
Admiral Group plc

The Admiral Group plc 2015 Discretionary Free Share Scheme

Admiral Group plc

*Shareholder approval
and adoption: 29
April 2015*



Table of Contents

1.	<i>Grant of Awards</i>	1
1.1.	Awards granted by Grantor	1
1.2.	Terms of Awards	1
1.3.	Procedure for grant of Awards and Award Date	1
1.4.	Terms set at grant	1
1.5.	When Awards may be granted	1
1.6.	When Awards may not be granted	1
1.7.	Who can be granted Awards	2
1.8.	Right to refuse Awards	2
1.9.	Awards non-transferable	2
1.10.	Awards of Restricted Shares	2
2.	<i>Plan limits</i>	2
2.1.	General	2
2.2.	10 per cent in 10 years	2
2.3.	Calculation	3
2.4.	Scaling down	3
3.	<i>Individual limit</i>	3
3.1.	General	3
3.2.	Limit	3
3.3.	Scaling down	3
4.	<i>Award Price</i>	3
5.	<i>Performance Target and conditions</i>	4
5.1.	Setting of Performance Target and conditions	4
5.2.	Nature of Performance Target and conditions	4
5.3.	Substitution, variation or waiver of Performance Target	4
5.4.	Notification of Award Holders	4
6.	<i>Reduction of Awards</i>	4
6.1.	Application of Rules 6.2 and 6.3	4
6.2.	Malus	4
6.3.	Clawback	5
7.	<i>Vesting of Awards (and exercise of Options)</i>	7

7.1.	Earliest date for Vesting of Awards	7
7.2.	Delay in Vesting of Awards	7
7.3.	Effect of Award Vesting	7
7.4.	No Vesting or exercise while Dealing Restrictions apply	7
7.5.	Effect of cessation of Relevant Employment	7
7.6.	Options may be exercised in whole or in part	7
7.7.	Procedure for exercise of Options	8
7.8.	Issue or transfer of Plan Shares	8
7.9.	Net or Cash Settling	8
7.10.	Dividend Equivalents	8
7.11.	US Taxpayers	9
8.	<i>Holding Period</i>	9
8.1.	Definitions	9
8.2.	Application	9
8.3.	Commencement of Holding Period	9
8.4.	Issue or transfer to Holder	9
8.5.	No transfer during Holding Period	9
8.6.	Shareholder rights during Holding Period	10
8.7.	Ceasing Relevant Employment during the Holding Period	10
8.8.	Clawback	10
8.9.	End of Holding Period	10
9.	<i>Vesting of Awards (and exercise of Options) in special circumstances</i>	10
9.1.	Death	10
9.2.	Injury, disability, redundancy, retirement etc	10
9.3.	Award Holder relocated abroad	11
9.4.	Meaning of ceasing to be in Relevant Employment	11
9.5.	Interaction of Rules	11
10.	<i>Takeover, scheme of arrangement or winding-up of Company</i>	12
10.1.	Takeover	12
10.2.	Compulsory acquisition of the Company	12
10.3.	Scheme of arrangement	12
10.4.	Winding-up of the Company	12
10.5.	Demergers and other events	13

10.6. Meaning of “obtains Control of the Company”	13
10.7. References to Board within this Rule 10	13
10.8. Notification of Award Holders	13
10.9. Vesting of Awards and corporation tax deduction	13
11. Exchange of Awards	13
11.1. Reorganisation or merger	13
11.2. Where Exchange applies	13
11.3. Terms of Exchange	14
12. Lapse of Awards	14
13. Adjustment of Awards on Reorganisation	14
13.1. Power to adjust Awards	14
13.2. Award Price	14
13.3. Notification of Award Holders	14
14. Accounting for PAYE and National Insurance Contributions	15
14.1. Deductions	15
14.2. Transfer of Employer’s NIC	15
14.3. Execution of document by Award Holder	15
14.4. Tax elections	15
15. Issue and listing of Plan Shares	15
15.1. Rights attaching to Plan Shares	15
15.2. Listing of Plan Shares	15
16. Relationship of Plan to contract of employment	15
16.1. Contractual provisions	15
16.2. Deemed agreement	16
17. Administration of Plan	16
17.1. Responsibility for administration	16
17.2. Board’s decision final and binding	16
17.3. Grantor to consult with the Board	16
17.4. Discretionary nature of Awards	16
17.5. Provision of information	16
17.6. Cost of the Plan	16
17.7. Data protection	16
17.8. Third party rights	16

18. Amendment of Plan	17
18.1. Power to amend the Plan	17
18.2. Amendments to the Plan	17
18.3. Rights of existing Award Holders	17
19. Notices	17
19.1. Notice by the Grantor	17
19.2. Deceased Award Holders	17
19.3. Notice to the Grantor	18
20. Governing law and jurisdiction	18
20.1. Plan governed by English law	18
20.2. English courts to have jurisdiction	18
20.3. Jurisdiction agreement for benefit of the Company	18
20.4. Award Holder deemed to submit to such jurisdiction	18
21. Interpretation	18
21.1. Definitions	18
21.2. Interpretation	20
<hr/>	
Schedule A	21
<hr/>	
United Kingdom – CSOP Options	21
A1. Grant of CSOP Options and eligibility to be granted CSOP Options	21
A2. Contents of Award Certificate	21
A3. Earliest date of grant of CSOP Options	22
A4. CSOP Options: reporting requirements	22
A5. Plan Shares subject to a CSOP Option	22
A6. Award Price	22
A7. HMRC limit	22
A8. Plan Shares subject to a Restriction	23
A9. Variations in share capital, demergers and special distributions	23
A10. Restrictions on exercise of a CSOP Option	23
A11. Discretion on exercise and lapse of CSOP Options	23
A12. Death	23
A13. Injury, disability, redundancy, retirement etc.	23

A14. Takeover, Compulsory Acquisition, scheme of arrangement or winding-up of the Company	24
A15. Non-UK Company reorganisation	25
A16. Exchange of CSOP Options	25
A17. Changing the terms of CSOP Options	26
A18. Substitution, variation or waiver of Performance Target	26
A19. Accounting for PAYE and National Insurance Contributions	26
A20. Disapplication of certain Plan rules and provisions	26

<i>Schedule B</i>	<i><u>2728</u></i>
--------------------------	---------------------------

<i>Phantom Award Schedule</i>	<i><u>2728</u></i>
--------------------------------------	---------------------------

B1. Application of the Rules	<i><u>2728</u></i>
B2. Definitions	<i><u>2728</u></i>
B3. Terms of Phantom Awards	<i><u>2728</u></i>
B4. Settlement of Phantom Awards	<i><u>2728</u></i>
B5. Award Price	<i><u>2728</u></i>
B6. Lapse	<i><u>2728</u></i>
B7. No Share rights	<i><u>2728</u></i>

1. Grant of Awards

1.1. Awards granted by Grantor

Subject to Rules 1.5, 1.6, 1.7 and 17.3 the Grantor may from time to time grant Awards to Eligible Employees.

1.2. Terms of Awards

Subject to the Rules, the Grantor will in its absolute discretion decide whether or not any Awards are to be granted at any particular time and, if they are, to whom they are granted and the terms of such Awards. Where Awards are not granted by the Board the terms must be approved in advance by the Board.

1.3. Procedure for grant of Awards and Award Date

An Award shall be granted by the Grantor passing a resolution. The Award Date shall be the date on which the Grantor passes the resolution or such later date as specified in the resolution and allowed by Rule 1.5. The grant of an Award shall be evidenced by a deed executed by or on behalf of the Grantor. An Award Certificate shall be issued to each Award Holder as soon as reasonably practicable following the grant of the Award.

1.4. Terms set at grant

The Grantor shall, at the time of grant, determine:

1. whether the Award comprises an Option, a Conditional Share Award or an award of Restricted Shares;
2. the Award Date;
3. the number of Plan Shares subject to the Award;
4. the Award Price (if any);
5. the date or dates on which the Award will Vest;
6. whether or not any dividend equivalents will be payable under Rule 7.9;
7. in the case of an Option, the Exercise Period;
8. any Performance Target;
9. any Holding Period;
10. whether Rule 6.2 (malus) and/or Rule 6.3 (clawback) shall apply to the Award, and if so, which Malus Trigger Events and/or which Clawback Trigger Events apply; and
11. any other conditions of the Award.

1.5. When Awards may be granted

Subject to Rule 1.6, the Grantor may grant Awards only during the 42 days beginning on:

1. the date of shareholder approval of the Plan;
2. the day after the announcement of the Company's results, including a preliminary announcement, for any period through a Regulatory Information Service;
3. any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of the Award at that time; or
4. the day after the lifting of any Dealing Restrictions which prevented the granting of Awards during any of the times described above.

1.6. When Awards may not be granted

Awards may not be granted:

1. when prevented by any Dealing Restrictions; or
2. after the 10th anniversary of shareholder approval of the Plan.

1.7. Who can be granted Awards

An Award may only be granted to an individual who is an Eligible Employee at the Award Date. Unless the Board decides otherwise, an Award will not be granted to an Eligible Employee who on or before the Award Date has given or received notice of termination of employment (whether or not lawful).

1.8. Right to refuse Awards

An Award Holder may by notice in writing to the Company within 30 days after the Award Date say he does not want it in whole or part. In such a case, the Award shall to that extent be treated as never having been granted. No payment is required from the Award Holder or the Grantor.

1.9. Awards non-transferable

An Award shall be personal to the Award Holder and, except:

1. in the case of the death of an Award Holder; or
2. where the Company has permitted the Award to be held by a trustee on behalf of the Award Holder (because for example of the Award Holder's ill-health),

an Award shall not be capable of being transferred, charged or otherwise alienated and shall lapse immediately if the Award Holder purports to transfer, charge or otherwise alienate the Award.

1.10. Awards of Restricted Shares

This Rule 1.10 sets out specific provisions in relation to an Award of Restricted Shares.

1. An Award Holder who is to be granted an Award of Restricted Shares must enter into an agreement with the Grantor providing that to the extent the Award lapses, the Restricted Shares are forfeit and the Restricted Shares will immediately be transferred for no (or nominal) consideration to any person specified by the Grantor. The Restricted Share Agreement will also provide that, except for transfer on death of the Award Holder to his personal representatives, or to the extent agreed by the Grantor (and subject to such conditions as it may decide), the Award Holder will not transfer or assign the Restricted Shares subject to his Award.
2. The Award Holder will sign any document (including a blank stock transfer form) requested by the Grantor relating to the Restricted Shares. The Grantor may provide that the Award will lapse if the documents are not signed within any specified period.
3. On or as soon as practicable after the Award Date of an Award of Restricted Shares the Grantor will procure that the relevant number of Restricted Shares are transferred (including out of treasury or otherwise) to the Award Holder or another person to be held for the benefit of the Award Holder.
4. Except to the extent set out in the Restricted Share Agreement, the Award Holder shall have all the rights in respect of Restricted Shares from the date of transfer until the date the Award of Restricted Shares lapses (in whole or in part).

2. Plan limits

2.1. General

The aggregate number of Plan Shares over which Awards may be granted shall be limited as set out in this Rule 2. In the event of any conflict between the limits in this Rule 2, the lower limit shall prevail.

2.2. 10 per cent in 10 years

An Award may not be granted if the result of granting the Award would be that the aggregate number of Plan Shares issued or committed to be issued in the preceding 10 year period under:

1. Awards under the Plan; or
2. options or awards granted under any other Employees' Share Scheme (whether or not discretionary) operated by the Group

would exceed 10 per cent of the Company's issued ordinary share capital at that time.

2.3. Calculation

For the purpose of the limits contained in this Rule 2:

1. for as long as required by the Investment Association guidelines treasury shares shall be included in the limit as if they were new issue shares;
2. there shall be disregarded any Plan Shares where the right to acquire the Plan Shares has lapsed [or been renounced];
3. there shall be disregarded any Plan Shares which the Trustees have purchased, or determined that they will purchase, in order to satisfy an Award or the exercise of an option or the vesting of other rights of an employee under any other Employees' Share Scheme operated by the Group; and
4. any Plan Shares issued in relation to an Award, or on the exercise of an option or the vesting of other rights of an employee under any other Employees' Share Scheme operated by the Group, shall be taken into account once only (when the Award is granted or the option is granted or the right awarded) and shall not fall out of account when the Award Vests, the option is exercised or other rights vest.

2.4. Scaling down

If the granting of an Award would cause the limits in this Rule 2 to be exceeded, such Award shall take effect as an Award over the maximum number of Plan Shares which does not cause the limit to be exceeded. If more than one Award is granted on the same Award Date, the number of Plan Shares which would otherwise be subject to each Award shall be reduced pro rata.

3. Individual limit

3.1. General

The number of Plan Shares over which Awards may be made to any one Eligible Employee shall be limited as set out in Rule 3.2 and, in relation to an Eligible Employee who is a director of the company, the Directors' Remuneration Policy most recently approved by the Company in general meeting.

3.2. Limit

An Award must not be granted to an Eligible Employee if the result of granting the Award would be that, at the proposed Award Date, the Market Value of the Plan Shares (as at the Award Date) subject to that Award, when aggregated with the Market Value (as at the relevant Award Date) of the Plan Shares subject to any other Award granted to him or her in the same Financial Year, ~~would exceed:~~

~~£2,000,000, or~~

- Where the proposed Award exceeds £1,000,000, ~~600~~500% of his Annual Remuneration,

For the purpose of this Rule 3.2. **Annual Remuneration** means the higher of:

1. basic salary paid by the Group expressed as an annual rate as at the Award Date;
2. basic salary paid by the Group for the period of 12 months ending on the last day of the month immediately preceding the month in which the Award Date falls.

Financial Year means the financial year of the Company.

3.3. Scaling down

If the granting of an Award would cause the limit in Rule 3.2 to be exceeded, such Award shall take effect as an Award over the maximum number of Plan Shares which does not cause the limit to be exceeded.

4. Award Price

The Award Price shall be determined by the Grantor and may be any price.

Where the Grantor has determined that an Award will be satisfied by the issue of new shares and the Award Price is less than the nominal value of a Plan Share, the Company will ensure that at the time of the issue of the Plan Shares arrangements are in place to pay up the nominal value of the relevant Plan Shares.

5. Performance Target and conditions

5.1. Setting of Performance Target and conditions

The Vesting of an Award and the extent to which it Vests will be subject to the satisfaction of any Performance Targets and any other conditions set by the Grantor.

5.2. Nature of Performance Target and conditions

Any Performance Target and any other condition imposed under Rule 5.1 shall be:

1. objective; and
2. set out in, or attached in the form of a schedule to, the Award Certificate.

5.3. Substitution, variation or waiver of Performance Target

If an event occurs which causes the Grantor to consider that any Performance Target or any other condition imposed under Rule 5.1 subject to which an Award has been granted is no longer appropriate, the Grantor may substitute, vary or waive that Performance Target or condition in such manner (and make such consequential amendments to the Rules) as:

1. is reasonable in the circumstances; and
2. produces a fairer measure of performance and is not materially less difficult to satisfy.

The Award shall then take effect subject to the Performance Target or other condition as substituted, varied or waived.

5.4. Notification of Award Holders

The Grantor shall, as soon as practicable, notify each Award Holder concerned of any determination made by it under this Rule 5.

6. Reduction of Awards

6.1. Application of Rules 6.2 and 6.3

The Grantor may determine, at the time that an Award is granted, that Rule 6.2 and/or Rule 6.3 shall apply to that Award.

Where the Grantor:

1. has determined that Rule 6.2 will apply to an Award, it must determine, at the time that that Award is granted, which of the events set out in Rules 6.2.1 to 6.2.8 will constitute Malus Trigger Events for that Award, and
2. has determined that Rule 6.3 will apply to an Award, it must determine, at the time that that Award is granted, which of the events set out in Rules 6.3.1 to 6.3.5 will constitute Clawback Trigger Events for that Award.

The Grantor may require an Award Holder to execute a document in order to confirm his acceptance of the arrangements referred to in Rule 6.2 and/or Rule 6.3 and return the executed document to the Grantor by a specified date. It shall be a condition of Vesting of the Award that the executed document be returned by the specified date unless the Grantor determines otherwise.

6.2. Malus

In this Rule 6.2, **Malus Trigger Event** means, in relation to an Award, any of the following events which the Grantor has determined at the Award Date will constitute a Malus Trigger Event for that Award:

1. discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any Group Member; and/or
2. the discovery that any information used to determine the number of Plan Shares subject to an Award was based on error, or inaccurate or misleading information; and/or

3. action or conduct of an Award Holder which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and/or
4. events or behaviour of an Award Holder have led to the censure of a Group Member by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Member provided that the Board is satisfied that the relevant Award Holder was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him; and/or
5. the Company or the relevant business unit in which the Award Holder works suffers a material failure of risk management resulting in a material financial loss for the Company or the business unit in which the Award Holder works; and/or
6. the Award Holder has ceased employment in circumstances in which the Award has not lapsed and facts have emerged which, if known at the time, would have caused the Award to lapse on such cessation or would have caused the Board to exercise any discretion under the Plan in relation to the Award Holder differently; and/or
7. the Award Holder is subject to any disciplinary action or regulatory sanction or the Board considers that his conduct, capability, or performance has been in breach of any laws, rules or codes of conduct applicable to him or the standards reasonably expected of a person in his position; and/or
8. any team, business area, Group Member or profit centre in which the Award Holder works has been the subject of any regulatory investigation or has been in breach of any laws, rules or codes of conduct applicable to it or the standards reasonably expected of it; and/or
9. any other event that the Board considers reasonable and which the Board notifies to the Award Holder at the time that the Award is granted.

Notwithstanding any other provision of the Rules, the Board may, at the time of Vesting of an Award or at any time before, reduce the number of Plan Shares subject to an Award in whole or in part (including, for the avoidance of doubt, to nil) if a Malus Trigger Event occurs. In determining any reduction which should be applied under this Rule 6.2, the Board shall act fairly and reasonably but its decision shall be final and binding.

For the avoidance of doubt, any reduction under this Rule 6.2 may be applied on an individual basis as determined by the Board. Whenever a reduction is made under this Rule 6.2, the relevant Award shall be treated to that extent as having lapsed.

6.3. Clawback

In this Rule 6.3, **Clawback Trigger Event** means, in relation to an Award, any of the following events which the Grantor has determined at the Award Date will constitute a Clawback Trigger Event for that Award:

1. discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any Group Member for a period that was wholly or partly before the end of the period over which the Performance Target applicable to an Award was assessed; and/or
2. the assessment of any Performance Target or condition in respect of an Award was based on error, or inaccurate or misleading information; and/or
3. the discovery that any information used to determine the number of Plan Shares subject to an Award was based on error, or inaccurate or misleading information; and/or
4. action or conduct of an Award Holder which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct; and/or
5. the Company or the relevant business unit in which the Award Holder works suffers a material failure of risk management resulting in a material financial loss for the Company or the business unit in which the Award Holder works; and/or
6. any other event that the Board considers reasonable and which the Board notifies to the Award Holder at the time that the Award is granted.

Notwithstanding any other provision of the Rules, if at any time during the period of two years following the Vesting of an Award to which the Board has specified under Rule 6.1 that this Rule 6.3 applies a Clawback Trigger Event occurs, then the Board may in its absolute discretion require the relevant Award Holder:

- a. to transfer to the Company (or, if required by the Company, any other person specified by the Company) all or some of the Plan Shares acquired by the Award Holder (or his nominee) pursuant to the Vesting of the Award or, in the case of an Award which is an Option, the exercise of that Option; and/or
- b. to pay to the Company (or if required by the Company, any other person specified by the Company) an amount equivalent to all or part of the proceeds of sale or, in the event of a disposal of the Plan Shares at a price which the Board reasonably determines was less than market value at the time of disposal and where the disposal was not made at arm's length, an amount equivalent to the market value (as reasonably determined by the Board) at the time of disposal of all or some of the Plan Shares acquired pursuant to the Vesting of the Award or, in the case of an Award that is an Option, the exercise of that Option; and/or
- c. to pay to the Company (or, if required by the Company, any other person specified by the Company) an amount equivalent to all or part of the amount of any cash in respect of an Award paid to or for the benefit of the Award Holder; and/or
- d. to pay to the Company (or, if required by the Company, any other person specified by the Company) all or part of any benefit or value derived from or attributable to the Plan Shares referred to in paragraph a above (including but not limited to any special dividend or additional or replacement shares) on such terms as the Board may reasonably direct,

less in each case the amount of tax and social security contributions actually paid (or due to be paid) by the Award Holder in respect of the acquisition of the Plan Shares and/or payment of cash in respect of an Award.

In addition to the obligation of the Award Holder as described above, the Award Holder shall use his best endeavours to seek and obtain repayment or credit from HM Revenue and Customs (**HMRC**) or any relevant overseas tax authority of the tax and social security contributions paid on the Award Holder's behalf in relation to the Award as soon as reasonably practicable and to notify the Company of such claim and/or receipt of any credit or payment by HMRC (or any relevant overseas tax authority) in this regard. Following such notification the Company will be entitled to require the Award Holder to make a payment to it within 30 days of an amount equivalent to the amount of any payment or credit received from HMRC (or any relevant overseas tax authority).

The Award Holder hereby authorises the Company or such other Group Member as may be the employer of the Award Holder to make deductions, which the Award Holder hereby authorises, from any payment owing to him including but not limited to salary, bonus, holiday pay or otherwise.

Any repayments made by the Award Holder to the Company under this Rule 6.3 shall be made within 30 days of the date the Award Holder is notified in writing of the amount due back to the Company.

In addition to or in substitution for the actions described above that the Board may take under this Rule 6.3 (the **Actions**), the Board may:

- i. reduce the amount of any future bonus payable to the Award Holder; and/or
- ii. determine that the number of Plan Shares over which an award or right to acquire Plan Shares is to be granted to the Award Holder under any Employees' Share Scheme operated by any Group Member shall be reduced by such number as the Board may determine; and/or
- iii. reduce the number of Plan Shares (including, for the avoidance of doubt, to nil) subject to any award or right to acquire Plan Shares which has been granted to the Award Holder under any Employees' Share Scheme operated by any Group Member (other than any tax-advantaged employee share plan that complies with the requirements of Schedules 2 to 4 of ITEPA 2003) before the date on which the relevant award or right vests or becomes exercisable by such number as the Board may determine; and/or
- iv. reduce the number of Plan Shares (including, for the avoidance of doubt, to nil) subject to any option to acquire Plan Shares which has been granted to the Award Holder under any Employees' Share Scheme operated by any Group Member (other than any tax-advantaged employee share plan that complies with the requirements of Schedules 2 to 4 of ITEPA 2003) which has vested but not yet been exercised by such number as the Board may determine,

provided that the total amount represented by such reductions and any amount or value payable to the Company under this Rules 6.3.a to 6.3.d above shall not, in the Board's reasonable opinion, exceed the amount or value which would have been due if the Board had only carried out the Actions.

In carrying out any action under this Rule 6.3, the Board shall act fairly and reasonably but its decision shall be final and binding.

For the avoidance of doubt, any action carried out under this Rule 6.3 may be applied on an individual basis as determined by the Board. Whenever a reduction of an Award is made under this Rule 6.3, the relevant Award shall be treated to that extent as having lapsed.

7. Vesting of Awards (and exercise of Options)

7.1. Earliest date for Vesting of Awards

Subject to Rules 5, 7.2, 9 and 10, an Award will Vest on the latest of:

1. the relevant date specified under paragraph 5 of Rule 1.4; and
2. the date on which the Board determines that the Performance Target and any other condition imposed under Rule 1.5 have been satisfied.

7.2. Delay in Vesting of Awards

The Grantor may determine that Vesting of the Award shall be delayed until any relevant investigation or other procedure relevant to an event falling within the scope of Rule 6.2 has been completed.

7.3. Effect of Award Vesting

Subject to the Rules, the effect of an Award Vesting shall be:

1. in the case of an Option, that the Award Holder is entitled to exercise the Option at any time during the Exercise Period to the extent that it has Vested;
2. in the case of a Conditional Share Award, that the Award Holder shall become entitled to the Plan Shares to the extent that the Award has Vested; and
3. in the case of an Award of Restricted Shares, the restrictions set out in the Restricted Share Agreement shall cease to apply to the extent that the Award has Vested.

7.4. No Vesting or exercise while Dealing Restrictions apply

Plan Shares may not be issued or transferred to an Award Holder (nor, in the case of an Option, may the Option be exercised) while Dealing Restrictions apply.

7.5. Effect of cessation of Relevant Employment

Subject to Rule 9, an Award shall Vest and an Option may be exercised only while the Award Holder is in Relevant Employment and if an Award Holder ceases to be in Relevant Employment, any Award granted to him shall lapse on cessation. This Rule 7.5 shall apply where the Award Holder ceases to be in Relevant Employment in any circumstances (including, in particular, but not by way of limitation, where the Award Holder is dismissed unfairly, wrongfully, in breach of contract or otherwise).

An Award Holder who has given or received notice of termination of Relevant Employment (whether or not lawful) may not exercise an Option during any period when the notice is effective and an Award granted to him shall not Vest during this period unless the Board determines otherwise. If an Award would otherwise have Vested during this period, and the notice is withdrawn, the Award will Vest when the notice is withdrawn.

7.6. Options may be exercised in whole or in part

Subject to Rules 7.4, 7.5 and 14, a Vested Option may be exercised in whole or in part at any time. If exercised in part, the unexercised part of the Option shall not lapse as a result and shall remain exercisable.

7.7. Procedure for exercise of Options

An Option shall be exercised by the Award Holder giving notice to the Grantor (or any person appointed by the Grantor) in the form from time to time prescribed by the Board, which may include (for the avoidance of doubt) any electronic and/or online notification.

Such notice shall specify the number of Plan Shares in respect of which the Option is being exercised, and be accompanied by either the Award Price (if any) in full or confirmation of arrangements satisfactory to the Grantor for the payment of the Award Price, together with any payment and/or documentation required under Rule 14 and, if required, the Award Certificate.

For the avoidance of doubt, the date of exercise of an Option shall be the date of the receipt of the notice of exercise and compliance with the first paragraph of this Rule 7.7.

To the extent that a Vested Option remains unexercised on the last day of the Exercise Period, the Company will, subject to Rule 7.4 and the conditions set out below being satisfied, be deemed to have received a valid notice of exercise for such Option with a direction to sell a sufficient number of Plan Shares arising on the exercise of the Option to fund the Award Price. The condition referred to is that $A - B$ is greater than C , calculated as follows: A equals the expected sale proceeds of the Plan Shares resulting from the exercise of the Option; B equals any costs of any sale; and C equals the Award Price. An Award Holder may give notice (in a form determined by the Board) that this paragraph is not to apply in respect of an Option.

7.8. Issue or transfer of Plan Shares

Subject to Rules 7.4, 7.9 and 14 and to any necessary consents and to compliance by the Award Holder with the Rules, the Grantor shall, as soon as reasonably practicable and in any event not later than 30 days after:

1. the exercise date, in the case of an Option, arrange for the issue or transfer to the Award Holder of the number of Plan Shares specified in the notice of exercise together with, in the case of the partial exercise of an Option, an Award Certificate in respect of, or the original Award Certificate endorsed to show, the unexercised part of the Option; and
2. the Vesting of an Award, in the case of a Conditional Share Award, arrange for the issue or transfer to the Award Holder of the number of Plan Shares in respect of which the Award has Vested.

7.9. Net or Cash Settling

Subject to Rule 14, the Grantor may on exercise of an Option:

1. make a cash payment to the Award Holder equal to the Gain on the date of exercise of the Option; or
2. arrange for the transfer or issue to the Award Holder of Plan Shares with a Market Value equal to the Gain on the date of exercise of the Option (rounded down to the nearest whole Plan Share). The Award Holder shall not be required to make payment for these Plan Shares.

Subject to Rule 14, the Grantor may on the Vesting of a Conditional Share Award make a cash payment to the Award Holder equal to the Market Value of the Plan Shares in respect of which the Conditional Share Award has Vested.

Where the Company settles an Award in the manner described in this Rule 7.9, this shall be in full and final satisfaction of the Award Holder's rights under the Award.

7.10. Dividend Equivalents

An Award (except an Award of Restricted Shares where the right to dividends has not been waived) may include the right to receive an amount in Plan Shares or cash on Vesting equal in value to the dividends which were payable on the number of Plan Shares in respect of which the Award has Vested during the period between the Award Date and the date of Vesting (or in the case of an Option the number of Plan Shares subject to the Option shall be increased by the relevant value in Plan Shares as at the date of Vesting). The payment shall not include any associated tax credit.

The Grantor may determine at its absolute discretion whether or not the method used to calculate the value of dividends shall assume that such dividends have been reinvested into Plan Shares.

The Grantor may decide at any time not to apply this Rule 7.10 to all or any part of a special dividend or dividend in specie.

7.11. US Taxpayers

This Rule 7.11 shall apply to US Taxpayers. Notwithstanding anything to the contrary contained in the Plan, no Option may be exercised later than 2.5 calendar months after the end of the Taxable Year in which the Option first becomes exercisable, provided that the Option shall lapse on the date it would have lapsed had this rule not applied. The Rules shall be interpreted accordingly.

For the purposes of this Rule 7.11, **Taxable Year** means the 12 month period in respect of which the Award Holder is obliged to pay US Tax or, if it would result in a longer exercise period, the 12 month period in respect of which the Award Holder's employing company is obliged to pay tax. US Taxpayer means a person who is subject to taxation under the tax rules of the United States of America.

8. Holding Period

8.1. Definitions

In this Rule 8:

Holder means a trustee or nominee designated by the Grantor in accordance with this Rule 8; and

Holding Period Shares means Plan Shares which are or were the subject of an Award to which a Holding Period applies, and in respect of which the Holding Period has not ended in accordance with this Rule 8.

8.2. Application

This Rule 8 applies to the extent that some or all of the Plan Shares acquired on Vesting of an Award (or exercise of an Option) are subject to a Holding Period.

8.3. Commencement of Holding Period

The Holding Period will begin on the date on which an Award Vests and will apply in relation to the Award to the extent determined by the Grantor at the Award Date under Rule 1.4.

8.4. Issue or transfer to Holder

Instead of arranging for the issue or transfer of the Holding Period Shares to the Award Holder on Vesting or exercise under Rule 7.8, the Board may arrange for the Holding Period Shares to be issued or transferred to the Holder, as designated by the Board, to be held for the benefit of the Award Holder. Any balance of the Plan Shares in respect of which an Award Vests or is exercised will be issued or transferred as described in Rule 7.8.

If the Award took the form of Restricted Shares, the Holding Period Shares will be transferred to (or continue to be held by) the Holder on the terms of this Rule 8.

8.5. No transfer during Holding Period

The Award Holder may not transfer, assign or otherwise dispose of any of the Holding Period Shares or any interest in them (or instruct the Holder to do so) during the Holding Period except in the case of the sale of sufficient entitlements nil-paid in relation to a Plan Share to take up the balance of the entitlements under a rights issue.

For the avoidance of doubt, the Recipient may sell sufficient Holding Period Shares to satisfy any liability to tax or employee social security contributions (or where Rule 15.2 applies, Employer's, NIC) arising in relation to the Vesting of his Award or exercise of his Option to the extent such Award or Option relates to Holding Period Shares.

8.6. Shareholder rights during Holding Period

Unless the Board decides otherwise, the restrictions in this Rule 8 will apply to any cash or assets (other than ordinary dividends) received in respect of the Holding Period Shares and such cash or assets will be held by the Holder until the end of the Holding Period.

Unless the Board decides otherwise, during the Holding Period, the Recipient will be entitled to receive ordinary dividends in respect of the Holding Period Shares. In any event, during the Holding Period, the Recipient will be entitled to vote and have all other rights of a shareholder in respect of the Holding Period Shares.

8.7. Ceasing Relevant Employment during the Holding Period

Ceasing Relevant Employment during the Holding Period will have no impact on the provisions of this Rule 8, save where cessation is by reason of death in which case the Holding Period shall immediately be deemed to have ended.

8.8. Clawback

For the avoidance of doubt, Rule 6.3 shall apply to the Holding Period Shares in the same way that it applies to Plan Shares acquired by an Award Holder following Vesting of an Award which are not Holding Period Shares.

8.9. End of Holding Period

Subject to the provisions of this Rule 8, the Holding Period will end on the earliest of the following:

1. the date set under Rule 1.4;
2. the relevant date on which an Award would have Vested under Rules 10.1 to 10.4;
3. if the Board so allows, the circumstances in which any event described in Rule 10.5 would apply; and
4. any other circumstances in the absolute discretion of the Board.

9. Vesting of Awards (and exercise of Options) in special circumstances

9.1. Death

If an Award Holder dies, any Award held by him which has not Vested will continue until the normal time of Vesting and with the Performance Target and any condition imposed under Rule 5.1 considered at the time of Vesting unless the Board at its absolute discretion decides that, notwithstanding Rule 7.1, the Plan Shares under the Award will Vest on the date of death, subject to its determination as to whether and to what extent any Performance Target and any other condition imposed under Rule 5.1 shall be deemed to be satisfied as at the date of death.

Unless the Board in its absolute discretion decides otherwise (and irrespective of the time at which the Board has determined the Award will Vest under this Rule 9.1), the number of Plan Shares which Vest will be reduced pro rata to reflect the number of whole months from the Award Date until the date of death as a proportion of the original Vesting period.

In the case of Options, if an Award Holder dies, his personal representatives shall be entitled to exercise the Vested proportion of his Options (whether vested under this Rule or otherwise) at any time during the 12 month period following death, or if later following the Vesting or, in either case, during such other longer period as the Board determines. If not so exercised, the Options shall lapse at the end of such period.

9.2. Injury, disability, redundancy, retirement etc

If an Award Holder ceases to be in Relevant Employment by reason of:

1. injury, ill-health or disability;
2. redundancy within the meaning of the Employment Rights Act 1996 (or any applicable equivalent overseas legislation);
3. retirement by agreement with the company by which he is employed;

4. the Award Holder being employed by a company which ceases to be a Group Member;
5. the Award Holder being employed in an undertaking or part of an undertaking which is transferred to a person who is not a Group Member; or
6. any other circumstances if the Board decides in any particular case

any Award held by him which has not Vested will continue until the normal time of Vesting and with the Performance Target and any condition imposed under Rule 5.1 considered at the time of Vesting unless the Board at its absolute discretion decides that, notwithstanding Rule 7.1, the Plan Shares under the Award will Vest on the date of cessation of employment, subject to its determination as to whether and to what extent any Performance Target and any other condition imposed under Rule 5.1 shall be deemed to be satisfied as at the date of cessation.

Unless the Board in its absolute discretion decides otherwise (and irrespective of the time at which the Board has determined the Award will Vest under this Rule 9.2), the number of Plan Shares which Vest will be reduced pro rata to reflect the number of whole months from the Award Date until the date of cessation of employment as a proportion of the original Vesting period.

In the case of Options, the Award Holder shall be entitled to exercise the Vested proportion of his Options (whether Vested under this Rule or otherwise) at any time during the period ending 6 months following cessation of employment or, if later following Vesting or, in either case, during such other longer period as the Board determines. If not so exercised, the Options shall lapse at the end of such period.

9.3. Award Holder relocated abroad

Notwithstanding Rule 7.1 if it is proposed that an Award Holder, while continuing to be in Relevant Employment, should work in a country other than the country in which he is currently working and, by reason of the change, the Award Holder would:

1. suffer less favourable tax treatment in respect of his Awards; or
2. become subject to a restriction on his ability to exercise an Option, to have issued or transferred to him the Plan Shares subject to an Award or to hold or deal in such Plan Shares or the proceeds of sale of such Plan Shares

his Awards may, at the discretion of the Board, Vest immediately either in full or to the extent determined by the Board in its absolute discretion taking into account the period of time the relevant Award has been held and the extent to which any Performance Target and any other condition imposed under Rule 5.1 have been met. Where the Award is an Option and has become Vested pursuant to this Rule 9.3, the Award Holder may exercise his Vested Option at any time during the period beginning three months before the proposed date of his transfer and ending three months after the date of his actual transfer. If not so exercised, the Option shall not lapse but shall cease to be treated as having Vested and shall continue in force in accordance with the Rules of the Plan.

9.4. Meaning of ceasing to be in Relevant Employment

For the purposes of the Plan, an Award Holder shall not be treated as ceasing to be in Relevant Employment until he no longer holds any office or employment with any Group Member. In addition, an Award Holder shall not be treated as so ceasing if within 7 days he recommences employment or becomes an office holder with any Group Member.

The Board may determine that an Award Holder will be treated as ceasing to be in Relevant Employment when he gives or receives notice of termination of his employment.

9.5. Interaction of Rules

In the case of an Option, if the Option has become exercisable under Rule 9 and, during the period allowed for the exercise of the Option under Rule 9, the Option becomes exercisable under Rule 10 also (or vice versa), the period allowed for the exercise of the Option shall be the shorter of the period allowed by Rule 9 and the period allowed by Rule 10.

10. Takeover, scheme of arrangement or winding-up of Company

10.1. Takeover

Where a person obtains Control of the Company as a result of making an offer to acquire Plan Shares, Awards shall Vest on the date the person obtains Control as set out below.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion and taking into account the period of time the Award has been held by the Award Holder and the extent to which the Performance Target and any other condition imposed under Rule 5.1 have been met.

In the case of Options, the Vested proportion of the Options (whether Vested under this Rule 10.1 or otherwise) may be exercised at any time during the period of 6 months (or, if the Board determines a longer period shall apply, that period) beginning with the time when the person making the offer has obtained Control. If not so exercised, the Options shall lapse at the end of such period unless the Board determines that a longer period for exercise shall apply, in which case the Options shall continue in force until the end of such extended period or until they otherwise lapse in accordance with the Rules.

10.2. Compulsory acquisition of the Company

Subject to Rule 11, if a person becomes entitled or bound to acquire shares in the Company under section 979 of the Companies Act 2006, Awards shall Vest as set out below.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion and taking into account the period of time the Award has been held by the Award Holder and the extent to which the Performance Target and any other condition imposed under Rule 5.1 have been met.

In the case of Options, the Vested proportion of the Options (whether Vested under this Rule 10.2 or otherwise) may be exercised at any time during the period beginning with the date the person serves a notice under section 979 and ending 7 clear days before the date on which the person ceases to be entitled to serve such a notice. If not so exercised, the Options shall lapse at the end of the 7 days.

10.3. Scheme of arrangement

If a person proposes to obtain Control of the Company in pursuance of a compromise or arrangement sanctioned by the court under section 899 of the Companies Act 2006 Awards shall Vest on the date of the court sanction as set out below.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion, taking into account the period of time the Award has been held by the Award Holder and the extent to which the Performance Target and any other condition imposed under Rule 5.1 have been met.

A Vested Option may be exercised at any time during the period of 6 months from the compromise or arrangement being sanctioned by the court and if not exercised within that period it shall lapse.

10.4. Winding-up of the Company

If notice is given of a resolution for the voluntary winding-up of the Company, Awards shall Vest on the date notice is given.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion, taking into account the period of time the Award has been held by the Award Holder and the extent to which the Performance Target and any other condition imposed under Rule 5.1 have been met.

A Vested Option may be exercised at any time during the period of 6 months from the date of the notice or, if earlier, on completion of the winding up, and if not exercised within such period it shall lapse.

10.5. Demergers and other events

The Board may determine that Awards Vest if it becomes aware that the Company will be affected by a demerger, distribution (which is not an ordinary dividend) or other transaction not otherwise covered by the Rules.

The proportion of an Award which shall Vest will be determined by the Board in its absolute discretion, taking into account the period of time the Award has been held by the Award Holder and the extent to which the Performance Target and any other condition imposed under Rule 5.1 have been met.

A Vested Option may be exercised at any time during a period as shall be determined by the Board and if not exercised within that period it shall lapse.

10.6. Meaning of “obtains Control of the Company”

For the purpose of Rule 10a 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.

10.7. References to Board within this Rule 10

For the purposes of this Rule 10, any reference to the Grantor shall be taken to be a reference to those individuals who were members of the Board immediately before the event by virtue of which this Rule 10 applies.

10.8. Notification of Award Holders

The Grantor shall, as soon as reasonably practicable, notify each Award Holder of the occurrence of any of the events referred to in this Rule 10 and explain how this affects his position under the Plan.

10.9. Vesting of Awards and corporation tax deduction

Where the Board is aware that an event is likely to occur under Rule 10

1. in respect of which Awards will Vest in circumstances where the conditions for relief under Part 12 of the Corporation Tax Act 2009 may not be satisfied; or
2. if the Board in its absolute discretion considers it appropriate

the Board may, in its absolute discretion and by notice in writing to all Award Holders, declare that all Awards that are expected to Vest as a result of the Relevant Event shall Vest, in accordance with Rule 10, during such period prior to the Relevant Event as determined by the Board.

11. Exchange of Awards

11.1. Reorganisation or merger

Where an event occurs under Rules 10.1, 10.2, or 10.3 and:

1. the shareholders of the acquiring company, immediately after it has obtained Control, are substantially the same as the shareholders of the Company immediately before the event; or
2. the obtaining of Control amounts to a merger with the Company,

Awards and Options will not Vest and instead Rule 11.2 will apply if the Board and the acquiring company so agree.

11.2. Where Exchange applies

An Award will not Vest under Rule 10 but will be exchanged for a new award (**New Award**) under this Rule to the extent that:

1. an offer to exchange the Award for a New Award is made and accepted by the Award Holder; or
2. the Board, if relevant, with the consent of the persons acquiring Control, decides that Awards will be automatically exchanged for New Awards.

11.3. Terms of Exchange

The following applies in respect of the New Award:

1. The Award Date of the New Award shall be deemed to be the same as the Award Date of the Award.
2. The New Award will be in respect of the shares in a company determined by the Board.
3. In the application of the Plan to the New Award, where appropriate, references to “Company” and “Plan Shares” shall be read as if they were references to the company to whose shares the New Award relates;
4. The New Award must be equivalent to the Award and subject to paragraph 4 below it will Vest at the same time and in the same manner as the Award.
5. Either the Vesting of the New Award must be subject to performance conditions and other conditions which are so far as possible equivalent to the Performance Target and conditions applying to the Award or no performance conditions will apply but the value of shares comprised in the New Award shall be the value of the number of Plan Shares which would have Vested under Rule 10 as applicable.

12. Lapse of Awards

Notwithstanding any other provision of the Rules, an Award shall lapse on the earliest of:

1. in the case of Options, the expiry of the Exercise Period;
2. the Board determining that any Performance Target or other condition imposed under Rule 5.1 has not been satisfied either in whole nor in part in respect of the Award and can no longer be satisfied in whole or in part in which case the Award shall lapse either in whole or as to such part in relation to which the Performance Target or other conditions imposed under Rule 5.1 can no longer be satisfied;
3. subject to Rule 9, the Award Holder ceasing to be in Relevant Employment;
4. any date provided for under these Rules ;
5. in relation to an Award of Restricted Shares, any date provided for under Rule 1.10, and
6. the date on which the Award Holder becomes bankrupt or enters into a compromise with his creditors generally.

13. Adjustment of Awards on Reorganisation

13.1. Power to adjust Awards

In the event of a Reorganisation, the number of Plan Shares subject to an Award which is an Option or a Conditional Share Award, the description of the Plan Shares, the Award Price, or any one or more of these, shall be adjusted in such manner as the Grantor, together with the Board where relevant, shall determine.

Subject to the Restricted Share Agreement, the Award Holder shall have the same rights as any other shareholder in respect of Restricted Shares in the event of a Reorganisation. Any shares, securities or other rights allotted to an Award Holder for no consideration or with the proceeds of sale of such rights (but not with new consideration provided by the Award Holder) as a result of such Reorganisation shall be treated as if they were awarded to the Award Holder at the same time as the Restricted Shares in respect of which the rights were conferred and subject to the rules of the Plan and the terms of the Restricted Share Agreement.

13.2. Award Price

No adjustment shall be made to the Award Price which would result in the Plan Shares subject to an Option being issued at a price per Plan Share lower than the nominal value of a Plan Share except where the Grantor puts in place arrangements to pay up the nominal value at the date of issue of the Plan Shares (or the difference between the adjusted Award Price and the nominal value as the case may be).

13.3. Notification of Award Holders

The Grantor shall, as soon as reasonably practicable, notify each Award Holder of any adjustment made under this Rule 13 and explain how this affects his position under the Plan.

14. Accounting for PAYE and National Insurance Contributions

14.1. Deductions

Unless the Award Holder discharges any liability that may arise himself, the Grantor, the Company or any Group Member (as the case may be) may withhold such amount, or make such other arrangements as it may determine appropriate, for example to sell or withhold Plan Shares, to meet any liability to taxes or social security contributions in respect of Awards.

14.2. Transfer of Employer's NIC

The Grantor may, at its discretion and to the extent permitted by law, require the Award Holder to pay all or any part of the Employer's NIC in relation to an Award under the Plan.

Employer's NIC means employer's national insurance contributions liability or any local country equivalent;

14.3. Execution of document by Award Holder

The Grantor may require an Award Holder to execute a document in order to bind himself contractually to any such arrangement as is referred to in Rules 14.1 and 14.2 and return the executed document to the Board by a specified date. It shall be a condition of Vesting and exercise of the Award that the executed document be returned by the specified date unless the Grantor determines otherwise.

14.4. Tax elections

The Board may, at its discretion, determine that an Option may not be exercised and/or the Plan Shares subject to a Conditional Share Award or the Plan Shares the subject of an Award of Restricted Shares may not be issued or transferred to the Award Holder (or for his benefit) unless the Award Holder has beforehand signed an election under Chapter 2 of Part 7 of ITEPA 2003 and/or section 165 of the Taxation of Chargeable Gains Act 1992 or entered into broadly similar arrangements in countries outside the UK.

15. Issue and listing of Plan Shares

15.1. Rights attaching to Plan Shares

Except as set out in Rule 1.10 (Restricted Shares), all Plan Shares issued and/or transferred under the Plan shall, as to voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, rank equally in all respects and as one class with the shares of the same class in issue at the date of issue or transfer save as regards any rights attaching to such Plan Shares by reference to a record date prior to the date of such issue or transfer.

15.2. Listing of Plan Shares

If and so long as Plan Shares are listed on the Official List and traded on the London Stock Exchange, the Company will apply for the listing of any Plan Shares issued under the Plan as soon as reasonably practicable.

16. Relationship of Plan to contract of employment

16.1. Contractual provisions

Notwithstanding any other provision of the Plan:

1. the Plan shall not form part of any contract of employment between any Group Member and an Eligible Employee;
2. unless expressly so provided in his contract of employment, an Eligible Employee has no right to be granted an Award and the receipt of an Award in one year (and the calculation of the Award Price in a particular way) is no indication that the Award Holder will be granted any subsequent Awards (or that the calculations of the Award Price will be made in the same or a similar way);
3. the Plan does not entitle any Award Holder to the exercise of any discretion in his favour;
4. the benefit to an Eligible Employee of participation in the Plan (including, in particular but not by way of limitation, any Awards held by him) shall not form any part of his remuneration or count as his remuneration for any purpose and shall not be pensionable; and

5. if an Eligible Employee ceases to be in Relevant Employment for any reason, he shall not be entitled to compensation for the loss or diminution in value of any right or benefit or prospective right or benefit under the Plan (including, in particular but not by way of limitation, any Awards held by him which lapse by reason of his ceasing to be in Relevant Employment) whether by way of damages for unfair dismissal, wrongful dismissal, breach of contract or otherwise.

16.2. Deemed agreement

By accepting the grant of an Award, an Award Holder is deemed to have agreed to the provisions of these Rules, including this Rule 16.

17. Administration of Plan

17.1. Responsibility for administration

The Board (and the Grantor, where appropriate) shall be responsible for, and shall have the conduct of, the administration of the Plan. The Board may from time to time make, amend or rescind regulations for the administration of the Plan provided that such regulations shall not be inconsistent with the Rules.

17.2. Board's decision final and binding

The decision of the Board shall be final and binding in all matters relating to the Plan, including but not limited to the resolution of any dispute concerning, or any inconsistency or ambiguity in the Rules or any document used in connection with the Plan.

17.3. Grantor to consult with the Board

Where the Grantor is not the Company and has made, or proposes to make, an Award, the Grantor shall consult with, and take into account the wishes of, the Board before making any determination or exercising any power or discretion under the Plan.

17.4. Discretionary nature of Awards

All Awards shall be granted entirely at the discretion of the Grantor.

17.5. Provision of information

Where the Grantor is not the Company, the Grantor and an Award Holder shall provide the Company as soon as reasonably practicable such information as the Company reasonably requests for the purpose of complying with its obligations under section 421J of ITEPA 2003 or similar requirements of overseas tax legislation.

17.6. Cost of the Plan

The cost of introducing and administering the Plan shall be met by the Company. The Company shall be entitled, if it wishes, to charge an appropriate part of such cost to a Subsidiary or the Grantor.

17.7. Data protection

By accepting the grant of an Award, an Award Holder is deemed to consent to the holding, processing and transfer of personal data in relation to the Award Holder by or to the Company, the Grantor, any Group Member, the Trustees, any third party broker, registrar or administrator or any future purchaser of the Company or relevant Group Member employing the Award Holder for all purposes relating to the operation of the Plan and this consent shall include transferring or processing personal data outside the European Economic Area (as defined in the Data Protection Act 1998).

17.8. Third party rights

Nothing in these Rules confers any benefit, right or expectation on a person who is not an Award Holder. No such third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of these Rules.

18. Amendment of Plan

18.1. Power to amend the Plan

Subject to Rules 18.2 and 18.3, the Board may from time to time amend the Rules (including, for the purposes of establishing a sub-plan for the benefit of employees located overseas).

18.2. Amendments to the Plan

Without the prior approval of the Company in general meeting, an amendment may not be made for the benefit of existing or future Award Holders to the Rules relating to:

1. the basis for determining an Eligible Employee's entitlement (or otherwise) to be granted an Award and/or to acquire Plan Shares on the exercise of an Option and/or to become absolutely entitled to Plan Shares subject to a Conditional Share Award (as the case may be) under the Plan;
2. the persons to whom an Award may be granted;
3. the limit on the aggregate number of Plan Shares over which Awards may be granted;
4. the limit on the number of Plan Shares over which Awards may be granted to any one Eligible Employee;
5. the adjustment of Awards on a Reorganisation;
6. this Rule 18.2

except for:

1. an amendment which is of a minor nature and benefits the administration of the Plan; or
2. an amendment which is of a minor nature and is necessary or desirable in order to take account of a change of legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the Plan, the Company or some other Group Member.

18.3. Rights of existing Award Holders

An amendment may not materially adversely affect the rights of an existing Award Holder except:

1. where the amendment is made to take account of any matter or circumstance which the Board reasonably considers is a relevant legal or regulatory requirement or to take account of any other matter or circumstance (including in particular corporate governance requirements or best practice) which the Board reasonably considers is relevant and requires an amendment to be made in order for any Group Member to comply with such matter or circumstance; or
2. where the Award Holder affected by the change has been notified of such amendment and the majority of Award Holders holding Awards under the Plan have approved the amendment.

19. Notices

19.1. Notice by the Grantor

Save as provided for by law, any notice, document or other communication given by, or on behalf of, the Grantor or to any person in connection with the Plan shall be deemed to have been duly given if delivered to him at his place of work, if he is in Relevant Employment, if sent by e-mail to such e-mail address as may be specified by him from time to time or, in the case of an Award Holder who remains in Relevant Employment, to such e-mail address as is allocated to him by any Group Member, or sent through the post in a pre-paid envelope to the postal address last known to the Company to be his address and, if so sent, shall be deemed to have been duly given on the date of posting.

19.2. Deceased Award Holders

Save as provided for by law, any notice, document or other communication so sent to an Award Holder shall be deemed to have been duly given notwithstanding that such Award Holder is then deceased (and whether or not the Company has notice of his death) except where his personal representatives have established their title to the satisfaction of the Company and supplied to the Company an e-mail or postal address to which notices, documents and other communications are to be sent.

19.3. Notice to the Grantor

Save as provided for by law any notice, document or other communication given to the Grantor (or any person appointed by the Grantor) in connection with the Plan shall be delivered by hand or sent by email, fax or post to the Company Secretary (or any person appointed by the Grantor) at the Company's registered office (or such other e-mail or postal address as may from time to time be notified to Award Holders) but shall not in any event be duly given unless it is actually received at the registered office or such e-mail or postal address.

20. Governing law and jurisdiction

20.1. Plan governed by English law

The formation, existence, construction, performance, validity and all aspects whatsoever of the Plan, any term of the Plan and any Award granted under it shall be governed by English law.

20.2. English courts to have jurisdiction

The English courts shall have jurisdiction to settle any dispute which may arise out of, or in connection with, the Plan.

20.3. Jurisdiction agreement for benefit of the Company

The jurisdiction agreement contained in this Rule 20 is made for the benefit of the Company only, which accordingly retains the right to bring proceedings in any other court of competent jurisdiction.

20.4. Award Holder deemed to submit to such jurisdiction

By accepting the making of an Award, an Award Holder is deemed to have agreed to submit to such jurisdiction.

21. Interpretation

21.1. Definitions

In this Plan, unless the context otherwise requires, the following words and expressions have the following meanings:

Acting In Concert has the meaning given to that expression in The City Code on Takeovers and Mergers in its present form or as amended from time to time;

Award means an Option, a Conditional Share Award or Restricted Shares granted under the Plan;

Award Certificate means a statement in a form, which may include an electronic form, determined by the Company setting out terms of the Award as set out in Rule 1.4;

Award Date means the date on which an Award is granted in accordance with Rule 1.3;

Award Holder means an individual who holds an Award or, where the context permits, his legal personal representatives;

Award Price means the amount (if any), such amount being expressed either as an amount per Plan Share or an amount payable in respect of the exercise of an Option or Vesting of a Conditional Share Award or for the acquisition of Restricted Shares under a Restricted Shares Agreement, payable on the exercise of an Option or the Vesting of a Conditional Share Award or the acquisition of Restricted Shares, determined in accordance with Rule 4;

Board means, subject to Rule 10.7, the board of directors of the Company or a duly authorised committee of it or a person duly authorised by the board of directors of the Company or such committee;

Company means Admiral Group plc incorporated in England and Wales under company number 03849958;

Conditional Share Award means a conditional right under the Plan to acquire Plan Shares;

Control has the meaning given to it by section 995 of ITA 2007;

Daily Official List means the Financial Conduct Authority's list of securities that have been admitted to listing and which is maintained by the Financial Conduct Authority;

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

Dealing Restrictions means restrictions on dealings imposed by statute, order or regulation or Government directive, or by the Model Code or any code adopted by the Company based on the Model Code;

Eligible Employee means an individual who at the Award Date is an employee of a Group Member and who is not a non-executive director;

Employees' Share Scheme has the meaning set out in section 1166 of the Companies Act 2006;

Exercise Period means the period set by the Board on the Award Date during which an Option may be exercised, ending no later than the 10th anniversary of the Award Date;

Financial Conduct Authority means the "competent authority" as that expression is defined in Part VI of the Financial Services and Markets Act 2000;

Gain means the difference between (i) the Market Value of a Plan Share on the date of exercise of an Option and (ii) the Award Price, multiplied by the number of Plan Shares in respect of which the Option is being exercised;

Grantor means

1. in relation to an Award granted by the Company, the Board;
2. in relation to an Award granted by the Trustees, the Trustees; and
3. in relation to an Award granted by any other person which the Board authorises to grant an Award, that person;

Group means the Company and its Subsidiaries from time to time and Group Member shall be interpreted accordingly;

Holding Period means the period (if any) specified under Rule 1.4 paragraph 9 (commencing from the Vesting Date of the relevant Award) during which the restrictions contained in Rule 8 apply;

ITA 2007 means the Income Tax Act 2007;

ITEPA 2003 means the Income Tax (Earnings and Pensions) Act 2003;

London Stock Exchange means the London Stock Exchange plc or any successor body;

Market Value on any day means

1. if at the relevant time Plan Shares are listed in the Daily Official List of the London Stock Exchange (or any other recognised stock exchange within the meaning of section 1005 of ITA 2007 or the Alternative Investment Market of the London Stock Exchange), the middle market quotation (as derived from that List), or if the Board so determines the closing price on the preceding Dealing Day; or
2. where Plan Shares are not so listed, the market value of a Plan Share calculated as described in the Taxation of Chargeable Gains Act 1992;

Model Code means the Model Code on dealings in securities as set out in Listing Rule 9, Annex 1 of the Listing Rules issued by the Financial Conduct Authority in its present form and as amended from time to time;

Option means a right to acquire Plan Shares granted under the Plan;

Performance Target means a performance target imposed as a condition of the Vesting of an Award under Rule 5.1 and as substituted or varied in accordance with Rule 5.3;

Plan means The Admiral Group plc 2015 Discretionary Free Share Scheme as amended from time to time;

Plan Shares means ordinary shares in the capital of the Company (or any shares representing them);

Recipient means a person who, by virtue of being an Award Holder, had Plan Shares transferred to him (or to the Holder or to another party to be held on his behalf) on or before Vesting of his Award (or, where the Award is in the form of an Option, exercise of that Option);

Regulatory Information Service means a service that is approved by the Financial Conduct Authority on meeting the Primary Information Provider criteria and is on the list of Regulatory Information Services maintained by the Financial Conduct Authority (or any overseas equivalent);

Relevant Employment means employment with any Group Member;

Reorganisation means any variation in the share capital of the Company, including but without limitation a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue and a sub-division, consolidation or reduction in the capital of the Company;

Restricted Shares means Shares where the Award Holder is the owner of the Plan Shares from the Award Date subject to the Restricted Share Agreement;

Restricted Share Agreement means the agreement referred to in Rule 1.10;

Rules mean the rules of the Plan;

Subsidiary has the meaning set out in section 1159 of the Companies Act 2006;

Trustees means the trustees of any trust created by a Group Member which, when taken together with the Plan, constitutes an Employees' Share Scheme;

Vest means an Award Holder becoming entitled to exercise an Option and in relation to a Conditional Share Award, means an Award Holder becoming entitled to have the Plan Shares transferred to them and in relation to Restricted Shares means the restrictions set out in the Restricted Share Agreement ceasing to have effect; and

Vesting Period means the period from the Award Date to the normal date of Vesting.

21.2. Interpretation

In the Plan, unless otherwise specified:

1. save as provided for by law a reference to writing includes any mode of reproducing words in a legible form and reduced to paper or electronic format or communication including, for the avoidance of doubt, correspondence via e-mail; and
2. the Interpretation Act 1978 applies to the Plan in the same way as it applies to an enactment.

Schedule A

United Kingdom – CSOP Options

Registered with HMRC on ●.

The Grantor may designate any Option as a CSOP Option on the Award Date. If the Grantor does so, the provisions of the Rules relating to Options will apply to the CSOP Option, subject to this Schedule A. The Rules as amended by this Schedule A shall apply only to CSOP Options granted under this Schedule A.

The CSOP Options granted under this Schedule A are intended to meet the requirements of Schedule 4 of ITEPA 2003 (**Schedule 4**).

For the purposes of this Schedule A, the following words and expressions have the following meanings:

Constituent Company has the meaning in paragraph 3(3) of Schedule 4;

Restriction has the meaning given in paragraph 36(3) of Schedule 4; and

Tax Year is a calendar year commencing on 6 April.

In the event of any conflict between the provisions of this Schedule A and the Rules, this Schedule A shall take precedence.

A1. Grant of CSOP Options and eligibility to be granted CSOP Options

The Grantor may on the Award Date grant a CSOP Option to such Eligible Employees as it may in its absolute discretion determine except that CSOP Options may not be granted under this Schedule A to anybody who is;

1. excluded from participation because of paragraph 9 of Schedule 4 (material interest provisions);
2. a director who is required to work less than 25 hours a week (excluding meal breaks) for the Company; or
3. not an employee or director of the Company or a Subsidiary which has been nominated by the Board as a Constituent Company.

A2. Contents of Award Certificate

The Award Certificate for a CSOP Option shall state those matters determined by the Grantor in accordance with Rule 1.4. and in addition shall state:

1. that the Option is intended to be a CSOP Option;
2. the price at which Plan Shares may be acquired by the exercise of the CSOP Option;
3. the number and description of the Plan Shares which may be acquired by the exercise of the CSOP Option;
4. whether or not the Plan Shares which may be acquired by the exercise of the CSOP Option may be subject to any Restriction and, if so, the details of the Restriction;
5. the times at which the CSOP Option may be exercised (in whole or in part); and
6. the circumstances under which the CSOP Option will lapse or be cancelled (in whole or in part), including any conditions to which the exercise of the CSOP Option is subject (in whole or in part).

At the Award Date, the terms of the CSOP Option required by paragraph 21A of Schedule 4 must be stated. These terms may be varied after the grant of the CSOP Option, but only to the extent permitted by paragraph 21A of Schedule 4.

As soon as practicable after the Award Date of a CSOP Option, the Grantor shall notify the relevant Award Holder of the matters set out in paragraph 21A of Schedule 4.

A3. Earliest date of grant of CSOP Options

CSOP Options granted in a Tax Year in advance of registration and certification will only be CSOP Options if the Company registers and certifies the Plan by 6 July of the following Tax Year.

A4. CSOP Options: reporting requirements

The Company shall give notice to HMRC as required by paragraph 28A and 28B of Schedule 4 including that Options granted under this Schedule A meet the requirements set out in parts 2 to 6 of Schedule 4 and make any declaration in relation to amendments to key features (as defined in paragraph 26B(8) of Schedule 4) or variations under paragraph 22(3) of Schedule 4 to confirm that the requirements of Parts 2 to 6 of Schedule 4 continue to be met.

A5. Plan Shares subject to a CSOP Option

The definition of “Plan Shares” is modified to mean “ordinary shares in the capital of the Company which satisfy the conditions in paragraphs 16 to 20 of Schedule 4”.

The Plan Shares subject to a CSOP Option must satisfy paragraphs 16 to 20 of Schedule 4 at the Award Date and the exercise date. If they cease to satisfy paragraphs 16 to 20 of Schedule 4, the CSOP Options shall cease to be treated as granted or held under a Schedule 4 CSOP, except where exercise is permitted under Rules A12, A13 or A14, but the Option will continue as an Option under the Plan.

A6. Award Price

The Award Price of a CSOP Option will be not less than the Market Value of a Share on the Award Date or such other date as HMRC may agree in advance. Where Plan Shares are not admitted to the Official List then the Market Value shall be as set out in Rule 21.1 (as modified by the deletion of the phrase “or the Alternative Investment Market of the London Stock Exchange”) and agreed in advance with HMRC Shares and Assets Valuation.

A7. HMRC limit

The Grantor must not grant a CSOP Option to an Eligible Employee which would cause the aggregate Market Value of:

1. the Plan Shares subject to that CSOP Option; and
2. the Plan Shares which he may acquire on exercising other CSOP Options; and
3. the shares which he may acquire on exercising his options under any other Schedule 4 CSOP established by the Company or by any of its associated companies (as defined in paragraph 35 of Schedule 4)

to exceed the amount permitted under paragraph 6(1) of Schedule 4 (currently £30,000).

For the purpose of this limit:

- a. shares subject to an option which has been exercised, lapsed or renounced shall be disregarded; and
- b. if shares are subject to a Restriction, their Market Value measured on the date of the grant of the relevant option is to be determined as if they were not subject to a Restriction.

If the grant of a CSOP Option would cause this limit to be exceeded, such CSOP Option shall take effect as an Option over the maximum number of Plan Shares which does not cause the limit to be exceeded.

The Grantor must not grant a CSOP Option to an Eligible Employee without his prior agreement in writing if the result of granting the CSOP Option would be that a disqualifying event under section 536(1)(c) of ITEPA 2003 would arise in relation to any Enterprise Management Incentive options held by him.

A8. Plan Shares subject to a Restriction

If the Plan Shares subject to a CSOP Option are subject to a Restriction, then for the purposes of Rules A6 and A7, the Market Value of those Plan Shares shall be determined as if they were not subject to the Restriction.

A9. Variations in share capital, demergers and special distributions

1. Adjustments may not be made to CSOP Options under Rule 13 (Adjustment of Awards on Reorganisation) where there is a demerger (in whatever form), an exempt distribution by virtue of Chapter 5 or Part 23 of the Corporation Tax Act 2010 or a special dividend or distribution.
2. Any adjustment of CSOP Options under Rule 13.1 in accordance with paragraph 22(3) of Schedule 4 shall only be permitted to the extent that the total Market Value of the Plan Shares which may be acquired by the exercise of the CSOP Option and the total price at which those Plan Shares may be acquired is substantially the same as immediately before the Reorganisation.
3. For the avoidance of doubt nothing in this Rule A9 shall authorise any adjustment which would result in the requirements of Schedule 4 not being met in relation to a CSOP Option.

A10. Restrictions on exercise of a CSOP Option

An Award Holder may not exercise a CSOP Option while he is excluded from participation under paragraph 9 of Schedule 4 (material interest provisions).

A11. Discretion on exercise and lapse of CSOP Options

Rule 9 (Vesting of Awards in special circumstances) shall take effect on the basis that the proportion of the Awards which shall Vest will be determined by the Board taking into account as at the time of cessation of the satisfaction of any Performance Target and any other condition imposed under Rule 5.1, and the number of Plan Shares will be reduced pro rata to reflect the number of whole months from the Award Date until cessation as a proportion of the original Vesting period.

If any discretion is exercised under Rules 9 (Vesting of awards in special circumstances) or 10 (Takeovers etc) in relation to a CSOP Option, it must be exercised fairly and reasonably.

A12. Death

Except in the case of a winding-up of the Company, where the period for exercise of a CSOP Option shall be 6 months as provided for under Rule 10.4, and notwithstanding any other provision of the Plan, if a CSOP Option has become exercisable under Rule 9.1, the CSOP Option can be exercised at any time up to and including the first anniversary of the date of death regardless of any other CSOP Option exercise provision in the Plan.

A13. Injury, disability, redundancy, retirement etc.

Notwithstanding Rule 9.2, if a holder of a CSOP Option ceases to be in employment with a Constituent Company by reason of:

1. injury or disability;
2. ill-health
3. redundancy within the meaning of the Employment Rights Act 1996;
4. retirement by agreement with the company by which he is employed;
5. a relevant transfer to a company outside the Group within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006;
6. the Group Member in which he holds office or employment ceases to be a Constituent Company by reason that it ceases to be under the Control of the Company; or
7. any other circumstances if the Board determines in any particular case provided such discretion is exercised within two months after the date the Award Holder ceased to be in Relevant Employment and in a fair and reasonable manner,

a proportion of his CSOP Option shall Vest immediately. The proportion of the CSOP Option which shall Vest shall be determined in accordance with Rule 9.2.

A14. Takeover, Compulsory Acquisition, scheme of arrangement or winding-up of the Company

1. Subject to the remainder of this Rule A14.1 and to Rule A15, an Option can be exercised as a CSOP Option in accordance with Rule 10.1 where :
 - a. the offer falls within paragraph 25A(3) to (5) of Schedule 4; and
 - b. the CSOP Option is exercised within 6 months of the appropriate relevant date as set out in paragraph 25A(2)(a) of Schedule 4.

Where the Board shall determine it is likely that a person will obtain Control of the Company or will purport to obtain Control and the Board passes a resolution to that effect, in the circumstances contemplated by Rule 10.1, the CSOP Option may be exercised during the period of 20 days ending with the day on which the person obtains such Control of the Company and the CSOP Option shall be treated as if it was exercised in accordance with Rule 10.1. If a CSOP Option is exercised in reliance of this Rule A14.1 and in anticipation of the events referred to in Rule 10.1, but the person does not obtain Control of the Company during the period of 20 days beginning with the date on which the CSOP Option is exercised, the exercise of the CSOP Option is to be treated as having had no effect.

Subject to the above, if in consequence of a person obtaining Control of the Company or purporting to obtain Control of the Company within Rule 10.1, the Plan Shares to which the CSOP Option relates no longer meet the requirements of Part 4 of Schedule 4, the CSOP Option may be exercised no later than 20 days after the day on which the person obtains Control of the Company, as referred to in Rule 10.1 or above, notwithstanding that the Plan Shares no longer meet the requirements of Part 4 of Schedule 4. If not so exercised, the Options shall lapse at the expiry of that period of 20 days.

2. Subject to the remainder of this Rule A14.2, an Option can be exercised as a CSOP Option in accordance with Rule 10.2 where:
 - a. the compulsory acquisition of the Plan Shares falls within paragraph 25A(7) of Schedule 4; and
 - b. the CSOP Option is exercised within the period as set out in paragraph 25A(7) of Schedule 4.

Where the Board shall determine that it is likely that a person will become bound or entitled to acquire shares in the Company in the circumstances contemplated by Rule 10.2 and the Board passes a resolution to that effect, the Option may be exercised during the period of 20 days ending with the day on which the person becomes bound or entitled to acquire shares in the Company within Rule 10.2 and the CSOP Option shall be treated as if it was exercised in accordance with Rule 10.2. If a CSOP Option is exercised in reliance of this A14.2 and in anticipation of a person becoming bound or entitled to acquire shares within Rule 10.2 and that person does not become so bound or entitled to acquire shares in the Company by the end of the period of 20 days beginning with the date on which the CSOP Option is exercised, the exercise of the CSOP Option is to be treated as having had no effect.

Subject to the above, if in consequence of a person who is entitled or bound to acquire shares in the Company within Rule 10.2, the Plan Shares to which the CSOP Option relates no longer meet the requirements of Part 4 of Schedule 4, the CSOP Option may be exercised no later than 20 days after the day on which the person obtains Control of the Company, notwithstanding that the Plan Shares no longer meet the requirements of Part 4 of Schedule 4. If not so exercised, the CSOP Options shall lapse at the expiry of that period of 20 days.

3. Subject to the remainder of this Rule A14.3, an Option can be exercised as a CSOP Option in accordance with Rule 10.3 where:
 - a. the compromise or arrangement falls within paragraph 25A(6) of Schedule 4; and
 - b. the CSOP Option is exercised within 6 months of the relevant date as set out in paragraph 25A(6) of Schedule 4.

Where the Board shall determine that it is likely that the court will sanction a compromise or arrangement within Rule 10.3 and the Board passes a resolution to that effect, the CSOP Option may be exercised

during the period of 20 days ending with the day on which the court sanctions such a compromise or arrangement and the CSOP Option shall be treated as if it was exercised in accordance with Rule 10.3. If a CSOP Option is exercised in reliance of this Rule 10.3 and in anticipation of the events referred to in Rule 10.3, but the court does not sanction the compromise or arrangement within Rule 10.3 during the period of 20 days beginning with the date on which the CSOP Option is exercised, the exercise of the CSOP Option is to be treated as having had no effect.

Subject to the above, if in consequence of a person obtaining Control of the Company as a result of a compromise or arrangement sanctioned by the court within Rule 10.3, the Plan Shares to which the CSOP Option relates no longer meet the requirements of Part 4 of Schedule 4, the CSOP Option may be exercised no later than 20 days after the day on which a person obtains Control of the Company as a result of a compromise or arrangement sanctioned by the court, notwithstanding that the Plan Shares no longer meet the requirements of Part 4 of Schedule 4. If not so exercised, the CSOP Options shall lapse at the expiry of that period of 20 days.

A15. Non-UK Company reorganisation

Subject to the remainder of this Rule A15, on the date on which a non-UK company reorganisation (within the meaning of Schedule 4) applicable to or affecting:

1. all the ordinary share capital of the Company or all the shares of the same class as the Plan Shares; or
2. all the shares, or all the shares of the same class as the Plan Shares, which are held by a class of shareholders identified otherwise than by reference to their employments or directorships or their participation in a CSOP scheme that meets the requirements of Schedule 4,

becomes binding on the shareholders covered by it, all CSOP Options may be exercised at any time during the period of 6 months beginning with the date described in this Rule A15. If not so exercised, the CSOP Options shall lapse at the expiry of the 6 month period.

Where the Board shall determine that it is likely that a non-UK reorganisation will become binding on shareholders and the Board passes a resolution to that effect, the CSOP Option may be exercised during the period of 20 days ending with the day on which the said non-UK reorganisation becomes so binding and the CSOP Option shall be treated as if it was exercised in accordance with this Rule A15. If a CSOP Option is exercised in reliance of this Rule A15 and in anticipation of the events referred to in this Rule A15, but the said non-UK reorganisation does not become binding on shareholders, during the period of 20 days beginning with the date on which the CSOP Option is exercised, the exercise of the CSOP Option is to be treated as having had no effect.

Subject to the above, if in consequence of a person obtaining Control of the Company as a result of a non-UK reorganisation within this Rule A15, the Plan Shares to which the CSOP Option relates no longer meet the requirements of Part 4 of Schedule 4, the CSOP Option may be exercised no later than 20 days after the day on which a person obtains Control of the Company, notwithstanding that the Plan Shares no longer meet the requirements of Part 4 of Schedule 4. If not so exercised, the CSOP Options shall lapse at the expiry of that period of 20 days.

A16. Exchange of CSOP Options

Rule 11.22 shall not apply to CSOP Options.

If the person which obtains Control of the Company under Rule 10 is a company of which 90% or more of the ordinary shares are held in substantially the same proportions by substantially the same persons who previously held the Company's ordinary shares, then the Board may determine that Rule 10 shall not apply. Instead, if that person makes an offer to exchange the Award for a new Award which meets the requirements set out below, any CSOP Options that are not exchanged within the period referred to in paragraph 26 of Schedule 4 shall lapse forthwith at the end of that period.

For new CSOP Options to be subject to tax advantaged status as set out in part 1 of Schedule 4, CSOP Options can only be exchanged, as described in Rule 11.3 (Terms of Exchange), if the Acquiring Company:

1. obtains Control of the Company as a result of making a general offer to acquire:

- a. the whole of the issued ordinary share capital of the Company (other than that which is already owned by it and its subsidiary or holding company) made on a condition such that, if satisfied, the Acquiring Company will have Control of the Company; or
 - b. all the Plan Shares (or all those Plan Shares not already owned by the Acquiring Company or its subsidiary or holding company); or
2. obtains Control of the Company under a compromise or arrangement sanctioned by the court under Section 899 of the Companies Act 2006; or
 3. becomes bound or entitled to acquire Plan Shares under Sections 979 to 982 of the Companies Act 2006; or
 4. obtains Control of the Company as a result of a non-UK company reorganisation arrangement which has become binding on the shareholders covered by it.

CSOP Options must be exchanged within the period referred to in paragraph 26(2) of Schedule 4 and with the agreement of the company offering the exchange. No further CSOP Options may be granted under the Plan.

Rule 11.3.5 shall be construed as if the words “which would have Vested under Rule 10 as applicable” were replaced by the words “subject to the original Award”.

The new CSOP Option must be equivalent to the old CSOP Option by satisfying the conditions of paragraph 27 of Schedule 4 and must be in respect of shares which satisfy the conditions of paragraph 27 of Schedule 4, in a body corporate falling within paragraph 16(b) or (c) of Schedule 4.

For the avoidance of doubt, in determining whether the old CSOP Option is equivalent to the new CSOP Option, the market value of the Plan Shares shall be determined using a methodology agreed with HMRC.

A17. Changing the terms of CSOP Options

The Board need not obtain the approval of the Company in general meeting for any minor changes to this Schedule A which are necessary or desirable in order to meet the requirements of Schedule 4.

A18. Substitution, variation or waiver of Performance Target

No amendment to the Performance Targets or other conditions for CSOP Options can be made which makes the Performance Targets or other conditions more difficult to satisfy.

A19. Accounting for PAYE and National Insurance Contributions

Rule 14.1 (Deductions) shall be replaced by the following:

“If the Grantor, the Company or any Group Member (as the case may be) is obliged in any jurisdiction to account for tax and national insurance contributions for which the Award Holder is liable by virtue of the exercise of the Option and such company has not received from the Award Holder the necessary amount, then such company shall be entitled to discharge such liability by selling sufficient Plan Shares in respect of which the Option has been validly exercised and allotting or procuring the transfer of the balance of the Plan Shares to the Award Holder.”

A20. Disapplication of certain Plan rules and provisions

The following rules and provisions do not apply to CSOP Options:

Rule 1.4.6 (Terms set at grant - dividend equivalents) and 7.10 (Dividend equivalents);

Rule 6 (Malus and Clawback) shall apply only to the extent (if at all) permissible under Schedule 4;

Rule 7.9 (Net or Cash Settling); and

Rule 14.4 (Tax elections).

Schedule B

Phantom Award Schedule

B1. Application of the Rules

The Rules shall apply to Awards granted under this Schedule B, as amended by the terms of this Schedule B.

B2. Definitions

The following definitions shall apply in addition to the definitions set out in the Rules:

1. **Phantom Award** means an Award of a Phantom Conditional Share Award or a Phantom Option;
2. **Phantom Conditional Share Award** means a conditional right under the Plan to be paid a cash payment equal to the Market Value of a notional Plan Share as at the date of Vesting; and
3. **Phantom Option** means a right in relation to notional Plan Shares which, when exercised, entitles the Award Holder to be paid a cash amount equal to the Gain on an equivalent Option.

B3. Terms of Phantom Awards

The Board may determine that Awards shall be granted under this Schedule B in the form of Phantom Awards. If so, the Award Certificate must state that the Award is in the form of a Phantom Award. Each Phantom Award will be in respect of a specified number of notional Plan Shares.

The Rules shall apply mutatis mutandis to a Phantom Option as if were an Option and an Award comprising a Phantom Conditional Share Award as if it were an Award comprising a Conditional Share Award.

B4. Settlement of Phantom Awards

Subject to the Rules and any necessary consent and compliance by the Award Holder with the Rules, the Company shall, as soon as reasonably practicable and in any event not later than 30 days after the Vesting of a Phantom Conditional Share Award or the exercise of a Phantom Option, arrange for the payment to the Award Holder of an amount in cash equal to:

1. in the case of a Phantom Option, the Gain on the notional Plan Shares as at the date of exercise in relation to which the Award has been exercised; or
2. in the case of an Award comprising a Phantom Conditional Share Award, the Market Value as at the date of Vesting of the notional Plan Shares in relation to which the Award has Vested

in each case less:

1. any deductions (on account of tax or similar liabilities) as may be required by law; and
2. if the Board so determines, an amount considered by the Board to be equivalent to the sale costs that an Award Holder would incur if he sold a number of actual Shares equal to the number of Shares in respect of which the Phantom Award relates.

B5. Award Price

The Award Price for a Phantom Option shall be determined by the Board.

B6. Lapse

On lapse of a Phantom Award, it shall cease to be realisable with immediate effect.

B7. No Share rights

A Phantom Award will give the holder of the Phantom Award no rights to acquire nor any rights in relation to Plan Shares and the Rules shall be construed accordingly.

