exchange) on the three Dealing Days immediately preceding that date; or
- (b) at any time at which the Shares are not Admitted, the Board's reasonable opinion of the fair market value on the day immediately preceding that date;

"Member of the Group" means the Company or any one of its Subsidiaries from time to time;

"Model Code" means the Model Code for transactions in securities by directors and certain employees of listed companies issued by the FSA from time to time (or such other code as may replace it), as amended from time to time;

"Normal Vesting Date" means, in relation to an Award, the latest of:

- (a) the date on which it is determined that, the Performance Period having expired, any Condition has been satisfied, either in full or in part, in respect of that period or has been waived;
- (b) the date on which the Board releases the audited results of the Company for the third Financial Year of the Performance Period; and
- (c) the third anniversary of the Date of Grant;

"Option" means a right granted (i) on or before the vesting of, and in relation to, a Subsisting Award, and (ii) to acquire a specified number of Shares covered by that Award at nil cost in accordance with the Rules;

"Option Grant Date" means the later of:

- (a) the date on which an Option shall be granted to a Participant in accordance with Rule 8.1; and
- (b) the Vesting Date of the Award in respect of which the Option shall have been granted;

"Option Period" means the period commencing on the Vesting Date and ending on the day preceding the tenth anniversary of the Date of Grant or such earlier date as the Board may on or before the Option Grant Date determine;

"Participant" means any individual who has been granted and remains entitled to a Subsisting Award or (where the context admits) the personal representative(s) of any such individual;

"Participating Company" means any Member of the Group;

"Performance Condition(s)" means any condition or conditions relating to the performance of the Company and/or the Group and/or the Participant determined by the Board on or prior to the Date of Grant of an Award;

"Performance Period" means, in relation to any Award, the period of three consecutive Financial Years of the Company commencing with the Financial Year in which the Award is granted;

"Personal Data" has the meaning given to that term in section 1(1) of the Data Protection Act 1998;

"Plan" means this plan as governed by the Rules;

"Relevant Period" has the meaning given to that term in Rules 8.2 and 12.1;

"Remuneration Committee" means, at any time prior to a Specified Event, the Remuneration Committee of the Board at the time and, at any time on or after a Specified

Event, the Remuneration Committee of the Board as constituted immediately prior to the Specified Event;

"Restricted Shares" means Shares which are the subject of a Restricted Share Award;

"Restricted Share Award" means an award of Shares to an Eligible Employee as set out in Rule 9;

"Rules" means these rules as from time to time amended in accordance with their provisions by the Board or by the Company in general meeting;

"Share" means a fully paid ordinary share in the capital of the Company;

"Specified Event" means any of the following events or, in the case of paragraph (e), date:

- (a) any person obtains Control of the Company as a result of making a general offer to acquire the whole of the issued share capital of the Company or all the shares in the Company which are of the same class as the Shares; or
- (b) the Court sanctions a compromise or arrangement under section 899 of the Companies Act 2006; or
- (c) any person becomes bound or entitled to acquire Shares under the Compulsory Acquisition Provisions; or
- (d) the Company passes a resolution for voluntary winding-up; or
- (e) if the Board determines that Awards should be allowed to vest or become exercisable in the event of a proposed demerger of the Company's business or assets, such date prior to the demerger as the Board shall reasonably determine;

"Subsidiary" means a company which is both under the Control of the Company and is a subsidiary of the Company (within the meaning of section 1159 of the Companies Act 2006);

"Subsisting Award" means an Award to the extent that it has neither lapsed nor vested;

"Subsisting Option" means an Option to the extent that it has neither lapsed nor been exercised;

"Trustees" means the trustees of any employee benefit trust established by the Company or any other Member of the Group for the benefit of directors and/or employees of the Company and/or Group;

"Vesting Date" means either a Normal Vesting Date or an Early Vesting Date PROVIDED that if a Vesting Date would otherwise fall on a day on which the resulting dealing in Shares would be prohibited under the Model Code, the Vesting Date shall instead be the first day following the expiry of such prohibition on which dealings would be permitted under the Model Code.

Where the context so admits the singular shall include the plural and vice versa and the masculine gender shall include the feminine. Any reference to a statutory provision is to be construed as a reference to that provision as for the time being amended or re-enacted and shall include any regulations or other subordinate legislation made under it.

2. **COMMENCEMENT AND TITLE**

The Plan shall commence on the Commencement Date and shall be known as The Shanks Group plc 2011 Long-Term Incentive Plan.

3. **GRANT OF AWARDS**

3.1 The Board may from time to time in its absolute discretion grant Awards to such Eligible Employees as it shall in its absolute discretion select. No Eligible Employee shall be entitled as of right to have an Award granted to him. The extent of any grant of Awards shall be determined by the Board in its absolute discretion but shall be subject to the limits contained in Rules 5 and 6.

3.2 No payment shall be required in consideration for the grant of an Award. The Board shall grant Awards by deed or in such form as the Board shall decide. A single deed of grant may be executed in favour of any number of Participants. Each Participant shall on, or as soon as possible after, the Date of Grant be issued with a certificate evidencing the grant of the Award and setting out its terms and any Condition(s) determined under Rule 3.3 below.

3.3 The Board may grant an Award subject to such Condition(s) as it in its discretion thinks fit which must (save as otherwise provided in the Rules) be fulfilled before the Award (other than a new award under Rule 12.4) may vest. The Board may, in its absolute discretion, but subject always to the agreement of the Remuneration Committee:

- (a) vary or waive any such Condition if circumstances occur which cause the Board to determine that such Condition shall have ceased to be appropriate, provided that any new Condition(s) imposed or any variation is or are in its opinion fair, reasonable and no more difficult to satisfy than the previous Condition(s); and
- (b) adjust the outcome of any objective financial Condition in any way if and to the extent that the Board considers that the adjusted outcome reflects more fairly the performance of the Company during the relevant Performance Period.

3.4 Subject to Rules 3.5 and 3.6 below, an Award may only be granted at the following times:

- (a) within the period of 42 days after the Commencement Date; or
- (b) within the period of 42 days after an Announcement Date; or
- (c) at any time at which the Board resolves that exceptional circumstances exist which justify the grant of an Award.

3.5 No Award may be granted at any time at which a dealing in the Shares would not be permitted under the Model Code.

3.6 No Award may be granted under the Plan later than ten years after the Commencement Date.

3.7 Subject to Rule 6 below, an Eligible Employee may be granted any combination of Awards, whether in a single grant or pursuant to a series of grants.

4. **DIVIDEND ACCRUAL PAYMENT**

4.1 The Board may in its absolute discretion determine, at any time before the exercise of an Option, that the Participant shall receive a Dividend Accrual Payment on the acquisition of Shares pursuant to such exercise.

4.2 The Dividend Accrual Payment may be paid, at the absolute discretion of the Board:

- (a) in cash, subject to any deductions made in accordance with Rule 4.3 below, as soon as reasonably practicable after the Participant has acquired Shares following the exercise of an Option; and/or
 - (b) in whole or in part by the issue or transfer to the Participant (or his nominee) of that number of Shares which could be subscribed for or purchased using the cash amount (or part thereof) of the Dividend Accrual Payment at a price equal to the Market Value of the Shares on the date of payment, in which case the provisions of Rule 10.6 shall apply to the issue or transfer of those Shares.
- 4.3 Such deductions on account of the Award Tax Liability as may be required by law or as the Board may consider necessary or desirable shall be made from any cash payment under Rule 4.2(a).
- 4.4 The Board may make any arrangements it considers necessary or desirable for the purposes of recovering any Award Tax Liability arising on the delivery of Shares under Rule 4.2(b) which may include requiring the Participant to remit amounts sufficient to satisfy such liability or selling (on behalf of the Participant) a sufficient number of the Shares so transferred or allotted to realise proceeds sufficient to satisfy such liability.
5. **PLAN LIMITS**
- 5.1 Subject to such adjustments as may be made in accordance with Rule 13, no Award shall be granted on any Date of Grant or any proposed Date of Grant if, as a result the aggregate number of Shares issued or committed to be issued pursuant to Awards made under the Plan (other than any Shares which may be issued or committed to be issued under Rule 4.2(b) in order to satisfy a Dividend Accrual Payment) and pursuant to grants or appropriations made during the ten years preceding such Date of Grant under all other Employees' Share Schemes established by the Company would exceed ten per cent. of the issued ordinary share capital of the Company on that Date of Grant.
- 5.2 For the avoidance of doubt, Shares which have been the subject of Awards or of rights granted under any other Employees' Share Scheme which have lapsed shall not be taken into account for the purposes of this Rule 5.
- 5.3 For the purposes of the limit contained in Rule 5.1, the references to Shares issued or committed to be issued shall include Shares transferred from treasury or committed to be so transferred unless institutional investor guidelines cease to require such Shares to be counted.
6. **INDIVIDUAL LIMIT**
- 6.1 No Award may be granted to an Eligible Employee at any time if, as a result, the aggregate Market Value of the Shares subject to that Award together with the aggregate Market Value of Shares committed to be issued or transferred pursuant to any other Award granted to him in the same Financial Year of the Company under the Plan (discounting any Shares issued or transferred, or committed to be issued or transferred, to satisfy a Dividend Accrual Payment), would exceed a sum equal to twice his Earnings.
- 6.2 If any Award exceeds the appropriate limit determined in accordance with Rule 6.1 above, such grant shall be void ab initio to the extent that the limit is exceeded.
- 6.3 For the purposes of this Rule 6, the Market Value of a Share subject to an Award shall be calculated as at the Date of Grant of that Award.
- 6.4 For the purposes of the limit contained in Rule 6.1, the reference to Shares committed to be issued shall include Shares committed to be transferred from treasury.

7. NON-ASSIGNABILITY OF AWARDS

An Award may not be transferred, charged, pledged, mortgaged or encumbered in any way whatsoever by a Participant or his personal representative(s). In the event of any breach or purported breach of this Rule, an Award shall lapse forthwith. This Rule 7 shall not prevent the personal representative(s) of a deceased Participant from exercising an Option or from receiving Shares pursuant to a vested Award in accordance with the Rules or the law of succession.

8. VESTING OF AWARDS AND EXERCISE OF OPTIONS

8.1 Save as otherwise provided in the Rules and subject to Rule 9, if all and any Condition(s) shall have been fulfilled or waived:

- (a) a Subsisting Award shall vest on the Vesting Date;
- (b) if, on or before the Vesting Date, the Board shall have granted an Option to the Participant in respect of all or any of the Shares in respect of which the Award shall vest, then the Award shall be satisfied by the grant of such Option, which shall be exercisable in accordance with Rule 10; and,
- (c) if and to the extent that no Option shall have been granted as described in Rule 8.1(b), the Award shall vest in accordance with Rule 10.

8.2 Subject to Rule 9:

- (a) if a Participant ceases to hold Employment before the expiry of the Performance Period by reason of:
 - (i) death;
 - (ii) injury, ill-health or disability;
 - (iii) redundancy;
 - (iv) retirement;
 - (v) the company employing the Participant ceasing to be a Member of the Group;
 - (vi) the business or part of the business to which the Participant's office or employment relates being transferred to a person who is not a Member of the Group; or
 - (vii) any other reason (other than those set out in Rule 9(f)) and the Board in its absolute discretion so permits,

the following provisions of this Rule 8.2 shall apply;

- (b) an Award shall vest and/or an Option shall become exercisable on the Normal Vesting Date, unless the Board, in its absolute discretion, shall determine that an Early Vesting Date shall apply;
- (c) vesting and/or exercise shall be subject to both:
 - (i) the fulfilment of the Performance Condition(s) up to the relevant Vesting Date; and
 - (ii) time apportionment in accordance with the Formula;

(d) a Subsisting Option may be exercised during the period of six months (or, in the case of death, 12 months) commencing on the relevant Vesting Date;

(e) the Formula shall be:

$$A = \frac{X}{Y} PA$$

where:

A is the number of Shares in respect of which the Option or Award may be exercised or vests;

PA is the number of Shares in respect of which the Option or Award would otherwise be exercisable or would vest having applied the Performance Condition(s);

X is the number of days comprised in the period commencing with the Date of Grant and ending with the date of cessation; and

Y is the total number of days which would have been comprised in the Performance Period had the Participant not ceased to be in Employment;

PROVIDED that where the Board, in its discretion, determines that the number of Shares as would otherwise be equal to "A" would be inappropriate in any particular case, it may substitute such higher number of Shares as it may determine, provided that such higher number does not exceed the total number of Shares subject to that Award.

8.3 If a Participant ceases to hold Employment on or after the expiry of the Performance Period for one of the reasons set out in Rules 8.2(a)(i) to (vii) inclusive:

(a) any Subsisting Option may be exercised within the period of six months (or, in the case of death, 12 months) commencing on the latest of:

(i) the date of cessation of Employment;

(ii) the date on which it is determined that the Performance Condition has been satisfied, either in full or in part, in respect of the Performance Period; and

(iii) the date on which the Board determines that any other Condition(s) have been satisfied or waived; and

(b) any Subsisting Award shall vest on the date which is the latest of the dates referred to in Rule 8.3(a)(i), (ii) and (iii) or, if such date would otherwise fall on a day on which the resulting dealing in Shares would be prohibited under the Model Code, on the first date following the expiry of such prohibition on which dealings would be permitted under the Model Code.

9. **LAPSE**

A Subsisting Option or Award, whenever granted, shall lapse and cease to be capable of exercise or vesting upon the earliest to occur of the following:

(a) in the case of a Subsisting Option, the expiry of the Option Period;

(b) the expiry of the Performance Period, if any Performance Condition(s) remain unfulfilled at that date and have not been waived, except that:

- (i) where Performance Condition(s) allow for an Option or Award to be exercisable or vest in part on partial satisfaction of the Performance Condition(s), a Subsisting Option or Award shall lapse only to the extent of the unexercisable or unvested part; and
 - (ii) a Subsisting Option which is exercisable pursuant to Rule 8.2 or Rule 12.1 by reference to the Relevant Period rather than the Performance Period shall not lapse on the expiry of the original Performance Period to the extent that it is exercisable under either of those Rules;
- (c) the expiry of any period within which a Condition other than a Performance Condition has to be satisfied in accordance with its terms, if such Condition remains unfulfilled at that date and has not been waived;
 - (d) in the case of a Subsisting Option, the expiry of any of the periods mentioned in Rules 8.2, 8.3 and 8.4;
 - (e) the date on which the Participant ceases to hold any Employment, or the date on which he gives or is given notice of such cessation, for any reason other than those set out in Rule 8.2 (a) to (f) above and the Board has not determined that an Option or an Award may be exercised or vest under Rule 8.2(g) above;
 - (f) the date upon which the Participant ceases to hold Employment (or is given notice to cease) by reason of his dishonesty, fraud, misconduct or any other circumstances justifying summary dismissal;
 - (g) the first to expire of any of the periods mentioned in Rule 12 below including for the avoidance of doubt the expiry of the period of one month specified in Rule 12.4 (subject to any agreement entered into pursuant to Rule 12.4);
 - (h) the date upon which the Participant is adjudicated bankrupt;
 - (i) any breach or purported breach of Rule 7 by the Participant.

10. MANNER OF EXERCISE OR VESTING

10.1 A Subsisting Option shall be exercised by the Participant lodging with the Secretary of the Company at its registered office (or otherwise as may be notified to Participants from time to time):

- (i) the certificate in respect of the Option to be exercised;
- (ii) a notice of exercise in such form as the Board may from time to time prescribe; and
- (iii) payment (in such manner as the Board shall direct) of the Exercise Price in respect of the Option;

and the date of exercise shall be the date of receipt of such notice and payment or such other date as the Board may have specified in the notice of exercise.

10.2 A Subsisting Award shall vest automatically on the Vesting Date and shall be satisfied by either:

- (i) the grant of an Option in respect of some or all of the Shares covered by the Award; or

- (ii) if and to the extent that no Option shall have been granted as described in Rule 8.1(b), the issue or transfer to or at the direction of the Participant of the Shares in respect of which the Award shall have vested.
- 10.3 On the vesting of a Subsisting Award which is to be satisfied by the issue of new Shares, the Board may require the Participant to pay to the Company the aggregate nominal value of the Shares to be issued in which case such Shares will not be issued pursuant to Rule 10.6 until such payment has been received by the Company.
- 10.4 An Option may be exercised in whole or in part. Following any exercise of an Option in part (other than an exercise which exhausts the Option), the Participant shall be sent a new certificate in respect of the balance of Shares which are the subject of such Option.
- 10.5 Unless otherwise provided in these Rules, no Option or Award shall be treated as having been exercised or vested unless and until the Board is satisfied that any Condition(s) have been satisfied or partially satisfied in accordance with their terms or have been waived.
- 10.6 Subject to the obtaining of any necessary consents from H.M. Treasury, the Bank of England or other competent authority and to the terms of any such consent and subject to Rules 10.5 and 11, the Board shall within 30 days of the relevant Vesting Date of an Award (being an Award to be satisfied with Shares and not with an Option) or the exercise of an Option cause the Company to allot and issue or procure the transfer of the relevant Shares and send or cause to be sent to the Participant a share certificate (or other evidence of title) for the Shares in respect of which the Option or Award is exercised or has vested.
- 10.7 Shares issued or transferred pursuant to the Plan will rank pari passu in all respects with Shares then already in issue except that they will not rank for any dividend or other distribution of the Company paid or made by reference to a record date falling prior to the date of exercise or vesting of the relevant Option or Award.
- 10.8 If and for so long as the Shares are Admitted, the Company shall as soon as practicable after any such allotment apply to the FSA and the London Stock Exchange for permission for the same to be Admitted. Any application may be postponed at the Board's discretion until application can be made in respect of such number of Shares as the Board considers appropriate.
- 10.9 The Company shall maintain sufficient unissued share capital to satisfy all rights to subscribe for Shares from time to time under Subsisting Options and Awards.
- 10.10 The Company and/or the Employing Company of a Participant and/or the Trustees shall have the right, prior to the delivery of the Shares otherwise deliverable to him on the exercise or vesting of an Option or an Award:
 - (a) to require the Participant to remit to or at the direction of his Employing Company an amount sufficient to satisfy the Award Tax Liability; and/or
 - (b) to reduce the number of Shares otherwise deliverable to the Participant by an amount equal in value to the amount of the Award Tax Liability or sell a sufficient number of the Shares on behalf of the Participant to realise sale proceeds equivalent to the Award Tax Liability and remit such amount to or at the direction of his Employing Company or the Trustees in satisfaction of the liability; and/or
 - (c) to deduct the amount of the Award Tax Liability from cash payments otherwise to be made to the Participant.

The Board may make such arrangements and determinations in this regard, consistent with the Rules, as it may in its absolute discretion consider to be appropriate.

11. **CASH ALTERNATIVE**

- 11.1 Where an Option has been exercised or an Award has vested and Shares have not yet been allotted or transferred to the Participant, the Board may determine that, instead of allotting or transferring all or some of the Shares to which the Participant is then entitled, it shall pay to the Participant an amount in cash (the "**Cash Alternative**") equal to the Market Value of the relevant number of Shares on the date of exercise or vesting.
- 11.2 The Cash Alternative, less the amount of any Award Tax Liability, shall be paid to the Participant as soon as reasonably practicable after the Board has determined to make such a payment and shall be in full and final satisfaction of the Participant's right to acquire the corresponding number of Shares.

12. **RECONSTRUCTION, TAKEOVER OR LIQUIDATION**

- 12.1 Subject to Rule 12.4, if a Specified Event occurs before the expiry of the Performance Period, Participants shall be notified and the following provisions shall apply:
- (a) the Performance Period shall be deemed to have ended on the date of the Specified Event (which reduced period shall be referred to as the "**Relevant Period**");
 - (b) the Board shall determine immediately prior to the date of the Specified Event:
 - (i) the number of Shares in respect of which a Subsisting Option is exercisable or a Subsisting Award shall vest pursuant to paragraph (e) below; and
 - (ii) whether any other Condition(s) have been satisfied or waived;
 - (c) if any other Condition(s) have been satisfied or waived, a Subsisting Option shall become exercisable immediately following the Specified Event and may be exercised until the earlier of:
 - (i) the expiry of the period of two months commencing on the date of the Specified Event; and
 - (ii) the expiry of any period during which any person is bound or entitled to acquire Shares under the Compulsory Acquisition Provisions;in respect of the number of Shares determined under paragraph (b)(i) above;
 - (d) if any other Condition(s) have been satisfied or waived, a Subsisting Award shall vest immediately following the Specified Event or, if the date of vesting would otherwise fall at a time when the vesting of the Shares would not be permitted under the Model Code, on the first date following such date on which the vesting of the Shares is permitted under the Model Code, in respect of the number of Shares determined under paragraph (b)(i) above; and
 - (e) a Subsisting Option shall be exercisable, and a Subsisting Award shall vest, in respect of:
 - (i) such number of Shares as is equal to "A" where the Formula is applied but the variable "Y" is construed as meaning the total number of days which would have been comprised in the Performance Period had there not been a Specified Event; or
 - (ii) where the Board, acting fairly and reasonably, determines that the number of Shares as is equal to "A" (as revised as set out in paragraph (e)(i) above) would be inappropriate in any particular case, such higher number of Shares

as it determines provided that number does not exceed the total number of Shares subject to that award.

- 12.2 Subject to Rule 12.4, if a Specified Event occurs on or after the expiry of the Performance Period, Participants shall be notified and the following provisions shall apply:
- (a) the Board shall, if it has not already done so, determine immediately prior to the Specified Event:
 - (i) whether the Performance Condition has been satisfied, in full or in part, in respect of the Performance Period and the number of Shares in respect of which a Subsisting Option is exercisable or a Subsisting Award shall vest; and
 - (ii) whether any other Condition(s) have been satisfied or waived;
 - (b) if any other Condition(s) have been satisfied or waived, a Subsisting Option shall become exercisable immediately following the Specified Event and may be exercised until the earlier of:
 - (i) the expiry of the period of two months commencing on the date of the Specified Event; and
 - (ii) the expiry of any period during which any person is bound or entitled to acquire Shares under the Compulsory Acquisition Provisions;in respect of the number of Shares determined by the Board;
 - (c) if any other Condition(s) have been satisfied or waived, a Subsisting Award shall vest immediately following the Specified Event, or if the date of vesting would otherwise fall at a time when the vesting of the Shares would not be permitted under the Model Code, on the first date following such date on which the vesting of the Shares is permitted under the Model Code, in respect of the number of Shares determined by the Board.
- 12.3 If a company has obtained Control of the Company or has become bound or entitled to acquire Shares as a result of a Specified Event, any Participant may, by agreement with that other company (the "**Acquiring Company**"), within the period of two months from the date of the Specified Event release any of his Subsisting Options and/or Awards in consideration of the grant of new rights on such terms as are agreed with the Acquiring Company.
- 12.4 Rules 12.1 and 12.2 shall not apply in the case of an Internal Reorganisation, unless the Acquiring Company fails to make an offer to Participants to release Subsisting Options and Awards in accordance with Rule 12.3 within one week of obtaining Control or becoming bound or entitled to acquire Shares or the Court's sanction, in which case Rule 12.1 or Rule 12.2 shall apply as if the Specified Event had occurred on the day following the end of the period of one week mentioned above.
- 12.5 For the purposes of this Rule 12, other than Rule 12.3 above, a person shall be deemed to have obtained Control of the Company if he and others acting in concert with him have together obtained Control of it.
- 12.6 The vesting of an Award or exercise of an Option pursuant to the preceding provisions of this Rule 12 shall be subject to the provisions of Rule 10.

13. **CAPITAL REORGANISATION**

- 13.1 In the event of:

- (a) any variation in the ordinary share capital of the Company by way of capitalisation of profits or reserves or by way of rights or any consolidation or sub-division or reduction of capital or otherwise; or
- (b) any demerger, dividend in specie or special dividend; or
- (c) any other corporate event which in the reasonable opinion of the Board justifies such an adjustment;

then the number and the nominal value of Shares subject to any Subsisting Options and/or Awards, the Exercise Price and, where an Option or an Award has been exercised or has vested but, as at the date of the variation of capital referred to above, no Shares have been allotted or transferred pursuant to such exercise or vesting, the number of Shares which may be so allotted or transferred and the price at which they may be acquired, may be adjusted by the Board in such manner and with effect from such date as the Board may determine to be appropriate.

13.2 The Board shall notify Participants in such manner as it thinks fit of any adjustment made under Rule 13.1 and may call in, cancel, endorse, issue or re-issue any award certificate as a result of any such adjustment.

14. **EMPLOYMENT RIGHTS**

14.1 The Plan shall not form part of any contract of employment between any Member of the Group and any employee of any such company and the rights and obligations of any individual under the terms of his office or employment with any Member of the Group shall not be affected by his participation in the Plan or any right which he may have to participate therein.

14.2 The grant of an Option or an Award to a Participant on one occasion is no indication that any further Option(s) or Award(s) shall be granted to such Participant.

14.3 No Eligible Employee or Participant shall be entitled to any compensation for any loss which he may suffer as a result of the exercise by the Board, or its failure to exercise, any of the discretions given to it by the Rules even if such exercise, or failure to exercise, constitutes a breach of contract or breach of duty by the Company or by any member of the Group by whom the Eligible Employee or Participant is employed or gives rise to any other claim whatsoever.

14.4 Neither participation in the Plan nor the grant of an Option or an Award shall form any part of a Participant's remuneration or count as his remuneration for any purpose or be pensionable.

14.5 Participation in the Plan shall be on the express condition that:

- (a) neither it nor cessation of participation shall afford any individual under the terms of his office or employment with any Member of the Group any additional or other rights to compensation or damages; and
- (b) no damages or compensation shall be payable in consequence of the termination of such office or employment (whether or not in circumstances giving rise to a claim for wrongful or unfair dismissal) or for any other reason whatsoever to compensate him for the loss of any rights the Participant would otherwise have had (actual or prospective) under the Plan howsoever arising but for such termination; and
- (c) the Participant shall be deemed irrevocably to have waived any such rights to which he may otherwise have been entitled.

14.6 No individual shall have any claim against a Member of the Group arising out of his not being admitted to participation in the Plan which (for the avoidance of all, if any, doubt) is entirely within the discretion of the Board.

14.7 No Participant shall be entitled to claim compensation from any Member of the Group in respect of any sums paid by him pursuant to the Plan or for any diminution or extinction of his rights or benefits (actual or otherwise) under any Award held by him consequent upon the lapse for any reason of any Award held by him or otherwise in connection with the Plan and each Member of the Group shall be entirely free to conduct its affairs as it sees fit without regard to any consequences under, upon or in relation to the Plan or any Award or Participant.

14.8 By accepting the grant of an Award, a Participant is deemed to have agreed to the provisions of this Rule 14.

15. **ADMINISTRATION AND AMENDMENT**

15.1 The Plan shall be administered under the direction of the Board which may at any time and from time to time by resolution and without other formality delete, amend or add to the Rules of the Plan in any respect provided that:

- (a) no deletion, amendment or addition shall operate to affect adversely in any material way any rights already acquired by a Participant under the Plan without the approval of the majority of the affected Participants first having been obtained;
- (b) no deletion, amendment or addition to the advantage of Participants may be made to any of the provisions of the Plan relating to:
 - (i) eligibility;
 - (ii) the limitations on the number or amount of Shares, cash or other benefits subject to the Plan;
 - (iii) the maximum entitlement for any one Participant;
 - (iv) the basis for determining a Participant's entitlement to, and the terms of Shares, cash or other benefits to be provided under the Plan and for the adjustment thereof (if any) in the event of a capitalisation issue, rights issue or open offer, sub-division or consolidation of Shares or reduction of capital or any other variation of capital;

except with the prior approval of the Company in general meeting, unless the deletion, amendment or addition is minor and to benefit the administration of the Plan, to obtain or maintain approval of the Plan by HMRC, to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or any Member of the Group or to take into account existing or proposed legislation.

15.2 Notwithstanding anything to the contrary contained in these Rules, the Board may at any time by resolution and without further formality establish further plans or sub-plans to apply in overseas territories governed by rules similar to these Rules but modified to take account of local tax, exchange control or securities laws, regulation or practice provided that any Shares made available under any such scheme shall be treated as counting against any limits on overall or individual participation in the Plan.

15.3 The Board may from time to time make and vary such rules and regulations not inconsistent with the Plan and establish such procedures for the administration and implementation of this Plan as it thinks fit and in the event of any dispute or disagreement

as to the interpretation of any such rules, regulations or procedures, the decision of the Board shall be final and binding upon all persons.

- 15.4 The Plan, the granting, exercise or vesting of Options and/or Awards thereunder, and the other obligations of the Company under the Plan, shall be subject to all applicable national or local laws, rules, and regulations and to such approvals by any regulatory or governmental agency as may be required, and to any rules or regulations of any exchange or securities association on which the Shares are listed. The Company, in its discretion, may postpone the granting and exercise or vesting of Options and/or Awards, the issuance or delivery of Shares under any Option or Award or any other action permitted under the Plan to permit the Company, with reasonable diligence, to complete such stock exchange listing or registration or qualification of such Shares or other required action under any national or local law, rule, or regulation and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules, and regulations. The Company shall not be obliged by virtue of any provision of the Plan to recognise the exercise or vesting of any Option or Award or to otherwise sell or issue Shares in violation of any such laws, rules, or regulations; and any postponement of the exercise or vesting and settlement of any Option or Award under this provision shall not extend the term of such Option or Award, and neither the Company nor its directors or officers shall have any obligation or liability to the Participant with respect to any Option or Award (or Shares issuable or transferable thereunder) that shall lapse because of such postponement.
- 15.5 The Board's decision on any matter relating to the interpretation of the Rules and any other matters concerning the Plan (including the rectification of errors or mistakes of procedure or otherwise) shall be final and binding.
- 15.6 Any notice or other communication under or in connection with the Plan may be given:
- (a) by the Company to an Eligible Employee or Participant either personally or sent to him at his place of work by electronic mail or by post addressed to the address last known to the Company (including any address supplied by the relevant Participating Company or any Subsidiary) or sent through the Company's internal postal service; and
 - (b) to the Company, either personally or by post to the Company Secretary.
- Items sent by post shall be pre-paid and shall be deemed to have been received 72 hours after posting. Items sent by electronic mail shall be deemed to have been received at the expiration of 24 hours from when they were sent.
- 15.7 The Company shall bear the costs of setting up and administering the Plan. However, the Company may require any Participating Company to reimburse the Company for any costs borne by the Company directly or indirectly in respect of such Participating Company's officers or employees.
- 15.8 The Company shall maintain all necessary books of account and records relating to the Plan.
- 15.9 The Board shall be entitled to authorise any person to execute on behalf of a Participant, at the request of the Participant, any document relating to the Plan, in so far as such document is required to be executed pursuant hereto.
- 15.10 The Company may send copies to Participants of any notice or document sent by the Company to the holders of Shares.

15.11 If any Option or Award certificate shall be worn out, defaced or lost, it may be replaced on such evidence being provided as the Board may require.

15.12 In the case of the partial exercise of an Option, the Board may call in and endorse or cancel and re-issue as it thinks fit, any certificate for the balance of Shares over which the Option was granted.

16. **DATA PROTECTION**

As a condition of the grant of an Award, a Participant consents to the collection, retention, use, processing and transfer (whether between themselves or to any third party and including transfer to countries outside the European Economic Area) of his Personal Data by any Member of the Group, any of their Associated Companies, the trustees of any employee benefit trust, any administrator of the Plan or the Company's registrars or brokers for the purposes of implementing and operating the Plan.

17. **EXCLUSION OF THIRD PARTY RIGHTS**

The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Plan nor to any Award granted under it and no person other than the parties to an Award shall have any rights under it nor shall it be enforceable under that Act by any person other than the parties to it.

18. **TERMINATION**

The Board or the Company in general meeting may resolve at any time that no Award or further Award shall be granted under the Plan and in any event no Award may be granted under the Plan on or after the tenth anniversary of the Commencement Date provided that this Rule shall not affect the subsisting rights of Participants.

19. **GOVERNING LAW**

These Rules shall be governed by and construed in accordance with English law.