

CREIGHTONS PLC

SHARE OPTION PLAN 2014

Adopted by resolution of the Company passed on 07 August 2014

CONTENTS

CLAUSE

1.	Interpretation	1
2.	Grant of Options	5
3.	Exercise Conditions	7
4.	Overall limits on grants	8
5.	Individual limits on grants	8
6.	Lapse and suspension of Options	9
7.	Exercise of Options	11
8.	Manner of exercise of Options	13
9.	Tax liabilities	15
10.	Relationship with employment contract	16
11.	Takeovers and liquidations	17
12.	Variation of share capital	21
13.	Notices	21
14.	Administration and amendment	22
15.	Third party rights	23
16.	Data protection	24
17.	Governing law	24
18.	Jurisdiction	24

RULES OF THE CREIGHTONS PLC 2014 SHARE OPTION PLAN

Adopted by resolution of the shareholders of the Company on 07 August 2014

1. INTERPRETATION

1.1 The following definitions and rules of interpretation apply in this Plan.

1.2 The following definitions apply:

“51% Subsidiary”: has the meaning given in section 989 of the Income Tax Act 2007

“Adoption Date”: the date on which this Plan is adopted by the Company in general meeting

“Associate”: has the meaning given to "associate" by paragraph 31, paragraph 32 and paragraph 33 of Schedule 5

“Board”: the board of directors of the Company or a committee of directors appointed by that board to carry out any of its functions under the Plan

“Business Day”: a day other than Saturday, Sunday, Good Friday, Christmas Day or a bank or public holiday in England

“Company”: Creightons plc, incorporated in England and Wales, company number 01227964

“Constituent Company”: any of the following:

- (a) the Company; and
- (b) any company which is a 51% Subsidiary of the Company

“Control”: has the meaning given in section 719 of ITEPA 2003

“Date of Grant”: the date on which an Option is granted under the Plan

“Dealing Day”: a day on which the London Stock Exchange is open for business

“Declaration”: the declaration which the Option Holder is required to make by paragraph 44 of Schedule 5 if the Option is to be an EMI Option

“Disqualifying Event”: has the meaning given in sections 533 to 536 of ITEPA 2003

“Eligible Employee”: any Employee who:

- (a) is required to spend on average at least the Statutory Minimum Time (as specified in paragraph 26 of Schedule 5) per week on the business of all the Constituent Companies; and
- (b) does not have a Material Interest (either on his own or together with one or more of his Associates); and

- (c) has no Associate or Associates which has or (taken together) have a Material Interest

“EMI Notice”: a notice of an Option which must be given to HMRC for that Option to be an EMI Option and which complies with the requirements of paragraph 44 of Schedule 5

“EMI Option”: a "qualifying option" as defined in paragraph 1(2) of Schedule 5

“Employee”: an individual who is a director or employee of a Constituent Company

“Employer NICs”: any secondary class 1 (employer) national insurance contributions (or any similar liability for social security contribution in any jurisdiction) that the Company or any employer (or former employer) of an Option Holder is liable to pay as a result of any Taxable Event (or which such person would be liable to pay in the absence of an election of the type referred to in rule 9.2(b)) and which may be lawfully recovered from the Option Holder

“Exercise Condition”: any condition (whether relating to performance or not) set under Rule 3 which either:

- (a) must be met before an Option can be exercised at all; or
- (b) provides that the extent to which an Option becomes capable of exercise shall be determined by reference to performance (for example, of any Constituent Company, the Option Holder or a business unit in which the Option Holder is employed) over a certain period measured against specified targets; and

(in either case) does not prevent the relevant Option from being a right to acquire shares, as required by section 527(4) of ITEPA 2003

“Exercise Price”: the price at which each Share subject to an Option may be acquired on the exercise of that Option, which (subject to rule 12):

- (a) if Shares are to be newly issued to satisfy the Option, may not be less than the nominal value of a Share; and
- (b) may not be less than the Market Value of a Share on the Date of Grant

“Grant Period”: any period during which Options may be granted in accordance with Rule 2

“Grantor”: the person granting an Option, which may be:

- (a) the Company;
- (b) the trustees of an employee benefit trust authorised by the Board to grant Options at the relevant time; or
- (c) any other person so authorised

“HMRC”: HM Revenue & Customs

“ITEPA 2003”: the Income Tax (Earnings and Pensions) Act 2003

“Listing Rules”: the Listing Rules issued by the United Kingdom Listing Authority, as amended from time to time

Market Value: whichever of the following applies:

- (a) on any day on which Shares are listed on a recognised investment exchange, the average of the middle market quotations for a Share on that exchange for the three immediately preceding Dealing Days (but if any of those Dealing Days fall outside the relevant Grant Period, market quotations for those days shall not be used in computing the average);
- (b) on any day on which Shares are not listed on that exchange, the market value of a Share determined to the satisfaction of the Board in accordance with the applicable provisions of Part VIII of the Taxation of Chargeable Gains Act 1992.

For the purposes of rule 4 and rule 5:

- (a) the Market Value shall be that on the Date of Grant of the relevant Option; and
- (b) if Shares are subject to Relevant Restrictions, the Market Value shall be determined as if they were not.

“Material Interest”: has the meaning given in paragraph 28 of Schedule 5

“Model Code”: the model code on dealings in shares set out in the Listing Rules, as it is in force at the relevant time

“Option”: a right to acquire Shares granted under the Plan

“Option Agreement”: a written agreement constituting an Option, entered into under rule 2.4

“Option Holder”: an individual who holds an Option or, where applicable, his personal representatives

“Personal Data”: means any personal information which could identify an Option Holder, including but not limited to, the Option Holder's:

- (a) date of birth;
- (b) home address;
- (c) telephone number;
- (d) e-mail address;
- (e) National Insurance number (or equivalent); or
- (f) Options under the Plan or under any other employee share scheme operated by the Company

“Plan”: the employees' share scheme constituted and governed by these rules, as amended from time to time

“Qualifying Exchange of Shares”: an event falling within paragraph 40 of Schedule 5

“redundancy”: has the meaning given by the Employment Rights Act 1996

“Relevant Restriction”: a provision included in any contract, agreement, arrangement or condition (including the articles of association of the Company) to which any of the following would apply if references in them to employment-related securities were references to Shares:

- (a) section 423(2) of ITEPA 2003; and
- (b) section 423(3) of ITEPA 2003; and
- (c) section 423(4) of ITEPA 2003

“retirement”: ceasing employment with the intention of retiring

“Rollover Period”: any period during which Options may be exchanged for options over shares in another company under rule 11.5

“Schedule 5”: Schedule 5 to ITEPA 2003, which specifies the requirements that must be met for a share option to be an EMI Option

“Shares”: ordinary shares of 1p each in the Company, subject to rule 13

“Statutory Minimum Time”: an amount of either:

- (a) "committed time", as defined in paragraph 26 of Schedule 5, equal to the "statutory threshold" as defined in that paragraph; or
- (b) "reckonable time in relevant employment", as defined in section 535 of ITEPA 2003, equal to the "statutory threshold" as defined in that section

“Sufficient Shares”: the smallest number of Shares which, when sold, will produce an amount at least equal to the relevant Tax Liability (after deduction of brokerage and any other charges or taxes on the sale)

“Taxable Event”: any event or circumstance that gives rise to a liability for the Option Holder to pay income tax and NICs or either of them (or their equivalents in any jurisdiction) in respect of:

- (a) the Option, including its exercise, its assignment or surrender for consideration, or the receipt of any benefit in connection with it;
- (b) any Shares (or other securities or assets):
 - (i) earmarked or held to satisfy the Option;
 - (ii) acquired on exercise of the Option;
 - (iii) acquired as a result of holding the Option; or
 - (iv) acquired in consideration of the assignment or surrender of the Option; or
- (c) any securities (or other assets) acquired or earmarked as a result of holding Shares (or other securities or assets) mentioned in (b); or
- (d) any amount due under PAYE in respect of securities or assets within (a) to (c) above, including any failure by the Option Holder to make good such an amount within the time limit specified in section 222 of the ITEPA 2003

“Tax Liability”: the total of:

- (a) any income tax and primary class 1 (employee) NICs (or their equivalents in any jurisdiction) for which any employer (or former employer) of the Option Holder is or may be liable to account (or reasonably believes it is or may be liable to account) as a result of any Taxable Event; and
- (b) any Employer NICs that any employer (or former employer) of the Option Holder is or may be liable to pay (or reasonably believes it is or may be liable to pay) as a result of any Taxable Event which can be recovered lawfully from the Option Holder.

- 1.3 Rule headings shall not affect the interpretation of the Plan.
- 1.4 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.5 Unless the context otherwise requires, a reference to one gender shall include a reference to other genders.
- 1.6 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.7 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8 A reference to writing or written includes fax and email.
- 1.9 References to rules by number are to the rules of this Plan so numbered.

2. GRANT OF OPTIONS

- 2.1 Subject to the rules of this Plan, any Grantor may grant an Option:
 - (a) intended to be an EMI Option, to any Eligible Employee it chooses; and
 - (b) not intended to be an EMI Option, to any Employee it chooses.
- 2.2 Options may not be granted:
 - (a) at any time when that grant would be prohibited by, or in breach of any:
 - (a) law; or
 - (b) regulation with the force of law; or
 - (c) non-statutory set of guidelines or code that applies to the Company or with which the Board wishes to comply (including the Model

Code and any personal dealing code adopted by the Company which imposes similar restrictions to any contained in the Model Code); or

(b) after the tenth anniversary of the Adoption Date.

2.3 Options intended to be EMI Options shall only be granted when the Company is a qualifying company, as defined in paragraph 8 of Schedule 5.

2.4 An Option shall be granted by the Grantor entering into an Option Agreement as a deed in a form approved by the Board. Each Option Agreement shall (without limitation):

(a) specify the Date of Grant of the Option, which shall not be earlier than the date on which the relevant Option Agreement is executed by the Grantor; and

(b) at the discretion of the Grantor, specify either:

(a) that the Option is granted under the provisions of Schedule 5; or

(b) that the Option is not intended to be an EMI Option; and

(c) specify the number and class of the Shares over which the Option is granted; and

(d) specify the Exercise Price; and

(e) specify the date(s) after which the Option may be exercised, which shall be not earlier than the third anniversary of the Date of Grant unless an earlier event occurs to cause the Option to lapse or to become exercisable; and

(f) specify the date when the Option will lapse, assuming that the Option is not exercised earlier and no event occurs to cause the Option to lapse earlier, which shall be not later than the tenth anniversary of the Date of Grant; and

(g) specify any Exercise Conditions (and any restrictions on the variation or waiver of Exercise Conditions) set under rule 3; and

(h) if the Shares are subject to any Relevant Restriction, include details of that Relevant Restriction; and

(i) include a statement that the Option is subject to these rules (which shall be incorporated in the Option Agreement by reference); and

(j) otherwise be in such form as the Company may reasonably stipulate.

2.5 If an Option Holder granted an EMI Option does not correctly complete, sign and date the relevant Declaration and return it to the Constituent Company which employs him within the period of 30 days after the Date of Grant, the relevant Option shall automatically lapse at the end of that period.

2.6 Each Grantor and Option Holder shall hand over any executed Option Agreement which relates to an Option intended to be an EMI Option to which it is party (and

which has not lapsed under rule 2.5) to the Constituent Company which is the employer of the Option Holder, if a different person from the Grantor.

2.7 The Constituent Company which employs the relevant Option Holder shall, in respect of any Option intended to be an EMI Option:

- (a) notify HMRC of the grant within the period specified by Schedule 5 at the relevant time; and
- (b) keep each Option Agreement and each Declaration available for inspection by HMRC at any time.

2.8 No amount shall be paid by the grantee for the grant of an Option.

3. EXERCISE CONDITIONS

3.1 On the Date of Grant of any Option, the Grantor:

- (a) may specify one or more appropriate Exercise Conditions for the Option; and
- (b) may specify, for any Exercise Condition:
 - (a) any restrictions that will apply to variation or waiver of that Exercise Condition under rule 3.4; or
 - (b) that there may be no such variation or waiver.

3.2 An Exercise Condition may be specified to apply only to part of an Option.

3.3 Any Exercise Condition must be capable of being met within ten years after the relevant Date of Grant.

3.4 Subject to rule 3.5, the Board may vary or waive any Exercise Condition, provided that any varied Exercise Condition shall be (in the reasonable opinion of the Board):

- (a) a fairer measure of performance than the original Exercise Condition, as judged at the time of the variation, if the original Exercise Condition relates to a measure of performance; and
- (b) no more difficult to satisfy than the original Exercise Condition was at the Date of Grant.

3.5 Rule 3.4 shall not permit the general waiver by the Board of Exercise Conditions:

- (a) on cessation of employment; or
- (b) the occurrence of any event permitting the exercise of Options under rule 11; or

(c) the release of Options in exchange for New Options under rule 11.

3.6 The Board shall determine whether, and to what extent, Exercise Conditions have been satisfied.

3.7 If an Option is subject to any Exercise Condition, the Board shall notify the Option Holder (and the Grantor, if not the Company) within a reasonable time after the Board becomes aware of the relevant information:

(a) whether (and, if relevant, to what extent) the Exercise Condition has been satisfied; and

(b) of any subsequent change in whether, or the extent to which, the Exercise Condition has been satisfied; and

(c) when that Exercise Condition has become incapable of being satisfied, in whole or in part; and

(d) of any waiver or variation of that Exercise Condition under rule 3.4.

4. OVERALL LIMITS ON GRANTS

4.1 No Option shall be granted under rule 2 if that grant would result in the total number of Shares which could be issued on the exercise of Options granted under this Plan exceeding 15% of the issued share capital of the Company from time to time.

4.2 At any time, the total Market Value (as at the relevant dates of grant) of the Shares (and any other shares in the Company) which can be acquired on the exercise of all EMI Options over such shares must not exceed £3,000,000 or such other amount as may be specified by paragraph 7 of Schedule 5 at the relevant time.

4.3 If the grant of any Option (referred to in this rule 4.3 as the “**Excess Option**”) which is:

(a) intended to be an EMI Option; and

(b) not granted at the same time as any other Option(s),

would cause the limit in rule 4.2 to be exceeded, the Excess Option shall be an EMI Option only in respect of the number of Shares (rounded down to the nearest whole number) as will not result in such limit being exceeded.

5. INDIVIDUAL LIMITS ON GRANTS

5.1 At any time, the total Market Value (as at the relevant dates of grant) of the shares (which may include Shares) which an Eligible Employee can acquire on the exercise

of EMI Options granted to him (when aggregated with any other relevant options granted to him) by reason of his employment with:

- (a) any Constituent Company; or
- (b) any two or more Constituent Companies,

may not exceed £250,000 or such other amount as may be specified by paragraph 5 of Schedule 5 at the relevant time.

- 5.2 If the grant of any Option (referred to in this rule 5.2 as the “**Excess Option**”) which is intended to be an EMI Option would cause the limit in rule 5.1 to be exceeded, the Excess Option shall be an EMI Option only in respect of the number of Shares (rounded down to the nearest whole number) as will not result in such limit being exceeded.

6. LAPSE AND SUSPENSION OF OPTIONS

- 6.1 Options (and any rights arising under them) may not be transferred or assigned, or have any charge or other security interest created over them. An Option shall lapse if the relevant Option Holder attempts to do any of those things. However, the transfer of an Option to an Option Holder's personal representatives on the death of the Option Holder will not cause an Option to lapse.

- 6.2 An Option shall lapse on the earliest of the following:
- (a) at the end of the period of 30 days after the Date of Grant if the Option Holder has not by then met the obligations specified in rule 2.5; or
 - (b) any attempted action by the Option Holder falling within rule 6.1; or
 - (c) when an Exercise Condition applying to the whole Option becomes incapable of being met, as a result of which no part of the Option can be exercised; or
 - (d) the date specified in the Option Agreement as the date on which the Option will lapse; or
 - (e) the first anniversary of the Option Holder's death; or
 - (f) the expiry of six (6) months after the Option Holder ceases to be an employee of any Constituent Company as a result of injury, ill health, disability, retirement or redundancy; or
 - (g) if rule 6.4 applies, the earliest applicable event specified in rule 6.8; or
 - (h) if the company which employs the Option Holder ceases to be a Constituent Company, six (6) months after that company ceases to be a Constituent Company; or

- (i) if the business in which the Option Holder is employed is transferred to a person which is not a Constituent Company, six (6) months after such transfer of that business; or
- (j) if any part of rule 11 applies, the time specified for the lapse of the Option under that part of rule 11; or
- (k) when the Option Holder becomes bankrupt.

6.3 Part of an Option shall lapse where:

- (a) an Exercise Condition set for that Option has been met in such a way that the Option has become, and shall remain, exercisable only in part; or
- (b) an Exercise Condition set for part of that Option becomes incapable of being met, as a result of which that part of the Option cannot be exercised; or
- (c) Rule 6.4 applies and the Board has determined under rule 7.2 that the Option may be exercised, but only in part.

6.4 Subject to rule 6.6 and rule 7.2, an Option (in this rule 6.4, the “**Suspended Option**”) cannot be exercised under any rule of the Plan after the Option Holder has ceased employment with any Constituent Company for any reason other than:

- (a) death; or
- (b) injury, ill health, disability, retirement or redundancy; or
- (c) the Option Holder's employer ceasing to be a Constituent Company; or
- (d) the transfer of the business which employs the Option Holder to a person which is not a Constituent Company

unless either

- (a) the Option Holder becomes (or remains) an employee of another Constituent Company at the same time; or
- (b) the Board decides to permit exercise of the Suspended Option under rule 7.2.

6.5 The Board shall notify the relevant Grantor (if the Grantor is not the Company) of any Option to which rule 6.4 applies, within a reasonable time after the Board becomes aware of that fact.

6.6 If:

- (a) notice to terminate employment is given by or to an Option Holder; and
- (b) that termination falls within rule 6.4,

the time the notice is given shall be treated for the purposes of rule 6.4 (but not rule 6.8(b)(a)) as the time at which the relevant employment ends. If this rule 6.6 applies, an Option Holder will not be able to exercise his Option after the giving of notice by or to him, subject to rule 7.2.

6.7 A Suspended Option shall not become exercisable under these rules unless the Board decides to permit its exercise under rule 7.2.

6.8 Unless it lapses earlier under rule 6.2, a Suspended Option shall lapse:

- (a) if the Board has decided that the Suspended Option may be exercised in whole or in part under rule 7.2, at the end of the period during which it may be exercised under that Board decision; or
- (b) if the Board has not decided that the Suspended Option may be exercised in whole or in part under rule 7.2, on the earlier of:
 - (a) the date falling three (3) months after the relevant cessation of employment; or
 - (b) any date on which the Board determines that it will not allow exercise of the Suspended Option under rule 7.2.

7. EXERCISE OF OPTIONS

7.1 Subject to rule 6, the other provisions of this rule 7 and rule 11, an Option (or part of it) may be exercised after the earliest of the following:

- (a) at any time after the earliest date on which the Option (or the relevant part of it) may be exercised as set out in the Option Agreement; or
- (b) when the Option Holder ceases to be an employee of any Constituent Company as a result of injury, ill health or disability or retirement; or
- (c) when the Option Holder ceases to be an employee of any Constituent Company as a result of redundancy; or
- (d) the death of the Option Holder; or
- (e) when the company which employs the Option Holder ceases to be a Constituent Company (if the Option Holder does not then become or remain an employee of any other Constituent Company); or
- (f) when the business which employs the Option Holder is transferred to a person which is not a Constituent Company (if the Option Holder does not then become or remain an employee of any other Constituent Company).

7.2 If rule 6.4 applies:

- (a) At any time during the period of three (3) months after the relevant cessation of employment, the Board may (entirely at its discretion) decide

that all or any part of a Suspended Option (as defined in rule 6.4) may be exercised.

- (b) The Board may specify a period for the exercise of a Suspended Option under this rule 7.2 that begins and/or ends before the period for exercise specified in the Option Agreement.
- (c) Any period specified by the Board for the exercise of a Suspended Option under this rule 7.2 may not end later than:
 - (a) the latest date on which that Option could have been exercised under the Option Agreement if it had not become a Suspended Option; and
 - (b) if the exercise of the Option is not subject to any Exercise Condition which is to be assessed on any date after the Board decision, the date falling twelve months after the relevant cessation of employment; or
 - (c) if the exercise of the Option is subject to any Exercise Condition which is to be assessed on any date after the Board decision, the date falling twelve months after the date on which that Exercise Condition is assessed.
- (d) An Option to which this rule 7.2 applies:
 - (a) may be exercised in accordance with the terms of any decision of the Board to permit its exercise under this rule 7.2, subject to rule 7.4; and
 - (b) shall lapse according to rule 6.8.
- (e) The Board shall notify the relevant Option Holder (and the relevant Grantor, if not the Company) of any decision made under this rule 7.2, including any decision not to permit the exercise of a Suspended Option, within a reasonable time after making it.

7.3 No Option may be exercised when its exercise is prohibited by, or would be a breach of, any law or regulation with the force of law or any of the following which then apply:

- (a) the Model Code; or
- (b) the Listing Rules; or
- (c) any other rule, code or set of guidelines (such as a personal dealing code adopted by the Company) with a similar purpose and effect to any part of the Model Code.

7.4 An Option may only be exercised to the extent that any Exercise Conditions have been met. This rule 7.4 continues to apply to (without limitation) any exercise of an Option permitted under rule 7.2 or to which rule 11 applies.

7.5 An Option may only be exercised if the Option Holder has made any arrangements, or entered into any agreements, that may be required and are referred to in rule 9.

8. MANNER OF EXERCISE OF OPTIONS

8.1 Where an Option is exercised in part, it shall be exercised over at least 1,000 Shares or, if fewer, the number of Shares over which the Option is then exercisable.

8.2 An Option shall be exercised by the Option Holder giving a written exercise notice to the Grantor, which:

(a) shall set out the number of Shares over which the Option Holder wishes to exercise the Option. If that number exceeds the number over which the Option may be validly exercised at the time:

(a) the Option shall be treated as exercised only in respect of that lesser number; and

(b) any excess amount paid to exercise the Option or meet any Tax Liability shall be refunded; and

(b) shall be made using a form that the Board will approve; and

(c) shall be copied to the Company, if the Grantor is not the Company; and

(d) if rule 8.3 applies, may include the information specified in that rule 8.3.

8.3 If:

(a) an Option is an EMI Option only in part, due to the application of rule 4.3 or rule 5.2 on the grant of that Option; and

(b) the relevant Option Holder exercises that Option in respect of any number of Shares fewer than the maximum number over which it could be exercised

the exercise notice shall specify to what extent (if any) the partial exercise of that Option should be treated as the exercise of that part of the Option which is an EMI Option. If the exercise notice does not do so, it shall be taken to exercise that part of the Option which is an EMI Option in priority to that part of the Option which is not an EMI Option.

8.4 Any exercise notice shall be accompanied by:

(a) payment of an amount equal to the Exercise Price multiplied by the number of Shares specified in the notice; and

(b) any payment required under rule 9; and/or

(c) any documentation relating to arrangements or agreements required under rule 9.

- 8.5 Any exercise notice shall be invalid:
- (a) to the extent that it is inconsistent with the Option Holder's rights under these rules and the Option Agreement; or
 - (b) if any of the requirements of rule 8.2 or rule 8.4 are not met; or
 - (c) if any payment referred to in rule 8.4 is made by a cheque that is not honoured on first presentation or in any other manner which fails to transfer the expected value to the Grantor.

The Grantor may permit the Option Holder to correct any defect referred to in rule 8.5(b) or rule 8.5(c) but shall not be obliged to do so. The date of any corrected exercise notice shall be the date of the correction rather than the original notice date for all other purposes of the Plan.

- 8.6 Shares shall be allotted and issued (or transferred, as appropriate) within 30 days after a valid Option exercise, subject to the other rules of this Plan.
- 8.7 Except for any rights determined by reference to a date before the date of allotment, Shares allotted and issued in satisfaction of the exercise of an Option shall rank equally in all respects with the other shares of the same class in issue at the date of allotment.
- 8.8 Shares transferred in satisfaction of the exercise of an Option shall be transferred free of any lien, charge or other security interest, and with all rights attaching to them, other than any rights determined by reference to a date before the date of transfer.
- 8.9 If the Shares are listed or traded on any investment exchange, the Company shall apply to the appropriate body for any newly issued Shares allotted on exercise of an Option to be listed and/or admitted to trading on that exchange.

9. TAX LIABILITIES

- 9.1 Each Option Agreement shall include the Option Holder's irrevocable agreement to:
- (a) pay to the Company, his employer or former employer (as appropriate) the amount of any Tax Liability; or
 - (b) enter into arrangements to the satisfaction of the Company, his employer or former employer (as appropriate) for payment of any Tax Liability.
- 9.2 Unless the Constituent Company which employs the relevant Employee directs that it shall not, each Option Agreement shall include the Option Holder's irrevocable agreement that:

- (a) the Company, his employer or former employer (as appropriate) may recover the whole or any part of any Employer NICs from the Option Holder; and
 - (b) at the request of the Company, his employer or former employer, the Option Holder shall elect (using a form approved by HMRC) that the whole or any part of the liability for Employer NICs shall be transferred to the Option Holder.
- 9.3 An Option Holder's employer or former employer may (in its absolute discretion) decide to release the Option Holder from, or not to enforce, any part of the Option Holder's obligations in respect of Employer NICs under rule 9.1 and rule 9.2.
- 9.4 If an Option Holder does not fulfil his obligations under rule 9.1 in respect of any Tax Liability arising from the exercise of an Option within seven days after the date of exercise and Shares are readily saleable at that time, the Grantor shall withhold Sufficient Shares from the Shares which would otherwise be delivered to the Option Holder. From the net proceeds of sale of those withheld Shares, the Grantor shall pay to the Company, employer or former employer an amount equal to the Tax Liability and shall pay any balance to the Option Holder. The Option Holder's obligations under rule 9.1 shall not be affected by any failure of the Company to withhold shares under this rule 9.4.
- 9.5 Any person other than the Company will only be authorised to grant Options after it has entered into an irrevocable undertaking to the Company (for the benefit of the Company and any employer or former employer of any relevant Option Holder) that such person will fulfil its obligations as a Grantor under the rules of the Plan, in particular (without limitation) rule 2.6 and rule 9.4.
- 9.6 Option Holders shall have no rights to compensation or damages on account of any tax or national insurance contributions liability which arises or is increased (or is claimed to arise or be increased) in whole or in part because of:
 - (a) the limitation under rule 4.3 or rule 5.2 of any Option intended to be an EMI Option; or
 - (b) any decision of HMRC that an Option does not meet the requirements of Schedule 5 and is therefore not an EMI Option, however that decision may arise; or
 - (c) any Disqualifying Event, however that event may be caused; or
 - (d) the timing of any decision by the Board to permit exercise of an Option under rule 7.2; or
 - (e) any failure by the Board to give notice under rule 14.7; or
 - (f) the timing of any notice given by the Board under rule 14.7.

9.7 Each Option Agreement shall include the Option Holder's irrevocable agreement to enter into a joint election, under section 431(1) or section 431(2) of ITEPA 2003, in respect of the Shares to be acquired on exercise of the relevant Option, if required to do so by the Company, his employer or former employer, on or before any date of exercise of the Option.

10. RELATIONSHIP WITH EMPLOYMENT CONTRACT

10.1 The rights and obligations of any Option Holder under the terms of his office or employment with any Constituent Company or former Constituent Company shall not be affected by being an Option Holder.

10.2 The value of any benefit realised under the Plan by Option Holders shall not be taken into account in determining any pension or similar entitlements.

10.3 Option Holders and Employees shall have no rights to compensation or damages on account of any loss in respect of Options or the Plan where such loss arises (or is claimed to arise), in whole or in part, from:

- (a) termination of office or employment with; or
- (b) notice to terminate office or employment given by or to,

any Constituent Company or any former Constituent Company. This exclusion of liability shall apply however termination of office or employment, or the giving of notice, is caused, and however compensation or damages may be claimed.

10.4 Option Holders and Employees shall have no rights to compensation or damages from any Constituent Company or any former Constituent Company on account of any loss in respect of Options or the Plan where such loss arises (or is claimed to arise), in whole or in part, from:

- (a) any company ceasing to be a Constituent Company; or
- (b) the transfer of any business from a Constituent Company to any person which is not a Constituent Company.

This exclusion of liability shall apply however the change of status of the relevant Constituent Company, or the transfer of the relevant business, is caused, and however compensation or damages may be claimed.

10.5 An Employee shall not have any right to receive Options, whether or not he has previously been granted any.

11. TAKEOVERS AND LIQUIDATIONS

11.1 Subject to rule 11.3, if any company (in this rule 11.1, “**the Offeror**”) obtains Control of the Company as a result of:

- (a) making an offer to acquire the whole of the issued share capital of the Company (except for any capital already held by the Offeror or any person connected with the Offeror) which is made on a condition such that, if it is satisfied, the Offeror will have Control of the Company; or
- (b) making an offer to acquire all the shares in the Company (except for any shares already held by the Offeror or any person connected with the Offeror) which are of the same class as the Shares

then any Option may (subject to rule 6.4, rule 7.4 and rule 11.5) be exercised within six weeks after the time when the Offeror has obtained Control of the Company and (if relevant) any condition subject to which the offer is made has been satisfied.

11.2 Subject to rule 11.3, any Option may be exercised during the period of one month commencing when any person becomes bound or entitled to acquire Shares under sections 979 to 982 of the Companies Act 2006, subject to rule 6.4, rule 7.4 and rule 11.5.

11.3 The Board, in its discretion, may determine that any event which would otherwise trigger the exercise of Options (and, if relevant, the lapse of Options) under rule 11.1 or rule 11.2 shall not do so if that event takes place in the course of:

- (a) a Qualifying Exchange of Shares; or
- (b) any other corporate reconstruction or reorganisation under which the ultimate beneficial ownership of the businesses of the Constituent Companies will remain the same

and the Qualifying Exchange of Shares or the corporate reorganisation or reconstruction includes provisions which the Board, in its reasonable opinion, consider to be fair, for:

- (c) New Options to be offered under rule 11.5 in exchange for any Options which are EMI Options, where the requirements of rule 11.5 can be satisfied; and
- (d) either suitable replacement options under rule 11.8, or some other appropriate compensation to be offered to Option Holders:
 - (a) to the extent that New Options cannot be offered under rule 11.5 for any Options which are EMI Options; and
 - (b) for any Options which are not EMI Options.

11.4 Unless the relevant compromise or arrangement includes appropriate provisions for:

- (a) the replacement of Options; or
- (b) other compensation for Option Holders for the loss of Options,

which the Board, in its reasonable opinion, considers to be fair, any Option may be exercised within six weeks after any person (in this rule 11.4, “**the Controller**”) obtains Control of the Company as a result of the court sanctioning a compromise or arrangement under section 899 of the Companies Act 2006, subject to rule 6.4, rule 7.4 and rule 11.5.

11.5 If:

- (a) a company obtains all the shares of the Company as a result of a Qualifying Exchange of Shares; or
- (b) a company obtains Control of the Company as a result of:
 - (a) making a general offer to acquire the whole of the issued share capital of the Company (except any capital already held by that company or any person connected with that company) which is made on a condition such that, if it is satisfied, the offeror will have Control of the Company; or
 - (b) making a general offer to acquire all the shares in the Company (except any shares already held by that company or any person connected with that company) which are of the same class as the Shares; or
 - (c) an event specified in rule 11.4; or
- (c) a company has become bound or entitled as specified in rule 11.2

(the relevant company being referred to in this rule 11.5 as “**the Acquiring Company**”) and:

- (d) the Acquiring Company satisfies the independence requirement set out in paragraph 9 of Schedule 5; and
- (e) the Acquiring Company satisfies the trading activities requirement set out in paragraphs 13 to 23 of Schedule 5; and
- (f) the relevant Option Holder would fall within the definition of Eligible Employee if for the purposes of that definition (and the definition of Material Interest as used in it) references to Constituent Company were references to any of the Acquiring Company and its 51% Subsidiaries

each Option Holder may, by agreement with the Acquiring Company within the applicable Rollover Period, release any Option which is an EMI Option (or that part of any Option which is an EMI Option (“**Old Option**”) for a replacement option (“**New Option**”). A New Option shall:

- (g) be over ordinary shares in the Acquiring Company which are fully paid up and not redeemable; and
- (h) be subject to rule 4.2 with:
 - (a) the references in those rules to Shares being taken to be references to the shares in the Acquiring Company which are subject to New Options; and
 - (b) the references to other shares in the Company being taken to be references to any other shares in the Acquiring Company which are subject to EMI Options; and
 - (c) the Market Value of shares in the Acquiring Company subject to each New Option being taken to equal the Market Value (under rule 4) of the Shares subject to the Old Option which it replaces, immediately before the release of that Old Option; and
- (i) be a right to acquire such number of shares in the Acquiring Company as have, immediately after grant of the New Option, a total Market Value equal to the total Market Value of the shares subject to the Old Option which it replaces immediately before its release; and
- (j) have an exercise price per share such that the total price payable on complete exercise of the New Option equals the total price which would have been payable on complete exercise of the Old Option which it replaces; and
- (k) be capable of exercise within ten years after the Date of Grant of the Old Option which it replaces; and
- (l) only include conditions which must be fulfilled before the New Option can be exercised (if any) which are capable of being fulfilled within the period of ten years after the Date of Grant of the Old Option which it replaces; and
- (m) satisfy the requirements of:
 - (a) paragraph 37 of Schedule 5; and
 - (b) paragraph 38 of Schedule 5; and
- (n) satisfy any other requirements of Schedule 5; and
- (o) be notified to HMRC in accordance with paragraph 44 of Schedule 5.

11.6 Any “**Rollover Period**” shall have the same duration as the applicable "required period" defined in paragraph 42 of Schedule 5, which may be summarised (as at the Adoption Date) as:

- (a) for the purposes of rule 11.1, six months beginning with the time the Acquiring Company obtains Control and any condition of the relevant offer is met;
- (b) for the purposes of rule 11.2, while the Acquiring Company is bound or entitled as specified in that rule; and

- (c) for the purposes of rule 11.4 or following any Qualifying Exchange of Shares, six months beginning with the time when the Acquiring Company obtains Control;
 - (d) for the purposes of rule 11.5, as determined under the relevant part of this rule 11 by reference to the circumstances of the change of Control of the Company.
- 11.7 Any New Option granted in accordance with rule 11.5 will be treated as having been acquired at the same time as the Old Option which it replaces for the purposes of the legislation relating to EMI Options.
- 11.8 Although rule 11.5 does not provide for an Option which is not an EMI Option (or a part of any Option which is not an EMI Option) to be exchanged for another option in accordance with that rule, an Option Holder may agree terms with any company to make such an exchange during a Rollover Period, in all material respects as if his Options were EMI Options but without the application of rule 4.2 or rule 5.1.
- 11.9 If the shareholders of the Company receive notice of a resolution for the voluntary winding up of the Company, any Option may be exercised in the period before that resolution is withdrawn, rejected or passed.
- 11.10 The Board shall notify Option Holders (and Grantors other than the Company) of any event that is relevant to Options under this rule 11 within a reasonable period after the Board becomes aware of it.

12. VARIATION OF SHARE CAPITAL

If there is any variation of the share capital of the Company (whether that variation is a consolidation, subdivision or reduction of capital or otherwise) which affects (or may affect) the value of Options to Option Holders, the Board may adjust the number and description of Shares subject to each Option and/or the Exercise Price of each Option in a manner which the Board, in its reasonable opinion, considers to be fair and appropriate. However:

- (a) the amendment of any Option granted by a Grantor other than the Company shall require the consent of that Grantor (which shall not be unreasonably withheld);
- (b) the Board should note that the amendment of an EMI Option:
 - (a) may be a Disqualifying Event; and
 - (b) may be regarded by HMRC as the release of the Option and the grant of a replacement share option which lacks EMI tax advantages:

- (c) the total amount payable on the exercise of any Option in full shall not be increased; and
- (d) the Exercise Price for a Share to be newly issued on the exercise of any Option shall not be reduced below its nominal value (unless the Board resolves to capitalise, from reserves, an amount equal to the amount by which the total nominal value of the relevant Shares exceeds the total adjusted Exercise Price, and to apply such amount to pay-up the relevant Shares in full).

13. NOTICES

13.1 Except as provided in rule 13.3, any notice or other communication given under or in connection with the Plan shall be in writing and may be:

- (a) delivered by hand or by pre-paid first-class post or other next working day delivery service at the appropriate address; or
- (b) sent by email to the appropriate email address.

13.2 For the purposes of this rule 13, “**the appropriate address**” means:

- (a) in the case of the Company, its registered office, provided the notice is marked for the attention of the Company Secretary;
- (b) in the case of an Option Holder, his home address;
- (c) if the Option Holder has died, and notice of the appointment of personal representatives has been given to the Company, any contact address they have specified in such notice; and
- (d) in the case of any other Grantor, its registered office, provided the notice is marked for the attention of the Company Secretary.

13.3 For the purposes of this rule 13, “**appropriate email address**” means:

- (a) in the case of the Company, finance@potterandmoore.com;
- (b) in the case of the Option Holder, if he is permitted to access personal emails at work, his work email address; and
- (c) in the case of any other Grantor, any email address notified in writing by the Grantor to the sender.

13.4 Any notice or other communication given under this rule 13 shall be deemed to have been received:

- (a) if delivered by hand, on signature of a delivery receipt, or at the time the notice is left at the proper address;

- (b) if sent by pre-paid first-class post or other next working day delivery service, at 11.00am on the second Business Day after posting, or at the time recorded by the delivery service;
- (c) if sent by email, at 9.00am on the next Business Day after sending.

13.5 This rule does not apply to:

- (a) the service of any notice of exercise pursuant to rule 8.2; and
- (b) the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

14. ADMINISTRATION AND AMENDMENT

14.1 The Plan shall be administered by the Board.

14.2 The Board may amend the Plan from time to time, but:

- (a) no amendment may apply to Options granted before the amendment was made by a Grantor other than the Company without the consent of that Grantor (which shall not be unreasonably withheld);
- (b) no amendment may apply to Options granted before the amendment was made, except that (subject to rule 14.2(a)) each Option Holder may consent to the application to his Option(s) of any such amendment;
- (c) no amendment may be made without the prior approval of the Company in general meeting if it would increase the limit on the number of Options which may be issued under this Plan specified in rule 4.1.

14.3 The cost of establishing and operating the Plan shall be borne by the Constituent Companies in proportions determined by the Board.

14.4 The Company shall ensure that at all times:

- (a) if the Company has restricted the number of Shares it can issue in its articles of association, that it has sufficient unissued or treasury Shares available, taking into account any other obligations of the Company to issue Shares and/or to transfer Shares from treasury; and/or
- (b) arrangements are in place for any third party to transfer issued Shares,

to satisfy the exercise of all Options of which the Company is the Grantor.

14.5 Each Grantor other than the Company shall at all times hold sufficient enforceable rights to subscribe for Shares, or to acquire issued Shares to satisfy the exercise of all Options granted by that Grantor.

14.6 The Board shall determine any question of interpretation and settle any dispute arising under the Plan. In such matters, the Board's decision shall be final.

14.7 The Board shall notify:

- (a) any affected Option Holder of any Disqualifying Event other than one caused by the Option Holder's cessation of employment; and
- (b) affected Grantors (other than the Company) of any Disqualifying Event.

The notices required under this rule 14.7 shall be given as soon as reasonably practicable after the Board actually becomes aware of the relevant Disqualifying Event. No Option shall become capable of exercise because of a notice given under this rule 14.7.

14.8 The Company and any other Grantor shall not be obliged to notify any Option Holder if an Option is due to lapse.

14.9 The Company and any other Grantor shall not be obliged to provide Option Holders with copies of any materials sent to the holders of Shares.

15. THIRD PARTY RIGHTS

15.1 A person who is not a party to an Option shall not have any rights under or in connection with it as a result of the Contracts (Rights of Third Parties) Act 1999 except where such rights arise under any rule of the Plan for:

- (a) the Company, if it is not a party; and
- (b) any employer or former employer of the Option Holder which is not a party.

This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.

15.2 The rights of the parties to an Option to surrender, terminate or rescind it, or agree any variation, waiver or settlement of it, are not subject to the consent of any person who is not a party to the Option as a result of the Contracts (Rights of Third Parties) Act 1999.

16. DATA PROTECTION

16.1 In accepting the grant of an Option each Option Holder consents to the collection, holding, processing and transfer of his Personal Data by the Company, any Grantor or any Constituent Company for all purposes connected with the operation of the Plan.

16.2 The purposes of the Plan referred to in rule 16.1 include, but are not limited to:

- (a) holding and maintaining details of the Option Holder's Options;
- (b) transferring the Option Holder's Personal Data to the trustee of an employee benefit trust, the Company's registrars or brokers or any administrators of the Plan; and
- (c) transferring the Option Holder's Personal Data to a bona fide prospective offeror for or buyer of the Company or the Option Holder's employer company or business unit (or the prospective buyer's advisers), provided that the prospective offeror or buyer, and its advisers, irrevocably agree to use the Option Holder's Personal Data only in connection with the proposed transaction and in accordance with the data protection principles set out in the Data Protection Act 1998.

17. GOVERNING LAW

The Plan and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with English law.

18. JURISDICTION

Each party irrevocably agrees that the English courts shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the Plan or its subject matter or formation (including non-contractual disputes or claims).