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Rules of the Dechra 2017 Long Term Incentive Plan

Approved by the shareholders of Dechra Pharmaceuticals PLC on [] [] 2017

Adopted by the Board of Directors of Dechra Pharmaceuticals PLC on [] [] 2017

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THE DECHRA 2017 LONG TERM INCENTIVE PLAN

1. DEFINITIONS AND INTERPRETATION

1.1 In this Plan, unless otherwise stated, the words and expressions below have the following meanings:

“Award”	a Conditional Award or a Nil-Cost Option or a Market Value Option (or a Cash Conditional Award or Cash Nil-Cost Option or a Cash Market Value Option granted under Schedule 1 to the Plan, or a CSOP option granted under the CSOP Plan set out at Schedule 2 to the Plan);
“Board”	subject to rule 13.8, the board of the Company or any duly authorised committee of the board;
“Company”	Dechra Pharmaceuticals PLC registered in England and Wales under number 03369634;
“Conditional Award”	a right to acquire Shares subject to the rules of the Plan with no Exercise Period;
“Control”	the meaning given by section 995 of the Income Tax Act 2007;
“Dealing Day”	any day on which the London Stock Exchange is open for business;
“Dealing Restrictions”	restrictions imposed by the Company’s share dealing code, the Listing Rules or any applicable laws or regulations which impose restrictions on share dealing;
“Eligible Employee”	an employee (including an Executive Director) of the Company or any of its Subsidiaries;
“Exercise Period”	the period during which a Nil-Cost Option or Market Value Option may be exercised, such period not to exceed ten years from the Grant Date;
“Exercise Price”	the price per Share payable to exercise a Market Value Option, which, subject to any adjustment under rule 14, shall be equal to the market value of a Share at the Grant Date (as determined by the Board);
“Grant Date”	the date on which an Award is granted;
“Grant Period”	the period of 42 days beginning on: <ol style="list-style-type: none">i. the day on which the Plan is approved by shareholders of the Company in general meeting;ii. the first Dealing Day after the day on which the Company makes an announcement of its results for any period;iii. the day on which the Policy is approved by the Company’s shareholders; oriv. any day on which the Board resolves that exceptional circumstances exist which justify the grant of Awards,

unless the Company is restricted from granting Awards during the periods specified above as a result of any Dealing Restrictions, in which case the relevant Grant Period will be 42 days beginning on the Dealing Day after such Dealing Restrictions are lifted;

“Group Member”	the Company, any Subsidiary of the Company, any company which is (within the meaning of section 1159 of the Companies Act 2006) the Company’s holding company or a Subsidiary of the Company’s holding company or, if the Board so determines, any body corporate in relation to which the Company is able to exercise at least 20% of the equity voting rights and “Group” will be construed accordingly;
“Holding Period”	a period of up to two years, as determined by the Board, beginning on the Vesting Date;
“Internal Reorganisation”	where immediately after a change of Control of the Company, all or substantially all of the issued share capital of the acquiring company is owned directly or indirectly by the persons who were shareholders in the Company immediately before the change of Control;
“Listing Rules”	the UKLA’s listing rules, as amended from time to time;
“London Stock Exchange”	the London Stock Exchange plc or any successor body;
“Market Value Option”	a right to acquire Shares subject to the rules of the Plan during an Exercise Period for the Exercise Price;
“Nil-Cost Option”	a right to acquire Shares subject to the rules of the Plan during an Exercise Period either for nil-cost or for a price per Share equal to the nominal value of a Share from time to time;
“Normal Release Date”	the date on which an Award will normally be Released, which: i. in relation to an Award to which no Holding Period applies, will be the Vesting Date; and ii. in relation to an Award to which a Holding Period applies, will be the first Dealing Day immediately after the end of the Holding Period;
“Participant”	any person who holds an Award or following his death, his personal representatives;
“Performance Condition”	a condition or conditions imposed under rule 3.1 which relates to performance;
“Performance Period”	the period over which a Performance Condition will be measured which, unless the Board determines otherwise, will be at least three years;
“Plan”	the Dechra 2017 Long Term Incentive Plan as amended from time to time;
“Policy”	the Company’s Directors’ Remuneration Policy which has most recently been approved by the Company’s shareholders;

- “Pro-Rating Period”**
- i. in relation to an Award which is subject to a Performance Condition, the Performance Period; and
 - ii. in relation to an Award which is not subject to a Performance Condition, the period beginning on the Grant Date and ending on the Vesting Date,
- (or, in either case, such other period as the Board may determine at any time);
- “Recruitment Award”**
- an Award to facilitate the recruitment of an Eligible Employee;
- “Release”**
- i. in relation to a Conditional Award, the point at which a Participant becomes entitled to receive Shares in accordance with the rules of the Plan; and
 - ii. in relation to a Nil-Cost Option or Market Value Option, the point at which it becomes capable of exercise in accordance with the rules of the Plan,
- and **“Released”** and **“Unreleased”** will be construed accordingly;
- “Release Date”**
- the date on which an Award is Released;
- “Share”**
- a fully paid ordinary share in the capital of the Company;
- “Subsidiary”**
- the meaning given by section 1159 of the Companies Act 2006;
- “Tax Liability”**
- any tax or social security contributions liability in connection with an Award for which the Participant is liable and for which any Group Member or former Group Member is obliged to account to any relevant authority;
- “Trustee”**
- the trustee or trustees for the time being of any employee benefit trust, the beneficiaries of which include Eligible Employees;
- “UKLA”**
- the United Kingdom Listing Authority or any successor body;
- “Vest”**
- in relation to an Award, the occurrence of its Vesting Date and **“Vesting”**, **“Vested”** and **“Unvested”** will be construed accordingly; and
- “Vesting Date”**
- i. in relation to an Award which is subject to a Performance Condition, the date on which the Board determines the extent to which the Performance Condition has been satisfied in accordance with rule 9.1 (or such later date determined by the Board); and
 - ii. in relation to an Award which is not subject to a Performance Condition, the third anniversary of the Grant Date (or such other date determined by the Board).

1.2 References in the Plan to:

- 1.2.1 any statutory provisions are to those provisions as amended or re-enacted from time to time;
- 1.2.2 the singular include the plural and vice versa; and

1.2.3 the masculine include the feminine and vice versa.

1.3 Headings do not form part of the Plan.

2. GRANT OF AWARDS

2.1 Subject to rule 2.2, during a Grant Period, the Board may grant an Award to an Eligible Employee in its discretion. Awards shall be subject to the rules of the Plan and such additional terms as the Board may determine.

2.2 The grant of an Award will be subject to obtaining any approval or consent required by the UKLA (or other relevant authority), any Dealing Restrictions and any other applicable laws or regulations (whether in the UK or overseas).

2.3 Awards must be granted by deed or in such other written form as the Board determines. As soon as reasonably practicable after the Grant Date, Participants must be notified of the terms of their Award including any Performance Condition, any Holding Period and such additional terms as the Board may consider appropriate.

2.4 No Award may be granted under the Plan after the tenth anniversary of the date on which the Plan was approved by the shareholders of the Company.

2.5 If an Award is granted which is not subject to a Holding Period, the additional terms imposed by the Board in accordance with rule 2.3 may include restrictions on the disposal of Shares acquired pursuant to the Award (other than as required to cover any Tax Liability) for a period of up to two years beginning on the Vesting Date and that any Shares acquired may be forfeited if the Participant ceases to hold office or employment with a Group Member due to summary dismissal before the end of any such period.

3. PERFORMANCE CONDITION

3.1 Unless the Board determines otherwise, Awards will be subject to the satisfaction of a Performance Condition. An Award (other than a Recruitment Award) granted to an Executive Director of the Company must be subject to the satisfaction of a Performance Condition. Subject to rules 12 and 13, the Performance Condition will be measured over the Performance Period.

3.2 The Board may amend or substitute a Performance Condition if one or more events occur which cause the Board to consider that a substituted or amended Performance Condition would be more appropriate and would not be materially less difficult to satisfy.

4. RESTRICTIONS ON TRANSFER AND BANKRUPTCY

4.1 An Award must not be transferred, assigned, charged or otherwise disposed of in any way (except in the event of the Participant's death, to his personal representatives) and will lapse immediately on any attempt to do so.

4.2 An Award will lapse immediately if the Participant is declared bankrupt or, if the Participant is outside the UK, any analogous event occurs.

5. DIVIDEND EQUIVALENTS

5.1 The Board may decide before the issue or transfer of the Shares in respect of which a Conditional Award or Nil-Cost Option is Released that the Participant will receive an amount equal in value to any dividends that would have been paid on those Shares on such terms and over such period (ending no later than the Release Date) as the Board may determine. This amount may assume the reinvestment of dividends (on such basis as the Board may determine) and may exclude or include special dividends.

5.2 Any such amount will be payable within 30 days after Release or, in the case of a Nil-Cost Option, exercise, of the relevant Award. Any such amount may be paid in cash and/or additional Shares.

5.3 No such amount shall be payable in respect of a Market Value Option.

6. INDIVIDUAL LIMIT

- 6.1 No Eligible Employee may be granted an Award (other than a Recruitment Award) which would, at the time it is granted, cause the market value (as determined by the Board) of all the Shares subject to Awards (other than Recruitment Awards) granted to that Eligible Employee in respect of a particular financial year of the Company to exceed 200% of his base salary.
- 6.2 If an Eligible Employee is granted a Nil-Cost Option in connection with a CSOP Option granted under Schedule 2 on terms that the Nil-Cost Option is reduced at exercise to reflect any gain made on exercise of the CSOP Option, the Shares subject to the CSOP Option shall not be taken into account for the purposes of the limit in rule 6.1.
- 6.3 To the extent any Award exceeds the limit in rule 6.1 it will be scaled back accordingly.

7. PLAN LIMITS

- 7.1 The Board must not grant an Award which would cause the number of Shares allocated under the Plan and under any other employee share plan adopted by the Company to exceed such number as represents ten per cent of the ordinary share capital of the Company in issue.
- 7.2 The Board must not grant an Award which would cause the number of Shares allocated under the Plan and under any other discretionary employee share plan adopted by the Company to exceed such number as represents five per cent of the ordinary share capital of the Company in issue.
- 7.3 Subject to rules 7.5 and 7.6, in determining the limits set out in rules 7.1 and 7.2, Shares are treated as allocated if, on any day, they have been:
- 7.3.1 newly issued by the Company or transferred from treasury to satisfy an option, award or other right granted during the ten years prior to that day (an "**award**"); or
 - 7.3.2 in the case of such an award in respect of which Shares are yet to be delivered, if the Board intends that new Shares will be issued or that Shares from treasury will be transferred.
- 7.4 For the purposes of rule 7.3, the number of Shares allocated includes:
- 7.4.1 Shares which have been issued or may be issued to any Trustee; and
 - 7.4.2 Shares which have been or may be transferred from treasury to any Trustee,
- in either case for the Trustee to then transfer to satisfy an award (unless these Shares have already been counted under rule 7.3).
- 7.5 The Board may determine that Shares transferred from treasury will cease to count as allocated for the purposes of rules 7.3 and 7.4 if guidelines published by institutional investor representative bodies no longer require such Shares to be counted.
- 7.6 The number of Shares allocated does not include:
- 7.6.1 Shares allocated to satisfy awards to the extent that such awards have lapsed or been relinquished;
 - 7.6.2 existing Shares (other than treasury Shares) which have been transferred to satisfy awards or which have been allocated to satisfy awards; and
 - 7.6.3 Shares allocated in respect of awards which are then satisfied in cash.
- 7.7 If the Board purports to grant one or more Awards which are inconsistent with the limits in this rule 7, each such Award will be reduced as determined by the Board and will take effect from the Grant Date over such number of Shares as the Board determines within those limits.

7.8 The Board may make such adjustments to the method of assessing the limits set out in rules 7.1 and 7.2 as it considers appropriate in the event of any variation of the Company's share capital.

8. REDUCTION OF AWARDS (MALUS) AND CLAWBACK

8.1 Notwithstanding any other rule of the Plan, this rule 8 applies to each Award and will continue to apply after the cessation of a Participant's office or employment with a Group Member for any reason, whether or not any termination is lawful.

Circumstances in which Awards may be reduced before Vesting (malus)

8.2 The Board may determine before the Vesting of an Award that rule 8.4 (*malus*) should be applied to the Award if in the period:

8.2.1 beginning with the Grant Date (or, in relation to an Award which is subject to a Performance Condition, the first day of the Performance Period) or such earlier date as the Board determines on or before the Grant Date; and

8.2.2 ending on the Vesting Date,

any of the circumstances referred to in rule 8.3 arise.

8.3 The relevant circumstances for the purposes of rule 8.2 are:

8.3.1 a material misstatement of any Group Member's financial results;

8.3.2 serious reputational damage to any Group Member or a relevant business unit;

8.3.3 if the Participant has received a payment under a bonus plan operated by any Group Member at a higher level than would have been the case had the Board been aware at the time of the payment of a material misstatement of a Group Member's financial results or the occurrence of an event which gives rise to serious reputational damage to any Group Member or a relevant business unit; or

8.3.4 gross misconduct on the part of the Participant.

Application of malus prior to Vesting

8.4 If in accordance with rule 8.2 the Board determines that this rule 8.4 shall be applied, the Board may determine to:

8.4.1 reduce (including to zero) the number of Shares to which the Award relates; and/or

8.4.2 impose further conditions on the Award.

Circumstances in which Awards may be recovered after Vesting (clawback)

8.5 The Board may determine at any time on or after the Vesting of an Award and, unless rule 8.8 applies, before the fifth anniversary of the Grant Date, that rule 8.7 (clawback) should be applied to the Award if in the period:

8.5.1 beginning with the Grant Date (or, in relation to an Award which is subject to a Performance Condition, the first day of the Performance Period) or such earlier date as the Board determines on or before the Grant Date; and

8.5.2 ending on the fifth anniversary of the Grant Date,

any of the circumstances referred to in rule 8.6 arise.

8.6 The relevant circumstances for the purposes of rule 8.5 are:

- 8.6.1 a material misstatement of any Group Member's financial results; or
- 8.6.2 gross misconduct on the part of the Participant.

Application of clawback after Vesting

- 8.7 If in accordance with rule 8.5 the Board determines that this rule 8.7 shall be applied, the Board may determine to:
- 8.7.1 take the action referred to in rule 8.4 if Shares or cash have not been delivered to satisfy the Release or exercise of the Award;
 - 8.7.2 require a Participant or former Participant to make a cash payment to the Company in respect of some or all of the Shares or cash delivered to him under the Award; and/or
 - 8.7.3 require a Participant or former Participant to transfer for nil consideration some or all of the Shares or cash delivered to him under the Award.

If rule 8.7.2 or rule 8.7.3 applies, the Board will determine the basis on which the amount of cash or Shares is calculated including whether and if so to what extent to take account of any tax or social security liability applicable to the Award and/or any Exercise Price paid.

- 8.8 If the action or conduct of any Participant or former Participant, Group Member or relevant business unit is under investigation by the Company prior to the fifth anniversary of the Grant Date and the investigation has not been or is not expected to be concluded by that date, the Board may extend the period referred to in rule 8.5 to end on such later date as the Board considers appropriate to allow the investigation to be concluded.

Cross-clawback

- 8.9 The Board may:
- 8.9.1 reduce (including to zero) the number of Shares to which an Award relates;
 - 8.9.2 impose further conditions on an Award; and/or
 - 8.9.3 require a Participant to transfer for nil consideration some or all of the Shares delivered to him under an Award or make a cash payment to the Company in respect of some or all of the Shares delivered to him under an Award,

to effect the recovery of sums paid or Shares delivered under any malus or clawback provisions which are included in any bonus plan or share plan (other than the Plan) operated by any Group Member. If the Board decides to apply rule 8.9.3, the Board will determine the basis on which the amount of cash or Shares is calculated including whether and if so to what extent to take account of any tax or social security liability applicable to the Award and/or any Exercise Price paid.

- 8.10 For the purposes of this rule 8, references to a Group Member or a relevant business unit include references to any former Group Member or former business unit.

9. VESTING, RELEASE AND EXERCISE

- 9.1 As soon as reasonably practicable after the end of the Performance Period relating to an Award subject to a Performance Condition, the Board will determine if and to what extent the Performance Condition has been satisfied. To the extent that the Performance Condition has not been satisfied in full, the remainder of the Award will lapse immediately.
- 9.2 Subject to rules 10, 12 and 13 an Award will be Released on the Normal Release Date unless on the Normal Release Date (or on any other date on which an Award is due to be Released under rule 12 or 13):

- 9.2.1 a Dealing Restriction applies to the Participant, in which case an Award will be Released on the date on which such Dealing Restriction lifts; or
- 9.2.2 the action or conduct of any Participant, Group Member or relevant business unit is under investigation pursuant to rule 8 and such investigation has not yet been concluded by that date, in which case an Award will be Released on such later date as the Board considers appropriate to allow such investigation to be concluded.

A Nil-Cost Option and a Market Value Option may then be exercised until the tenth anniversary of the Grant Date (or such earlier date as the Board may determine on or prior to the Grant Date) as referred to in rule 9.3, after which time it will lapse.

- 9.3 A Nil-Cost Option or a Market Value Option shall be exercised in such manner as the Board determines, which shall include, subject to rule 11, such requirements as the Board determines for the payment of:
 - 9.3.1 in the case of a Market Value Option, the Exercise Price; and
 - 9.3.2 in the case of a Nil-Cost Option exercisable for a price per Share equal to the nominal value of a Share from time to time, the nominal value of the Shares.
- 9.4 Subject to rules 10 and 11, where a Conditional Award has been Released or a Nil-Cost Option or Market Value Option has been exercised, the number of Shares in respect of which the Award has been Released or exercised together with any additional Shares or cash to which a Participant becomes entitled under rule 5 will be issued, transferred or paid (as applicable) to the Participant within 30 days.

10. TAXATION AND REGULATORY ISSUES

- 10.1 A Participant will be responsible for and indemnifies each relevant Group Member and the Trustee against any Tax Liability relating to his Award. Any Group Member and/or the Trustee may withhold an amount equal to such Tax Liability from any amounts due to the Participant (to the extent such withholding is lawful) and/or make any other arrangements as it considers appropriate to ensure recovery of such Tax Liability. These arrangements may include the sale of Shares acquired to realise an amount equal to the Tax Liability.
- 10.2 The Release of an Award, the exercise of a Nil-Cost Option or a Market Value Option and the issue or transfer of Shares under the Plan will be subject to obtaining any approval or consent required by the UKLA (or any other relevant authority), any Dealing Restrictions or any other applicable laws or regulations (whether in the UK or overseas).

11. CASH EQUIVALENT AND NET SETTLEMENT

- 11.1 Subject to rule 11.3, at any time before Shares in respect of which an Award that has been Released or exercised have been issued or transferred to a Participant, the Board may determine that, in substitution for his right to acquire some or all of those Shares, the Participant will receive a cash sum equal to:
 - 11.1.1 in the case of a Conditional Award, the market value (as determined by the Board) on the Release Date of the Shares that would otherwise have been issued or transferred to the Participant;
 - 11.1.2 in the case of a Nil-Cost Option, the market value (as determined by the Board) on the date of exercise of the Shares that would otherwise have been issued or transferred to the Participant; and
 - 11.1.3 in the case of a Market Value Option the market value (as determined by the Board) on the date of exercise of the Shares that would otherwise have been issued or transferred to the Participant less the Exercise Price that would otherwise have been paid in respect of those Shares.

Any cash sum will be paid to the Participant within 30 days after the Release of the Conditional Award or the exercise of the Nil-Cost Option or Market Value Option (or, if later, the date of the determination by the Board under this rule 11.1) net of any Tax Liability.

- 11.2 Subject to rule 11.3, at any time before Shares in respect of which a Market Value Option that has been exercised have been issued or transferred to a Participant, the Board may determine that, in substitution for his right to acquire some or all of those Shares, the Participant will receive a reduced number of Shares calculated as "A" in the following formula (rounded down to the nearest whole Share):

$$A = N \times ((MV-EP)/MV)$$

Where: N means the number of Shares in respect of which the Market Value Option is exercised;
EP means the Exercise Price of the Market Value Option; and
MV means the market value (as determined by the Board) of a Share on the date of exercise.

- 11.3 The Board may determine that this rule 11 or any part of it will not apply to an Award, or any part of it.

12. CESSATION OF EMPLOYMENT

- 12.1 If a Participant ceases to hold office or employment with a Group Member prior to the Vesting Date other than in accordance with rule 12.2 or 12.5, his Unvested Award will lapse at that time.

Death

- 12.2 If a Participant dies, unless the Board determines otherwise:

12.2.1 an Unvested Award will be Released in accordance with rule 12.3 as soon as reasonably practicable; and

12.2.2 a Vested Award which has not yet been Released will be Released as soon as reasonably practicable to the extent already determined in accordance with rule 9.1.

- 12.3 The number of Shares in respect of which an Unvested Award is Released pursuant to rule 12.2.1 will be determined by the Board in its discretion, taking into account:

12.3.1 the extent to which any Performance Condition has been satisfied; and

12.3.2 the proportion of the Pro-Rating Period that has elapsed at the date of death.

To the extent that the Award is not Released in full, the remainder will lapse immediately.

- 12.4 If a Participant dies, a Nil-Cost Option or Market Value Option may be exercised until the first anniversary of the date of death (or such other period as the Board may determine) after which time it will lapse, unless it lapses earlier under rule 13.

Cessation of employment prior to the Vesting Date

- 12.5 If a Participant ceases to hold office or employment with a Group Member prior to the Vesting Date as a result of:

12.5.1 ill-health, injury or disability as established to the satisfaction of the Board;

12.5.2 the Participant's employing company ceasing to be a Group Member or the transfer of an undertaking or part of an undertaking to a person who is not a Group Member; or

12.5.3 any other reason at the Board's discretion, except where a Participant is summarily dismissed,

unless the Board determines that rule 12.6 applies, an Award will continue and, subject to it being Released or lapsing earlier under rule 13, will be Released in accordance with rule 12.7 on the Normal Release Date.

- 12.6 If the Board determines as referred to in rule 12.5 that this rule 12.6 applies, the relevant Award will be Released in accordance with rule 12.7 as soon as reasonably practicable after the cessation of office or employment (or on such other date as determined by the Board).
- 12.7 The number of Shares in respect of which the Award is Released pursuant to rule 12.5 or 12.6 will be determined by the Board in its discretion, taking into account:
- 12.7.1 the extent to which any Performance Condition has been satisfied at the end of the Performance Period (if rule 12.5 applies) or at the date of the Participant's cessation of office or employment or such other date as determined by the Board (if rule 12.6 applies); and
- 12.7.2 the proportion of the Pro-Rating Period that has elapsed on the date of cessation.
- To the extent that an Award is not Released in full, the remainder will lapse immediately.
- 12.8 Subject to rule 12.4, a Nil-Cost Option or Market Value Option may be exercised for a period of six months from the Release Date (or such other period as the Board may determine) after which time it will lapse, unless it lapses earlier under rule 13.

Cessation of employment on or after the Vesting Date

- 12.9 Subject to rule 12.2, if a Participant ceases to hold office or employment with a Group Member on or after the Vesting Date but before the Normal Release Date for any reason (except summary dismissal, in which case the Award will lapse on the date of such cessation), unless the Board determines that rule 12.10 applies, the relevant Award will continue and be Released on the Normal Release Date, subject to it being Released or lapsing earlier under rule 13.
- 12.10 If the Board determines as referred to in rule 12.9 that this rule 12.10 applies, the relevant Award will be Released as soon as reasonably practicable following the cessation of office or employment.
- 12.11 Subject to rule 12.4, where a Participant ceases to hold office or employment with a Group Member on or after the Vesting Date (except where he ceases to hold office or employment with a Group Member because of summary dismissal, in which case his Nil-Cost Option or Market Value Option will lapse on the date of such cessation), his Nil-Cost Option or Market Value Option may be exercised for a period of six months (or such other period as the Board may determine) from:
- 12.11.1 the date of cessation, if it has already been Released on that date;
- 12.11.2 the Release Date, to the extent that it is Released in accordance with rule 12.9 or 12.10;
- after which time it will lapse, unless it lapses earlier under rule 13.
- 12.12 For the purposes of the Plan, no person will be treated as ceasing to hold office or employment with a Group Member until that person no longer holds:
- 12.12.1 an office or employment; or
- 12.12.2 a right to return to work
- with any Group Member unless the Board determines that a person will be treated as ceasing to hold office or employment with a Group Member on the date such person serves notice of termination of office or employment.

13. CORPORATE EVENTS

- 13.1 Where any of the events described in rule 13.3 occur, subject to rules 13.6 and 13.7, all Awards which have not yet been Released will be Released (in the case of Unvested Awards, in accordance with rule 13.2). A Nil-Cost Option or Market Value Option will (whether it was Released under this rule 13.1 or earlier), subject

to rules 13.6 and 13.7, lapse after a period of one month (or such other period as the Board may determine) from the date of the relevant event.

13.2 Any Unvested Award will be Released pursuant to rule 13.1 to the extent determined by the Board, taking into account the extent to which any Performance Condition has been satisfied and:

13.2.1 if a Participant has already ceased to hold office or employment with a Group Member, in accordance with rule 12.7.2 unless the Board determines otherwise; and

13.2.2 in all other circumstances, unless the Board determines otherwise, the proportion of the Pro-Rating Period that has elapsed on the date of the relevant event.

To the extent that an Award is not Released, or is not exchanged in accordance with rules 13.6 and 13.7, it will lapse immediately.

13.3 The events referred to in rule 13.1 are:

13.3.1 General offer

If any person (either alone or together with any person acting in concert with him):

- i. obtains Control of the Company as a result of making a general offer to acquire Shares; or
- ii. already having Control of the Company, makes an offer to acquire all of the Shares other than those which are already owned by him,

and such offer becomes wholly unconditional.

13.3.2 Scheme of arrangement

A compromise or arrangement in accordance with section 899 of the Companies Act 2006 for the purposes of a change of Control of the Company is sanctioned by the Court.

13.4 Winding-up

On the passing of a resolution for the voluntary winding-up or the making of an order for the compulsory winding up of the Company, the Board will determine:

13.4.1 whether and to what extent Awards which have not yet been Released will be Released taking into account the extent to which any Performance Condition has, in the Board's opinion, been satisfied and, unless the Board determines otherwise, the proportion of the Pro-Rating Period that has elapsed on the date of the relevant event; and

13.4.2 the period of time during which any Released Nil-Cost Option or Released Market Value Option may be exercised, after which time it will lapse.

To the extent that an Award is not Released it will lapse immediately.

13.5 Other events

If the Company is or may be affected by a demerger, delisting, special dividend or other event which, in the opinion of the Board, may affect the current or future value of Shares to a material extent, the Board may determine that an Award will be Released, in which case:

13.5.1 the Award will be Released taking into account the extent to which any Performance Condition has in the Board's opinion been satisfied and, unless the Board determines otherwise, the proportion of the Pro-Rating Period that has elapsed on the date of the relevant event; and

13.5.2 the Board will determine the period during which any Released Nil-Cost Option or Market Value Option may be exercised, after which time it will lapse.

To the extent that the Award is not Released it will lapse immediately, unless the Board determines otherwise.

13.6 Exchange

An Award will not be Released and a Nil-Cost Option or Market Value Option will not lapse under rule 13.1 but will be exchanged on the terms set out in rule 13.7 if:

- 13.6.1 an offer to exchange the Award is made and accepted by a Participant;
- 13.6.2 there is an Internal Reorganisation, unless the Board determines that an Award should be Released under rule 13.1; or
- 13.6.3 the Board decides (before the relevant event) that an Award will be exchanged automatically.

13.7 Exchange terms

If this rule 13.7 applies, the Award will not be Released (if not already Released) but will be exchanged in consideration of the grant of a new award (the "**New Award**") which, in the opinion of the Board, is equivalent to the Award, but relates to shares in a different company (whether the acquiring company or a different company). The rules of this Plan will be construed in relation to the New Award as if:

- 13.7.1 the New Award was an Award granted under the Plan at the same time as the Award;
- 13.7.2 references to any Performance Conditions were references to such new performance conditions relating to the business or shares of the company whose shares are subject to the New Award (or any member of its group as the Board may consider appropriate in the circumstances);
- 13.7.3 references to the Company were references to the company whose shares are subject to the New Award; and
- 13.7.4 references to Shares were references to shares in the company whose shares are the subject of the New Award.

13.8 Meaning of Board

Any reference to the Board in this rule 13 means the members of the Board immediately prior to the relevant event.

14. ADJUSTMENTS

14.1 The number of Shares subject to an Award and the Exercise Price of a Market Value Option may be adjusted in such manner as the Board determines, in the event of:

- 14.1.1 any variation of the share capital of the Company; or
- 14.1.2 a demerger, delisting, special dividend or other event which may, in the opinion of the Board, affect the current or future value of Shares.

14.2 In the circumstances referred to in rule 14.1, the Board may also adjust any Performance Condition.

15. AMENDMENTS

15.1 Except as described in this rule 15, the Board may at any time amend the rules of the Plan or the terms of any Award.

15.2 Subject to rule 15.3, no amendment to the advantage of Eligible Employees and/or Participants will be made under this rule 15 to the provisions relating to:

- 15.2.1 the persons to whom, or for whom, Shares or cash are provided under the Plan;

- 15.2.2 limitations on the number or amount of Shares or cash subject to the Plan;
- 15.2.3 the maximum entitlement for any one Participant;
- 15.2.4 the basis for determining a Participant's entitlement to, and the terms of, Shares or cash to be provided under the Plan;
- 15.2.5 the adjustments that may be made in the event of a variation of capital; and
- 15.2.6 the terms of this rule 15.2,

without the prior approval of the members of the Company in general meeting.

- 15.3 Rule 15.2 will not apply to any minor amendment which is to benefit the administration of the Plan or is necessary or desirable to take account of any change in legislation or to obtain or maintain favourable taxation, exchange control or regulatory treatment for any Group Member or Participant.
- 15.4 No amendment to the material disadvantage of existing rights of Participants (except in respect of a Performance Condition) will be made under rule 15.1 unless:
 - 15.4.1 every Participant who may be affected by such amendment has been invited to indicate whether or not he approves the amendment; and
 - 15.4.2 the amendment is approved by a majority of those Participants who have so indicated.
- 15.5 No amendment will be made under this rule 15 if it would prevent the Plan from being an employees' share scheme in accordance with section 1166 of the Companies Act 2006.

16. LEGAL ENTITLEMENT

- 16.1 This rule 16 applies during a Participant's employment with any Group Member and after the termination of such employment, whether or not the termination is lawful.
- 16.2 Nothing in the Plan or its operation forms part of the terms of employment of a Participant. The rights and obligations arising from a Participant's employment with any Group Member are separate from, and are not affected by, his participation in the Plan. Participation in the Plan does not create any right to continued employment with a Group Member for any Participant.
- 16.3 The grant of any Award to a Participant does not create any right for that Participant to be granted any further Awards or to be granted Awards on any particular terms, including the number of Shares to which Awards relate.
- 16.4 By participating in the Plan, a Participant waives all rights to compensation for any loss in relation to the Plan, including:
 - 16.4.1 any loss or reduction of any rights or expectations under the Plan in any circumstances or for any reason (including lawful or unlawful termination of the Participant's employment);
 - 16.4.2 any exercise of a discretion or a decision taken in relation to an Award or to the Plan, or any failure to exercise a discretion or take a decision; and
 - 16.4.3 the operation, suspension, termination or amendment of the Plan.

17. GENERAL

- 17.1 The Plan will terminate upon the date stated in rule 2.4, or at any earlier time by the passing of a resolution by the Board or an ordinary resolution of the Company in general meeting. Termination of the Plan will be without prejudice to the existing rights of Participants.

- 17.2 Shares issued or transferred from treasury under the Plan will rank equally in all respects with the Shares then in issue, except that they will not rank for any voting, dividend or other rights attaching to Shares by reference to a record date preceding the date of issue or transfer from treasury.
- 17.3 By participating in the Plan, a Participant consents to the collection, holding, processing and transfer of his personal data by any Group Member or any third party for all purposes relating to the operation of the Plan, including but not limited to, the administration and maintenance of Participant records, providing information to future purchasers of the Company or any business in which the Participant works and the transfer of information about the Participant to a country or territory outside the European Economic Area or elsewhere.
- 17.4 The Plan will be administered by the Board. The Board will have full authority, consistent with the Plan, to administer the Plan, including authority to interpret and construe any provision of the Plan and to adopt regulations for administering the Plan. Decisions of the Board will be final and binding on all parties.
- 17.5 Any notice or other communication in connection with the Plan may be delivered personally or sent by electronic means or post, in the case of a company to its registered office (for the attention of the company secretary), and in the case of an individual to his last known address, or, where he is a Director or employee of a Group Member, 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. Where a notice or other communication is given by post, it will be deemed to have been received 72 hours after it was put into the post properly addressed and stamped, and if by electronic means, when the sender receives electronic confirmation of delivery or if not available, 24 hours after sending the notice.
- 17.6 No third party will have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan (without prejudice to any right of a third party which exists other than under that Act).
- 17.7 The rules of the Plan will be governed by and construed in accordance with the laws of England and Wales. Any person referred to in the Plan submits to the exclusive jurisdiction of the Courts of England and Wales.

SCHEDULE 1

CASH AWARDS

1. CASH AWARDS

- 1.1 The rules of the Dechra 2017 Long Term Incentive Plan will apply to a right to receive a cash sum granted under this Schedule 1 as if it was either a Conditional Award (a "**Cash Conditional Award**") or a Nil-Cost Option (a "**Cash Nil-Cost Option**") or a Market Value Option (a "**Cash Market Value Option**"), except as set out in this Schedule 1. Where there is any conflict between the rules of the Plan and this Schedule 1, the terms of this Schedule will prevail.
- 1.2 Each Cash Conditional Award or Cash Nil-Cost Option or Cash Market Value Option will relate to a certain number of notional Shares.
- 1.3 Each Cash Market Value Option shall have a notional Exercise Price.
- 1.4 On the Release of a Cash Conditional Award or the exercise of a Cash Nil-Cost Option or Cash Market Value Option the Participant will be entitled to receive a cash sum. The cash sum shall be calculated on the following basis:
- 1.4.1 in the case of a Cash Conditional Award the cash sum will be equal to the market value (as determined by the Board) of the notional Shares to which the Cash Conditional Award relates on the Release Date;
 - 1.4.2 in the case of a Cash Nil-Cost Option the cash sum will be equal to the market value (as determined by the Board) on the date of exercise of the notional Shares in respect of which the Cash Nil-Cost Option is exercised; and
 - 1.4.3 in the case of a Cash Market Value Option the cash sum will be equal to the market value (as determined by the Board) on the date of exercise of the notional Shares in respect of which the Cash Market Value Option is exercised less the notional Exercise Price multiplied by that number of notional Shares.
- 1.5 The cash sum payable under section 1.4 above will be paid to the Participant within 30 days after the Release of the Cash Conditional Award or the exercise of the Cash Nil-Cost Option or Cash Market Value Option, net of any Tax Liability.
- 1.6 No Cash Conditional Award, Cash Nil-Cost Option or Cash Market Value Option will confer any right on the holder to receive Shares or any interest in Shares.

SCHEDULE 2

CSOP OPTIONS

1. INTRODUCTION, PURPOSE AND APPLICATION OF THE MAIN PLAN RULES

- 1.1 This Schedule 2 to the Main Plan constitutes the “**Dechra 2017 Long Term Incentive (CSOP Options) Plan**” and sets out the terms on which the Company may grant CSOP Options.
- 1.2 The purpose of this CSOP Plan is to provide, in accordance with Schedule 4, benefits for employees in the form of CSOP Options. No benefits may be provided under this CSOP Plan other than in accordance with Schedule 4.
- 1.3 The rules of the Main Plan shall apply to CSOP Options except as modified in this CSOP Plan.

2. INTERPRETATION

- 2.1 For the purposes of this CSOP Plan, the following definitions will apply:

“ CSOP Option ”	a Market Value Option granted pursuant to this CSOP Plan in accordance with Schedule 4 and unless the context otherwise requires references in the Main Plan to an Award or a Market Value Option should be read as references to a CSOP Option;
“ CSOP Plan ”	the Dechra 2017 Long Term Incentive (CSOP Options) Plan constituted by this Schedule 2 to the Main Plan;
“ Exercise Price ”	the price per share payable to exercise a CSOP Option as determined in accordance with section 7 and which may be adjusted in accordance with section 14;
“ Main Plan ”	the Dechra 2017 Long Term Incentive Plan as amended from time to time;
“ Market Value ”	in relation to a Share on any day an amount equal to: <ul style="list-style-type: none">i. if the Shares are quoted on the London Stock Exchange Daily Official List:<ul style="list-style-type: none">(a) the middle market quotation (as derived from that List) of a Share on the Dealing Day immediately preceding the relevant date; or(b) if the Board so determine, the average of the middle market quotations (as so derived) of a Share for a number of Dealing Days (not exceeding five) immediately preceding the relevant date; andii. subject to i above, the market value of a Share as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992;
“ Non-UK Company Reorganisation Arrangement ”	the meaning ascribed to that term in paragraph 35ZA of Schedule 4;
“ Restriction ”	the meaning given by paragraph 36(3) of Schedule 4;

“Schedule 4” Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003; and

“Variation” in relation to the equity share capital of the Company, a capitalisation issue, an offer or invitation made by way of rights, a subdivision, consolidation, reduction or any other variation in respect of which an adjustment of CSOP Options in accordance with section 14 is permitted under Schedule 4.

2.2 References in this CSOP Plan to rules are to rules of the Main Plan and references to sections are to the sections of this CSOP Plan. If the rules of the Main Plan and the sections of this CSOP Plan conflict, the rules of the Main Plan will prevail unless such rules would be contrary to the requirements of Schedule 4 in which event the sections of this CSOP Plan will prevail.

3. FORM AND GRANT OF AWARDS

3.1 An Award may only be granted under this CSOP Plan as a CSOP Option with an Exercise Price determined as set out in section 7.

3.2 CSOP Options must be granted by deed. The terms of an Award notified to Participants under rule 2.3 in respect of a CSOP Option shall state:

3.2.1 the Exercise Price;

3.2.2 the number and description of Shares which may be acquired in the exercise of the CSOP Option;

3.2.3 the Restrictions to which those Shares are subject (including the Restrictions imposed by rule 8.7 as it applies for the purposes of this CSOP Plan);

3.2.4 the times at which the CSOP Option may be exercised (in whole or in part); and

3.2.5 the circumstances under which the CSOP Option will lapse or be cancelled (in whole or in part), including details of any Performance Condition or other terms imposed under rule 2.1 and details of rule 8.4 as it applies for the purposes of this CSOP Plan.

3.3 Any Performance Condition and any additional term imposed under rule 2.1 must be objective.

3.4 Unless the Board determines otherwise at or before the relevant Grant Date, rule 2.5 shall not apply to any CSOP Option.

4. ELIGIBILITY

4.1 A CSOP Option may only be granted to a person who is:

4.1.1 an employee (but not a Director) of the Company or any Subsidiary which is under the Control of the Company; or

4.1.2 an employee and a Director of the Company or any Subsidiary which is under the Control of the Company who is obliged to devote not less than 25 hours a week (excluding meal breaks) to the performance of the duties of his office or employment with the Company or any Subsidiary.

4.2 A CSOP Option may not be granted to any person who is excluded from participation in the grant of CSOP Options by virtue of paragraph 9 of Schedule 4.

5. LIMITS

- 5.1 The Company must not grant a CSOP Option to any person which would on the grant date cause the aggregate Market Value of the shares which he may acquire by exercising that CSOP Option, and any other option which is to be taken into account for the purposes of the limit specified in paragraph 6(1) of Schedule 4, to exceed that limit.
- 5.2 For the purpose of this section 5, the Market Value of a share:
- 5.2.1 will be determined at the time when the relevant option is granted; and
- 5.2.2 in the case of a share subject to a Restriction, will be determined as if the Restriction did not apply.
- 5.3 If the Company purports to grant a CSOP Option in breach of the limit in section 5.1, that CSOP Option shall take effect from the date of grant over the maximum number of Shares over which it may be granted within that limit.

6. SHARES SUBJECT TO CSOP OPTIONS

- 6.1 Subject to section 12.5, the Shares subject to a CSOP Option must satisfy the conditions referred to in paragraph 15 of Schedule 4.

7. EXERCISE PRICE

- 7.1 The Exercise Price applying to a CSOP Option will be determined by the Board and will not be less than the greater of:
- 7.1.1 the Market Value of a Share on the date the CSOP Option is granted; and
- 7.1.2 if the Shares are to be subscribed, the nominal value of a Share.
- 7.2 For the purposes of this section 7, the Market Value of a Share subject to a Restriction will be determined as if the Restriction did not apply
- 7.3 The Exercise Price applying to a CSOP Option may be adjusted in accordance with section 14.

8. DIVIDEND EQUIVALENTS

- 8.1 For the avoidance of doubt, rule 5.1 shall not apply to any CSOP Option.

9. REDUCTION OF AWARDS (MALUS) AND CLAWBACK

Malus

- 9.1 In its application to any CSOP Option, the word "material" shall be deleted from rule 8.3.1.
- 9.2 Rule 8.3.2 shall not apply to any CSOP Option.
- 9.3 The following rule 8.3.3 will apply to CSOP Options in substitution for rule 8.3.3:
- "8.3.3 if the Participant has received a payment under a bonus plan operated by any Group Member at a higher level than would have been the case had the Board been aware at the time of the payment of a misstatement of a Group Member's financial results."
- 9.4 Rule 8.4.2 shall not apply to any CSOP Option.

Clawback

- 9.5 In its application to any CSOP Option, the word "material" shall be deleted from rule 8.6.1.
- 9.6 For the avoidance of doubt, in its application to any CSOP Option, the reference in rule 8.7.1 to rule 8.4 shall not include rule 8.4.2.

Cross-clawback

- 9.7 Rule 8.9 shall not apply to any CSOP Option.

10 EXERCISE OF A CSOP OPTION

- 10.1 A Participant may not exercise a CSOP Option while he is excluded from being granted a CSOP Option by virtue of paragraph 9 of Schedule 4.
- 10.2 To exercise a CSOP Option, a Participant must give written notice of exercise to the Company and pay to the Company (or undertake, in a form acceptable to the Company, to pay to the Company) the aggregate Exercise Price payable in respect of the exercise. The Option will not be effectively exercised until the Company has received the notice and payment or undertaking.
- 10.3 The following rule 10.1 will apply to CSOP Options in substitution for rule 10.1

"10.1 A Participant will be responsible for and indemnifies each relevant Group Member and the Trustee against any Tax Liability arising as a result of the exercise of a CSOP Option and will reimburse the Group Member and/or the Trustee (as relevant) for the Tax Liability within 30 days of it arising. A CSOP Option may only be exercised if there are arrangements in place acceptable to the Board to provide for the reimbursement of any Tax Liability arising as a result of the exercise which may include:

10.1.1 the Participant making a payment to the Group Member and/or the Trustee;

10.1.2 the Group Member withholding an amount equal to the Tax Liability from the Participant's remuneration (to the extent permitted by law); or

10.1.3 with the Participant's agreement, any other arrangements acceptable to the Group Member and/or the Trustee to reimburse the Tax Liability, including authorising the sale of sufficient of the Shares on the Participant's behalf and withholding from the sale proceeds an amount equal to the Tax Liability."

- 10.4 Rule 11 shall not apply to any CSOP Option.

11. CESSATION OF EMPLOYMENT

- 11.1 The following rules 12.1 to 12.11 will apply to CSOP Options in substitution for rules 12.1 to 12.11:

"12.1 If a Participant ceases to hold office or employment with a Group Member prior to the Vesting Date other than in accordance with rule 12.2 or 12.5, his Unvested CSOP Option will lapse at that time

Death

- 12.2 If a Participant dies:
- 12.2.1 an Unvested CSOP Option will be Released in accordance with rule 12.3 as soon as reasonably practicable; and
 - 12.2.2 a Vested CSOP Option which has not yet been Released will be Released as soon as reasonably practicable to the extent already determined in accordance with rule 9.1.
- 12.3 The number of Shares in respect of which an Unvested CSOP Option is Released pursuant to rule 12.2.1 will be determined by the Board taking into account:
- 12.3.1 the extent to which any Performance Condition has been satisfied; and
 - 12.3.2 the proportion of the Pro-Rating Period that has elapsed at the date of death.
- To the extent that the CSOP Option is not Released in full, the remainder will lapse immediately.
- 12.4 A CSOP Option which is Released in accordance with rule 12.2 or which was already Released at the date of death may then be exercised at any time during the period of 12 months from the date of death, after which time it will lapse. Following a Participant's death, any CSOP Option he held at the date of death shall not lapse in accordance with any other provision of the CSOP Plan, other than rule 13.4, until the end of the period of 12 months beginning with the date of death.

Cessation of employment prior to the Vesting Date

- 12.5 If a Participant ceases to hold office or employment with a Group Member prior to the Vesting Date as a result of:
- 12.5.1 ill-health, injury or disability as established to the satisfaction of the Board;
 - 12.5.2 redundancy within the meaning of the Employment Rights Act 1996;
 - 12.5.3 retirement;
 - 12.5.4 the Participant's employing company ceasing to be a Group Member or the transfer of an undertaking or part of an undertaking to a person who is not a Group Member; or
 - 12.5.5 any other reason at the Board's discretion, except where a Participant is summarily dismissed,
- an Unvested CSOP Option will continue and, subject to it being Released or lapsing earlier under rule 13, be Released in accordance with rule 12.7 on the Normal Release Date, unless the Board determined at the Grant Date that the CSOP Option will be Released in accordance with rule 12.6.
- 12.6 If an Unvested CSOP Option is Released in accordance with this rule 12.6, it will be Released in accordance with rule 12.7 as soon as reasonably practicable after the cessation of office or employment.
- 12.7 The number of Shares in respect of which a CSOP Option is Released pursuant to rule 12.5 or 12.6 will be determined by the Board taking into account:
- 12.7.1 the extent to which any Performance Condition has been satisfied at the end of the Performance Period (if rule 12.5 applies) or at the date of the Participant's cessation of office or employment (if rule 12.6 applies); and

12.7.2 the proportion of the Pro-Rating Period that has elapsed on the date of cessation.

To the extent that a CSOP Option is not Released in full, the remainder will lapse immediately.

12.8 Subject to rule 12.4, a CSOP Option may be exercised for a period of one month (or such longer period as the Board may determine) from the Release Date after which time it will lapse, unless it lapses earlier in accordance with rule 13.

Cessation of employment on or after the Vesting Date

12.9 Subject to rule 12.2, if a Participant ceases to hold office or employment with a Group Member on or after the Vesting Date but before the Normal Release Date:

12.9.1 if the cessation is as a result of his summary dismissal, any Vested but Unreleased CSOP Option he holds will lapse on the date of cessation; and

12.9.2 if the cessation is for any other reason, any Vested but Unreleased CSOP Option he holds will continue and be Released on the Normal Release Date (subject to it being Released or lapsing earlier under rule 13), unless the Board determined at the Grant Date that the CSOP Option will be Released in accordance with rule 12.10.

12.10 If a Vested but Unreleased CSOP Option is Released in accordance with this rule 12.10, it will be Released as soon as reasonably practicable following the cessation of office or employment.

12.11 Subject to rule 12.4, if a Participant ceases to hold office or employment with a Group Member on or after the Vesting Date (except where he ceases to hold office or employment with a Group Member because of summary dismissal, in which case his CSOP Option will lapse on the date of such cessation), his CSOP Option may be exercised for a period of one month (or such longer period as the Board may determine) from:

12.11.1 the date of cessation if it has already been Released on that date; or

12.11.2 the Release Date, to the extent it is Released in accordance with rule 12.9 or 12.10,

after which time it will lapse, unless it lapses earlier in accordance with rule 13.”

12. CORPORATE EVENTS

12.1 Where, but for this section 12.1, a CSOP Option would be Released in accordance with any of sections 12.2, 12.3 or 12.4 and rule 13.1, the CSOP Option shall be exercisable in accordance with section 12.2 or section 12.3 or section 12.4 and not in accordance with rule 13.1.

12.2 Subject to section 13.3, if a person (including any person acting in concert with him as referred to in paragraph 25A(8) of Schedule 4) has obtained Control of the Company as a result of an offer falling within paragraph 25A(3) of Schedule 4 and any condition subject to which the offer is made has been satisfied, any CSOP Option which has not been Released will be Released on the date the person obtains Control taking into account the extent to which any Performance Condition has been satisfied and:

12.2.1 if a Participant has already ceased to hold office or employment with a Group Member, in accordance with rule 12.7.2 unless the Board determines otherwise; and

12.2.2 in all other circumstances, unless the Board determines otherwise, the proportion of the Pro-Rating Period that has elapsed on the date of the relevant event.

- 12.3 Subject to section 13.3, if the court sanctions under section 899 of the Companies Act 2006 a compromise or arrangement of a sort referred to in paragraph 25A(6) of Schedule 4, any CSOP Option which has not been Released will be Released on the date of that court sanction taking into account the extent to which any Performance Condition has been satisfied and:
- 12.3.1 if a Participant has already ceased to hold office or employment with a Group Member, in accordance with rule 12.7.2 unless the Board determines otherwise; and
- 12.3.2 in all other circumstances, unless the Board determines otherwise, the proportion of the Pro-Rating Period that has elapsed on the date of court sanction.
- 12.4 Subject to section 13.3, if a Non-UK Company Reorganisation Arrangement of the sort referred to in paragraph 25A(6A) of Schedule 4 becomes binding on the shareholders covered by it, any CSOP Option which has not been Released will be Released on the date it becomes binding taking into account the extent to which any Performance Condition has been satisfied and:
- 12.4.1 if a Participant has already ceased to hold office or employment with a Group Member, in accordance with rule 12.7.2 unless the Board determines otherwise; and
- 12.4.2 in all other circumstances, unless the Board determines otherwise, the proportion of the Pro-Rating Period that has elapsed on the date of the Non-UK Company Reorganisation Event.
- 12.5 If in consequence of:
- 12.5.1 a person obtaining Control of the Company as mentioned in section 12.2;
- 12.5.2 a person obtaining Control of the Company as a result of a compromise or arrangement sanctioned by the court as mentioned in section 12.3; or
- 12.5.3 a person obtaining Control of the Company as a result of a Non-UK Company Reorganisation Arrangement which has become binding on the shareholders covered by it as mentioned in section 12.4,

Shares no longer meet the requirements referred to in paragraph 15 of Schedule 4, any CSOP Option may be exercised under and in accordance with section 12.2, section 12.3 or section 12.4 no later than 20 days after the date on which Control is obtained, notwithstanding that the Shares no longer meet those requirements.

- 12.6 In section 12, "**Board**" means those people who were members of the Board immediately before the relevant event occurs.

13. EXCHANGE

- 13.1 Rule 13.6.3 shall not apply to any CSOP Option.
- 13.2 Rules 13.6 and 13.7 shall not apply to any CSOP Option and the references in rules 13 to rules 13.6 and 13.7 shall be read as references to section 13.5 as regards any CSOP Option.
- 13.3 If there is an Internal Reorganisation:
- 13.3.1 an Unreleased CSOP Option shall not be Released under rule 13 or section 12 and shall lapse to the extent it is not exchanged under section 13.4 by the end of the relevant period determined in accordance with paragraph 26(3) of Schedule 4; and

13.3.2 a Released CSOP Option shall lapse to the extent it is not exchanged under section 13.4 by the end of the relevant period determined in accordance with paragraph 26(3) of Schedule 4.

13.4 If an Acquiring Company:

13.4.1 obtains Control of the Company as a result of making an offer falling within paragraph 26(2)(a) of Schedule 4;

13.4.2 obtains Control of the Company as a result of a compromise or arrangement sanctioned by the Court under section 899 of the Companies Act 2006;

13.4.3 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; or

13.4.4 becomes bound or entitled to acquire shares in the Company under sections 979 to 982 or 983 to 985 of the Companies Act 2006,

a Participant may agree to release his CSOP Option in consideration of the grant of a new share option in accordance with section 13.5.

13.5 If a CSOP Option is to be released in consideration of the grant of a new share option in accordance with this section 13.5:

13.5.1 that must be done with the agreement of the Acquiring Company;

13.5.2 the agreement must be made in the relevant period determined in accordance with paragraph 26(3) of Schedule 4 and before the CSOP Option lapses;

13.5.3 any new share option granted in consideration of the release of a CSOP Option in accordance with this section 13.5 must satisfy the requirements of paragraphs 27(2) to 27(4) (inclusive) of Schedule 4; and

13.5.4 the new share option shall be treated as if it was a CSOP Option granted under this CSOP Plan at the same time as the CSOP Option in consideration of the release of which it was granted.

13.6 Following the grant of any new share option in accordance with section 13.5, no CSOP Options may be granted under this CSOP Plan other than the new share options granted in accordance with section 13.5.

13.7 In section 13, "**Board**" means those people who were members of the Board immediately before the relevant event occurs.

14. VARIATIONS IN SHARE CAPITAL

14.1 Rule 14 shall not apply to any CSOP Option.

14.2 Subject to section 14.3, the number of Shares subject to a CSOP Option and/or the Exercise Price applying to a CSOP Option may be adjusted in such manner as the Board determines in the event of a Variation.

14.3 No adjustment may be made to a CSOP Option under section 14.2 unless:

14.3.1 the market value of the Shares which may be acquired under the CSOP Option, determined, in the case of a Shares subject to a Restriction as if that Restriction did not apply, is substantially the same immediately before and after the adjustment; and

- 14.3.2 the aggregate Exercise Price applying to the CSOP Option is substantially the same immediately before and after the adjustment.

15. CHANGING THIS CSOP PLAN

- 15.1 No amendment to the Main Plan or this CSOP Plan which would cause this CSOP Plan to cease to meet the requirements of Schedule 4 will have effect in relation to any CSOP Option unless and until the Board has determined that the amendment will take effect even if this causes this CSOP Plan to cease to meet those requirements.

16. GENERAL

- 16.1 Any discretion exercisable or action or determination to be undertaken by the Board or any other person or body in connection with any CSOP Option shall be exercised or undertaken fairly and reasonably.