
**DECHRA
PHARMACEUTICALS**

SAVE AS YOU EARN OPTION SCHEME

RULES

(amended on ~~2 June 2006~~ by shareholder resolution)

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RULES

1. INTERPRETATION

1.1 In this Scheme (unless the context otherwise requires) the following words and expressions shall have the following meanings:

"Admission" the admission of Shares in the Official List;

"Adoption Date" the date on which the Scheme ~~was~~ approved by the Company in general meeting, being 23 August 2000;

"Any Other Scheme" any scheme (other than the Scheme) of the Company, which provides for the acquisition of or subscription for Shares by or on behalf of employees or directors of the Company or any ~~member~~ Member of the Group;

"Associated Company" has the meaning that the expression bears in Section ~~187~~ 449 ICTA;

"Auditors" the auditors for the time being of the Company (acting as experts and not as arbitrators);

"Bank" an institution that has permission under part 4 of the Financial Services and Markets Act 2000 to accept deposits ~~authorised by the Banking Act 1987 or a relevant European Institution within the meaning of the Banking Co-ordination (second Council Directive) Regulations 1992 which may accept deposits in the United Kingdom in accordance with those regulations;~~

"Board" the board of directors for the time being of the Company or a committee thereof duly authorised for the purposes of the Scheme;

"Bonus" in relation to any Savings Contract, such bonus as is payable thereunder on the earliest date on which a bonus may be paid;

"Bonus Date" the earliest date at which a bonus is payable under the Savings Contract;

"Building Society" any Building Society within the meaning of the Building Societies Act 1986;

"Company" Dechra Pharmaceuticals [PLC];

"Control" has the meaning given to it by Section 840-719 ICTA/ITEPA and "Controlled" shall have a similar meaning;

"CTA" the Corporation Tax Act 2010:

"Date of Grant" the date on which an Option was or is to be granted under Rule 4;

"Employee Trust" any trust or trusts (including, without limitation, any QUEST), established by the Company for the benefit of Group employees;¹

"Executive Share Plan" the Dechra Pharmaceuticals PLC Directors and Senior Executive Share-Long Term Incentive Plan adopted by the Company on 23 August October 2003~~0~~ and the Dechra Long Term Incentive Plan 2008 adopted by the Company on 7 November 2008;

"Group" the Company and any other company which is –for the time being Controlled by the Company and "Member of the Group" shall be construed accordingly;

~~"ICTA" The Income and Corporation Taxes Act 1988;~~

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

"ITTOIA" the Income Tax (Trading and Other Income) Act 2005:

"Market Value" as applied to a Share on any day, the market value of a Share determined in accordance with the Taxation of Chargeable Gains Act 1992 and which shall be the average middle market quotation of a Share as derived from the Official List for the three immediately preceding dealing days or if Shares are not for the time being so quoted, the price agreed in advance, for the purposes of the relevant grant, by the Board and ~~the Inland~~HM Revenue & Customs Shares and Assets

Valuation ~~Division~~ as being the market value of a Share on the date on which invitations are made under Rule 3;

"**Model Code**" means the Model Code on Directors' Dealings in Securities as set out in ~~the appendix~~ Annex 1 to Chapter ~~16-9~~ of The Listing Rules issued by the UK Listing Authority (as amended from time to time) or any other agreement arrangement condition or contract adopted or entered into by the Company as contains provisions similar in purpose and effect (as the case may be);

"**Official List**" the ~~Daily~~ Official List of the ~~London Stock Exchange~~ UK Listing Authority;

"**Option**" a right (for the time being subsisting) to acquire Shares in accordance with the Scheme;

"**Option Holder**" a person who holds an Option or (where the context admits) his personal representatives;

"**Option Period**" in relation to any Option, the Period commencing on the Bonus Date and ending six calendar months thereafter;

"**Option Price**" the price at which each Share subject to an Option may be acquired on the exercise of that Option being, subject to Rule 10, not less than the greater of:

- (i) the nominal value of a Share; and
- (ii) 80% (or such other percentage as shall be specified in paragraph ~~2528~~ of Schedule ~~93~~) of the Market Value of a Share on the day the invitation to apply for an Option was made under Rule 3;

"**Participant**" a director or employee of a ~~member~~ Member of the Group to whom an invitation has been made in accordance with Rule 3.1;

"**Qualifying Employee**" any director who devotes substantially the whole of his time to the business of a Member or Members of the Group (being at least 25 hours per week excluding meal breaks) or any employee of a Member or Members of the Group and whose earnings meet (or would meet if there were any) the requirements set out in paragraphs 6(2)(c) and 6(2)(ca) of Schedule 3 ~~who in either case is chargeable to tax in respect of his office or employment under case I of schedule E,~~

but excluding any director or employee who is ineligible by virtue of Paragraph 811 of Schedule 93 to participate in the Scheme;

"Qualifying Period" a period of six months or such other period (not exceeding four years three hundred and thirty days) as the Board may from time to time stipulate as the Qualifying Period;

"Redundancy" redundancy within the meaning of the Employment Rights Act 1996 but excluding any redundancy which may be deemed to have occurred when the business employing the Qualifying Employee is sold;

"Rules" these Rules as from time to time altered;

"Savings Contract" a savings contract under a certified ~~contractual~~ SAYE savings scheme ~~arrangement~~ within the meaning of Section ~~326-703(1)~~ ICTA-ITTOIA and approved by ~~the Inland~~ HM Revenue & Customs for the purposes of Schedule 93;

"Schedule 3" Schedule 3 to ITEPA;

"Schedule 9" Schedule 9 to ICTA;

"Scheme" this Scheme which shall be known as the Dechra Pharmaceuticals Save As You Earn Option Scheme as authorised by resolution of the Company proposed and duly passed on the Adoption Date with such alterations thereto as may duly be made from time to time pursuant to the provisions of Rule 11;

"Share" a fully paid ordinary share of the Company complying with the conditions of paragraphs ~~10 to 14~~ 18 to 22 (inclusive) of Schedule 93;

"Specified Age" ~~has the meaning given to it by Section 187(2) ICTA (as amended by Section 38(4) Finance Act 1991) and shall be 65;~~

"Trustee" the trustee or trustees for the time being of an Employee Trust; ~~and~~

"UK Listing Authority" the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000.

1.2 Words denoting the singular shall include the plural and vice versa.

- 1.3 Words denoting the masculine gender shall include the feminine gender.
- 1.4 References in these Rules to a rule, clause, sub-clause, paragraph or sub-paragraph are, unless otherwise stated, references to a rule, clause, sub-clause, paragraph or sub-paragraph of these Rules.
- 1.5 Rule headings are inserted for convenience only and are to be ignored in construing these Rules.
- 1.6 References in these Rules to any enactment shall be deemed to include references to such enactment as extended, re-enacted or amended.
- 1.7 References in these Rules to "month" shall be deemed to be references to a calendar month.

2. LIMITS OF SCHEME

- 2.1 Subject to the remaining provisions of this Rule 2 and to any adjustment made by the Board with the prior approval by ordinary resolution of the members of the Company in general meeting, the number of Shares in respect of which Options to subscribe for Shares may be granted under the Scheme shall not, when added to the number of Shares issued or capable of being issued by way of subscription on the exercise of options granted by the Company and with the number of Shares issued or capable of being issued by way of subscription out of profits during the previous ten years, both under the Scheme and under Any Other Scheme (including the Executive Share Plan) exceed ten per cent of the Company's Shares in issue from time to time.
- 2.2 In considering the limitations contained within rules 2.1 above, account shall not be taken of any option (including any Option) which:
- 2.2.1 has lapsed;
- 2.2.2 has been surrendered;
- 2.2.3 has been cancelled;
- 2.2.4 has been satisfied other than by the issue of Shares;
- 2.2.5 will be satisfied other than by the issue of Shares.

2.3 No Option shall be granted at a date more than twenty years after the Adoption Date without further authorisation by the Company in general meeting.

3. INVITATIONS TO APPLY FOR OPTIONS

3.1 Subject to the limitations and conditions contained in the Scheme and unless prohibited by law, the Board may from time to time make invitations to apply for the grant of Options to

3.1.1 every person who is at the date on which the invitation is made a Qualifying Employee and who has been such for a minimum of the Qualifying Period; and

3.1.2 such further persons, who are at the date on which the invitation is made directors or employees of any Member of the Group as the Board may decide but so that the Board shall not be obliged to make any invitations to any or all of such further directors or employees.

3.2 Except in circumstances which the Board in its discretion deems sufficiently exceptional to justify the making of an offer without regard to this paragraph, an Option may only be granted under the Scheme (and invitations may only be made) after the date on which the Scheme is approved by ~~the Board of Inland HM Revenue & Customs under Schedule 9~~ and:

3.2.1 within the period of 42 days after the Adoption Date;

3.2.2 within the period of 42 days after the date on which the Scheme is approved by ~~the Board of Inland HM Revenue & Customs under Schedule 9~~; or

3.2.3 within the period of 42 days after the date of the announcement of the annual or half-yearly results of the Company; or

3.2.4 within the period of 42 days after the date upon which any amended form of these Rules are adopted by the Company;

PROVIDED ALWAYS that if the Company is restricted at any time by statute, order, regulation or otherwise (including a restriction resulting from the application of the Model Code or any comparable code adopted by the Company) from granting any Options or issuing any invitations to apply for the grant of Options within the periods

of 42 days mentioned in rules 3.2.1 to 3.2.43 above, grants or invitations may be made or issued within the period of 42 days from the lifting of such restriction

PROVIDED FURTHER that no invitation to apply for the grant of Options shall be made unless the three dealing days referred to in the definition of Market Value and relevant to that invitation also fall within the appropriate period of 42 days.

3.3 Invitations to apply for the grant of Options shall be on such terms, being similar terms so as not to discriminate between employees and directors (consistent with the Rules and with paragraph ~~26~~s 7 and 8 of Schedule 93) and in such form as the Board may from time to time determine.

3.4 Each invitation to apply for the grant of an Option shall be substantially in the form of the specimen letter of invitation which forms Appendix 1 to these Rules and shall be accompanied by an application form in a form approved in advance by ~~the~~ Inland Revenue & Customs and a proposal form for a Savings Contract. The letter of invitation shall specify:

3.4.1 the date by which an application must be made, being the period of not less than 14 days after the issue of the invitation; and

3.4.2 the Option Price at which Shares may be acquired on the exercise of the Option; and

3.4.3 the maximum monthly contribution which may be made under the Savings Contract but so that any maximum so specified shall not be such as to cause any infringement of the limits applicable under Rule 3.6 below or the foregoing requirement for invitations to be on similar terms; and

3.4.4 the type or types of Savings Contract determined by the Board as being eligible under those invitations and (if appropriate) the Bank or Building Society nominated by the Board with whom Participants will be required to enter into a Savings Contract; and

may specify a maximum number of Shares over which Options may be granted in response to all acceptances of invitations made on that occasion.

- 3.5 An invitation to apply for an Option shall be open for acceptance (by the return of the application form specified in sub-clause 3.4 above) for a period of not less than 14 days after the date of the letter of invitation, and any application shall only be valid if:
- 3.5.1 it specifies the monthly contributions (being a multiple of £1 and within the limits prescribed by the Scheme and, if appropriate, the invitation) which the Participant wishes to make under the Savings Contract; and
 - 3.5.2 it is accompanied by a duly completed proposal form for a Savings Contract of the type (or one of the types if the Participant may choose which one or more types he wishes to save under) specified by the Board in the invitation. If a proposal form for a Savings Contract is not accepted by the appropriate Bank or Building Society within such reasonable time as the Board may stipulate, the application shall lapse and no Option shall be granted pursuant to such application; and
 - 3.5.3 in a case where the Participant has a choice as to the type of Savings Contract he wishes to take out, it specifies which type of Savings Contract the Participant wishes to take out.

Such acceptance shall constitute the Participant's authority to the Board or the Trustee to complete or amend the Savings Contract proposal form so as to show such monthly savings' contribution as shall equal the amount specified on the application form, or such lower amount as shall be determined under Rule 4.3 below and shall constitute the Participant's acceptance of and agreement to be bound by the Rules (as altered from time to time).

- 3.6 The minimum and maximum monthly contributions which may be made by a Participant at any one time under (a) Savings Contract(s) entered into in connection with the Scheme or any other savings-related share option scheme are £5 (or such other minimum as may from time to time be specified in the Savings Contract) and £250 (or such other sum as shall equal the maximum for the time being specified in paragraph ~~24~~25(3) of Schedule ~~9~~3).
- 3.7 Any invitations to participate shall be personal to the Participant and shall lapse if before the relevant Date of Grant he ceases to be a director or employee of a Member

of the Group. Each invitation shall be deemed to be made on the date the same is issued regardless of the date of receipt by the Participant.

3.8 Notwithstanding anything else in these Rules, no Option shall be granted to any person who is not, on the date of grant of the Option, a Qualifying Employee.

4. GRANT OF OPTIONS

4.1 Subject to the remaining provisions of this Rule 4, not later than 27 days following the issue of invitations to apply for Options, the Board shall grant Options to Participants from whom valid acceptances have been received and who are at the Date of Grant still Qualifying Employees.

4.2 The number of Shares over which an Option shall (subject to the Rules) be granted to an accepting Participant on a particular occasion shall be the largest whole number of Shares which can be subscribed at the Option Price out of sums payable under the Savings Contract on the Bonus Date (having regard to any specification by the Board as mentioned in Rule 3.4 above).

4.3 If valid applications for Options are received over an aggregate number of Shares such that if Options over those Shares were granted, the limits specified in Rule 2 or any limitation imposed pursuant to Rule 3.4 would be exceeded, then the following steps shall be taken successively to the extent necessary to eliminate the excess:

4.3.1 in respect of those applicants applying for monthly contributions in excess of £50 the excess over £50 of the monthly contributions shall be reduced pro rata to the extent necessary;

4.3.2 the excess over £5 of the proposed monthly contributions of the applicants shall be reduced pro rata to the extent necessary;

4.3.3 if all the applications have been scaled down as far as is permitted and there are still insufficient Shares available, then a ballot shall be held by the Board to determine which Participants will be granted Options, such ballot to be supervised by the Auditors.

4.4 The Board shall return the relevant proposal form to any Participant whose acceptance is excluded under any such ballot.

- 4.5 In the event of applications being scaled down in the manner set out above, the 27 day period referred to in Rule 4.1 and during which Options may be granted may be extended to a maximum of 35 days from the date on which the invitations relative thereto were issued.
- 4.6 Within 14 days of the grant of an Option, the Board shall notify the Participant by sending him a letter of notification substantially in a form set out in Appendix 2 to these Rules accompanied by an Option certificate in a form approved in advance by ~~the Inland~~HM Revenue & Customs. The Option certificate shall state the number of Shares over which an Option has been granted, the Option Price, and the monthly contribution to the Scheme.
- 4.7 Except as otherwise specifically provided in these Rules, each Option shall be exercisable only by the Participant to whom it is granted and may not be transferred, assigned or charged. Any purported transfer, assignment or charge shall entitle the Company to cancel the Option. Each Option certificate shall carry a statement to this effect.
- 4.8 Options may be granted under the Scheme as follows:
- 4.8.1 by the Company where such Option will, subject to Rules 5.5 and 12.9 be satisfied on its exercise by the Company issuing Shares to the relevant Option Holder;
- 4.8.2 by the Company where such Option will be satisfied on its exercise by some other person or body (including, without limitation, the Trustee); and
- 4.8.3 by the Trustee where such Option on its exercise will be satisfied by the transfer of Shares from the Employee Trust;
- and, where rule 4.8.3 applies and where appropriate, references to the Board and the Company in these Rules shall be deemed to be references to the Trustee and the Rules shall be construed with all necessary changes.

5. EXERCISE OF OPTIONS

5.1 Exercise of options

Options shall be exercised by lodging with the Company Secretary or such other person as the Board may specify the relevant Option certificate, the passbook or statement for the related Savings Contract and a duly completed notice of exercise in such form as the Board may from time to time prescribe in respect of such number of Shares as the Option Holder shall specify on the notice of exercise and accompanied by payment by way of subscription for the Shares. Shares acquired on the exercise of an Option may be paid for only with monies comprising repayments (including any bonus or interest) under the related Savings Contract and if on the exercise of any Option such repayments shall be insufficient for the relevant subscription, then the number of Shares to which the Option relates shall be reduced to the largest whole number of Shares which can be subscribed at the relevant price per Share out of such repayments.

5.2 General restrictions on exercise of options

An Option may not be exercised:

- 5.2.1 save as provided in Rules 6, 7, 8 and 9 except within the period of six months after the Bonus Date;
- 5.2.2 except where the Option Holder has died (in which event the provisions of Rule 6.1 shall apply) after the expiry of the Option Period;
- 5.2.3 during any period during which the Model Code restricts dealing in Shares;
- 5.2.4 by an Option Holder at any time if at that time he is not eligible to participate in the Scheme by virtue of paragraph 811 of Schedule 93;
- 5.2.5 by an Option Holder at any time if at that time he is not, save as provided in Rule 6, a Qualifying Employee.

5.3 Lapse of options

An Option or part thereof which shall not have been exercised by the expiry of the Option Period shall, except where Rule 6.1 applies, automatically lapse.

5.4 **Result of exercise of options**

- 5.4.1 Subject to the obtaining of any necessary consent from H.M. Treasury, the Bank of England, the London Stock Exchange or other competent authority and to the terms of any such consent and subject to receipt by the Company of the appropriate payment by way of subscription in full in cleared funds, within 30 days of receipt by the Company of the notice of exercise the Board on behalf of the Company shall allot or procure the transfer to the Option Holder or the Trustee shall transfer to the Option Holder the number of Shares in respect of which the Option has been exercised.
- 5.4.2 All Shares allotted on exercise of Options shall on issue rank pari passu in all respects with the Company's existing Shares save that the Shares issued will not rank for any dividends or other distributions declared or recommended, the record date for which falls on or prior to the date when the Option is exercised.
- 5.4.3 The Company shall make application for listing for the Shares so issued on all Stock Exchanges (if any) on which its other issued ordinary share capital is then listed with effect from the earliest possible date after the date of issue.
- 5.4.4 The Company shall at all times keep available sufficient unissued Shares or shall procure the transfer of Shares to satisfy the exercise of all Options granted under the Scheme, taking account of any other obligations of the Company to issue unissued Shares.
- 5.5 Where any Option has been granted by the Company and the terms specified in the Option or the Scheme provides for the satisfaction of the Option by the issue of Shares by the Company then the Board in its absolute discretion may determine that in substitution for the allotment and issue of Shares all or part of the Option shall be satisfied in accordance with rule 12.9 by the transfer of shares by some other person or body. Such determination may be made at any time following the grant of any particular Option and prior to the resolution of the Board to satisfy the exercise of any Options by the issue of Shares.

6. CESSATION OF EMPLOYMENT/EMPLOYER LEAVING THE GROUP

Subject to Rule 5.2 (other than Rule 5.2.1)):

6.1 If an Option Holder dies at a time when he is either a Qualifying Employee or entitled to exercise that Option by virtue of Rule 6.2 below, the Option may (and must, if at all) be exercised by his personal representatives:

6.1.1 if the death occurred before the Bonus Date, within 12 months after the date of death; or

6.1.2 if the death occurred within six months after the Bonus Date, within 12 months after the Bonus Date.

6.2 If an Option Holder ceases to be a Qualifying Employee:

6.2.1 by reason of injury, disability, redundancy, retirement on reaching the Specified Age or any other age at which he is bound to retire in accordance with the terms of his contract of employment or by reason only that

(1) his office or employment is in a company of which the Company ceases to have Control; or

(2) his office or employment relates to a business or part of a business which is transferred to a person who is neither an Associated Company of the Company nor a company of which the Company has Control

then any Option may (and subject to Rule 6.1 above must if at all) be exercised by the earlier of the expiry of six months after his so ceasing and the expiry of the Option Period. Any Option not so exercised shall lapse.

For the purposes of this Rule 6.2.1, an employee is bound to retire if the employer has notified or should have notified the employee in accordance with paragraph 2 of Schedule 6 to the Employment Equality (Age) Regulations 2006 and:

(1) the contract of employment terminates on the intended date of retirement (as defined in paragraph 1 of Schedule 6 to those Regulations); or

(2) the contract of employment terminates on such date as is agreed between the employee and the employer pursuant to the exercise of a statutory right to request not to retire under paragraph 5 of Schedule 6 to those Regulations;

6.2.2 by reason of retirement with the agreement of the employer before reaching the Specified Age or any other age at which he is bound to retire in accordance with his contract of employment where such retirement occurs more than three years after the grant of an Option then that Option may be exercised (and subject to Rule 6.1 must be exercised if at all) within six months of his so ceasing;

6.2.3 by reason of dismissal in circumstances constituting wrongful or unfair dismissal where such dismissal occurs more than three years after the Date of Grant, then that Option may be exercised (and subject to Rule 6.1 must be exercised if at all) within six months of his so ceasing;

6.2.4 for any reason other than a reason mentioned in Rules 6.1 or 6.2.1 to 6.2.2-3 (and except where Rule 8 or 9 applies) any Option shall automatically lapse.

6.3 An Option Holder shall not be treated for the purposes of these Rules as ceasing to be an employee or director until such time as he is no longer a director or employee of the Company or any Associated Company (which for this purpose has the same meaning as that expression bears in paragraph 2335 of Schedule 93) and an Option Holder (being a woman) who ceases to be such a director or employee by reason of pregnancy or confinement and who exercises her right to return to work under the Employment Rights Act 1996 before exercising an Option under the Scheme shall be treated for the purposes of these Rules as not having ceased to be such a director or employee.

6.4 For the purposes of these Rules, where an Option Holder's contract of employment with the Group is terminated by a Member of the Group without notice the Option Holder's employment shall be deemed to cease on the date on which the termination takes effect, and where the said contract is terminated by notice given by a Member of the Group, the Option Holder's employment shall be deemed to cease on the date on which that notice expires.

6.5 Subject to Rule 5.2 if at the Bonus Date an Option Holder holds an office or employment in a company which is not a participating company within the Scheme but which is an Associated Company of the company granting the Option or is a company of which the company granting the Option has Control, his Options may be exercised within six months of the Bonus Date.

7. **OPTION HOLDER REACHING THE SPECIFIED AGE**

Subject to Rule 5.2 (other than Rule 5.2.1) if an Option Holder continues to be an employee or director of any Member of the Group after the date on which he reaches the Specified Age any Option held by him may be exercised within six months following such date but before the expiry of the Option Period.

8. **TAKEOVER OF COMPANY**

8.1 If:

8.1.1 any person or group of persons acting in concert obtains Control of the Company as a result of making

8.1.1.1 a general offer to acquire the whole of the issued ordinary share capital of the Company which is made on a condition such that if it is satisfied the person or group of persons will have Control of the Company; or

8.1.1.2 a general offer to acquire all the issued Shares (or such of them as are not already owned by it and/or by any of its subsidiaries); or

8.1.2 any person becomes entitled or bound to acquire Shares under Sections ~~428 979~~ to ~~430-982~~ (inclusive) of the Companies Act ~~1985~~2006; or

8.1.3 under Section ~~425-899~~ of the Companies Act ~~1985-2006~~ the court sanctions a compromise or arrangement ~~proposed for the purposes of or in connection with a scheme for the reconstruction of~~ relating to the Company ~~or its amalgamation with any other company or companies,~~

then the Board shall serve notice upon each Option Holder (or his personal representatives) notifying him of such fact and an Option Holder (or his personal representatives) may subject to Rule 5.2 (other than Rule 5.2.1) exercise any

subsisting Option by the earlier of the expiry of the Appropriate Period defined in Rule 8.3 below and the expiry of the Option Period. Any Option which is not so exercised shall lapse unless Rule 8.2 below applies.

8.2

8.2.1 If a company (in this Rule called the "Acquiring Company") has acquired Control of the Company as a result of any of the events described in Rules 8.1.1 or 8.1.3, or become entitled or bound as mentioned in Rule 8.1.2, (such acquiring of Control or becoming entitled or bound being referred to below as a "Relevant Event"), the Option Holder may by agreement with the Acquiring Company at any time within the Appropriate Period release his rights under the Scheme (in this Rule referred to as the "Old Rights") in consideration of the grant to him of rights (in this Rule referred to as the "New Rights") which comply with Rule 8.2.2 below and relate to shares in the Acquiring Company (or some other company which in relation to the Acquiring Company falls within paragraph (b) ~~or paragraph (c)~~ of paragraph ~~4039(2)~~ of Schedule ~~93~~).

8.2.2 The New Rights shall comply with each of the following requirements:

8.2.2.1 the shares to which they relate shall satisfy the conditions specified in relation to scheme shares in paragraphs ~~10 to 14~~ 18 to 22 of Schedule ~~93~~;

8.2.2.2 the New Rights shall be exercisable in the same manner as the Old Rights and subject to the provisions of the Scheme as it had effect immediately before the release of the Old Rights;

8.2.2.3 the total Market Value, immediately before the release, of the Shares which were subject to the Option Holder's Old Rights shall be equal to the total Market Value immediately after the grant of the shares in respect of which the New Rights are granted to the Option Holder; and

8.2.2.4 the total amount payable by the Option Holder for the acquisition of shares in pursuance of the New Rights shall be equal to the total

amount that would have been payable for the acquisition of Shares in pursuance of the Old Rights.

8.3 In this Rule "the Appropriate Period" means:

8.3.1 in a case falling within Rule 8.1.1 and where Rule 8.1.2 does not apply the period of six months beginning with the time when the person making the offer has obtained Control of the Company and any condition subject to which the offer is made is satisfied;

8.3.2 in a case falling within Rule 8.1.2 the period during which the Acquiring Company remains bound or entitled as mentioned in that paragraph; and

8.3.3 in a case falling within Rule 8.1.3 the period of six months beginning with the time when the court sanctions the compromise or arrangement.

8.4 Any reference in Rules 5, 8, 9, 10, 11.1, 11.3 to 11.5 and 12 to "Option", "Shares", "Company" or "Board" shall in its application to any New Rights be deemed a reference to the New Rights, the shares to which the New Rights relate, the company in whose capital such shares are comprised or the Board as defined in Rule 1 but in relation to the Acquiring Company.

8.5 Paragraphs ~~8.2-1~~ to 8.4 above ~~is~~ are included in the Scheme by virtue of paragraph ~~4538~~ of Schedule ~~93~~.

8.6 If New Rights shall be granted to an Option Holder by reference to any Relevant Event, paragraphs 8.1.1, 8.1.2 and 8.1.3 above shall cease to apply by reference to that Relevant Event (but without prejudice to their application by reference to any other Relevant Event). Any Option which is not exercised or released pursuant to this Rule within the Appropriate Period following a Relevant Event (but not any New Rights granted by reference to that Relevant Event) shall lapse.

9. WINDING UP OF THE COMPANY

Subject always to Rule 5 (other than Rule 5.2.1) if at any time while any Option remains unexercised notice is duly given of a general meeting of the Company at which a resolution will be proposed for the voluntary liquidation of the Company, every Option shall be exercisable in whole or in part (provided that such Option has not by the time of such

resolution lapsed and that exercise is not prohibited by Rule 5.2) until the commencement of such winding up within the meaning of Section ~~524-86~~ of the ~~Companies Insolvency Act 1985-1986~~ (but not after the expiry of the Option Period). The Company shall give to each Option Holder holding any unexercised Option notice of any meeting called for the purpose of considering a resolution for the voluntary liquidation of the Company and shall at the same time give him notice of his rights under this Rule. Subject to the foregoing, all Options shall lapse on the commencement of any liquidation of the Company.

10. VARIATION OF CAPITAL

10.1 Subject to Rules 10.3 and 10.4 below, in the event of any variation of the share capital of the Company (whenever effected) by way of capitalisation, rights issue, sub-division, consolidation or reduction, the Board may make such adjustments as it considers appropriate under Rule 10.2 below.

10.2 An adjustment made under this sub-clause shall be to one or more of the following:

10.2.1 the number of Shares in respect of which any Option granted under the Scheme may be exercised;

10.2.2 the price at which shares may be acquired by the exercise of any such Option; and

10.2.3 where any such Option has been exercised but no Shares have been allotted or transferred pursuant to such exercise, the number of shares which may be so allotted or transferred and the price at which they may be acquired;

10.3 Except in the case of a capitalisation issue, no adjustment under Rule 10.2 above shall be made without the prior confirmation in writing by the Auditors to the directors that it is in their opinion fair and reasonable.

10.4 No adjustment under Rule 10.2 above shall be made:

10.4.1 at a time when the Scheme is approved by ~~the InlandHM Revenue & Customs under Schedule 9~~ without the prior approval of ~~the InlandHM Revenue & Customs~~;

10.4.2 as a result of which the aggregate amount payable on the exercise of an Option would be materially changed or increased beyond the expected repayment under the Savings Contract at the appropriate Bonus Date; nor

10.4.3 which would cause the Shares to cease to satisfy the conditions specified in paragraphs ~~10-14~~18 to 22 inclusive of Schedule ~~93~~.

10.5 An adjustment under sub-clause 10.2 above may have the effect of reducing the price at which Shares may be acquired by the exercise of the Option to less than their nominal value, but only if and to the extent that the Board shall be authorised to capitalise from the reserves of the Company a sum equal to the amount by which the nominal value of the Shares in respect of which the Option is exercised, and which are to be allotted pursuant to such exercise, exceeds the price at which the same may be subscribed for, and to apply such sum in paying up such amount on such Shares; and so that on exercise of any Option in respect of which such a reduction shall have been made, the Board shall capitalise such sum (if any) and apply the same in paying up such amount as aforesaid.

10.6 As soon as reasonably practicable after making any adjustment under Rule 10.2 above, the Board shall give notice in writing thereof to each Option Holder.

11. ALTERATIONS TO SCHEME

11.1 Subject to this Rule 11, the Board may by resolution at any time and from time to time make any alteration to the Scheme which it thinks fit. Any such alteration which is necessary to comply with or to take account of any applicable legislation or statutory regulations or any change therein or any requirements of ~~the Inland~~HM Revenue & Customs for the approval of the Scheme under any such legislation or regulations or to obtain or maintain favourable taxation treatment for the Company or the Option Holders may be made notwithstanding the following provisions of this rule (except Rule 11.2).

11.2 No such alteration shall take effect until approved by ~~the Board of Inland~~HM Revenue & Customs.

11.3 No alteration shall be made which would materially increase the liability of any Option Holder or which would materially decrease the value of his subsisting rights

attached to any Option without in each case that Option Holder's prior written consent.

11.4 No alteration to any of the provisions listed in this paragraph shall take effect without the prior approval of the Company in general meeting. The said provisions are:

11.4.1 the definitions of "Market Value" "Qualifying Employee", "Qualifying Period" and "Option Price" in Rule 1;

11.4.2 the maximum limits of the Scheme in Rule 2 and Rule 3.6;

11.4.3 the restrictions on transfer of rights granted under the Scheme;

11.4.4 the periods during and circumstances in which invitations to employees and directors may be made and during which Options may be exercised;

11.4.5 the rights attached to Shares in Rule 5.4;

11.4.6 the provisions of Rules 9 and 10; and

11.4.7 the provisions of this Rule 11.

11.5 As soon as reasonably practicable after making any alteration under Rule 11.1 above the Board shall give notice in writing thereof to each Option Holder.

12. MISCELLANEOUS

12.1 This Scheme shall not form part of the contract of employment of any individual who participates therein. The rights and obligations of any individual under the terms of his office or employment with any Company participating in the Scheme shall not be affected by his participation in the Scheme or any right which he may have to participate therein, and an individual who participates therein shall waive any and all rights to compensation or damages in consequence of the termination of his office or employment for any reason whatsoever insofar as those rights arise or may arise from his ceasing to have rights under or be entitled to exercise any Option under the Scheme as a result of such termination. No such participation, rights, or benefits shall be taken into account for the purposes of calculating the amount of benefits payable to any pension fund. Invitations made under the Scheme and Options

granted pursuant thereto shall not constitute any representation or warranty that any benefit will accrue to the Participant invited to participate.

- 12.2 The Scheme shall in all respects be administered by the Board who may from time to time make and vary such rules and regulations for its conduct not inconsistent with these Rules and may from time to time establish such procedures for administration and implementation of the Scheme as they think fit, and in the event of any dispute or disagreement as to the interpretation of the Scheme, or of any rule, regulation or procedure, or as to any question or right arising from or related to the Scheme, the decision of the Board shall be final and binding upon all persons (subject to the written concurrence of the Auditors having been obtained when so required by the Rules).
- 12.3 The Company (or any of its subsidiaries) may provide money to the trustees of any trust or any other person to enable them or him to acquire Shares to be held for the purposes of the Scheme, or enter into any guarantee or indemnity for these purposes, to the extent permitted by ~~section 153~~chapter 2 of part 18 of the Companies Act ~~1985~~2006.
- 12.4 In any matter in which they are required to act under the Scheme, the auditors of the Company shall be deemed to be acting as experts and not as arbitrators and the Arbitration Acts 1950 to 1996 shall not apply hereto.
- 12.5 Any notice or other communication under or in connection with the Scheme may be given by personal delivery or by sending the same by post, in the case of a company to its registered office, and in the case of an individual to his last known address, or, where he is a director or employee of a company participating in the Scheme, either to his last known address or to the address of the place of business at which he performs the whole or substantially the whole of the duties of his office or employment, and where a notice or other communication is given by first-class post, it shall be deemed to have been received 48 hours after it was put into the post properly addressed and stamped.
- 12.6 The costs of introducing and administering the Scheme shall be borne by the Company.

- 12.7 The Company shall maintain all necessary books of account and records relating to the Scheme.
- 12.8 Subject to the Articles of Association of the Company, an Option Holder who is a director of the Company may, notwithstanding his interest, vote on any board resolution concerning the Scheme (other than in respect of his own participation therein) and may retain any benefits under the Scheme.
- 12.9 Following the exercise of an Option granted by the Company the Company may elect to satisfy the Option by procuring the transfer by the Trustee or any other existing shareholder or shareholders to the Option Holder of a number of issued shares equal to the number of Shares in respect of which the Option is exercised, at a price equal to the Option Price, and otherwise on terms no less favourable (mutatis mutandis) to the Option Holder than those which would have applied had the Company not made such election. As part of the agreement as a consequence of which the Company procures that an existing shareholder or shareholders ("**Third Party Shareholder**") will transfer Shares to an Option Holder, the Board may enter into an agreement or other arrangement with the Third Party Shareholder to allow the Third Party Shareholder to subscribe for Shares which are to be transferred to the Option Holder on exercise of the Option.
- 12.10 Where the Trustee has, in accordance with rule 12.9, agreed to satisfy Options already granted by the Company, the Trustee shall at all times ensure that such Shares as may be required to satisfy such subsisting Options are available for acquisition pursuant to the Scheme. For the purposes of this rule, Shares shall be available where they are part of the assets of the Trust or are subject to an agreement whereby the Trustee can require that the Shares are transferred or issued to it, but shall not be available where the Trustee has agreed or may be required to transfer Shares other than on the exercise of an Option.
- 12.11 If a Third Party Shareholder (including, without limitation, the Trustee), enters into an agreement pursuant to the provisions of rule 12.9 above, the Third Party Shareholder will be entitled to receive the aggregate Option Price payable on the exercise of such Options by the Option Holder(s) in return for which the Third Party Shareholder will be responsible for transferring any Shares to be acquired by the Option Holder on exercise of such Options. The Company, or where the Board so

directs any ~~Subsidiary~~other Member of the Group, shall pay the appropriate stamp duty in respect of any transfer of Shares on the exercise of the Options.

12.12 Where a Third Party Shareholder (including, without limitation, the Trustee) agrees to satisfy Options already granted by the Company, references in the rules to the Board or the Company shall where appropriate be read as references to the relevant Third Party Shareholder.

13. **GOVERNING LAW**

The Rules and the Scheme shall in all respects be governed by the laws of England.