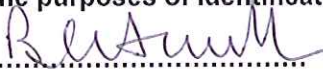


IP GROUP PLC

**RULES OF THE IP GROUP
DEFERRED BONUS SHARE PLAN**

**This is a copy of the rules of The IP Group Deferred Bonus Share Plan
as produced to the Annual General Meeting
of IP Group plc held on 13 May 2014 and initialled by the
Chairman for the purposes of identification only**


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Chairman



IP GROUP DEFERRED BONUS SHARE PLAN

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RULES OF

THE IP GROUP DEFERRED BONUS SHARE PLAN

This Plan is an employees' share scheme approved by shareholders of the Company by ordinary resolution passed on 13 May 2014 and approved by resolution of the Remuneration Committee of the Directors of the Company passed on 15 April 2014.

PART A: INTERPRETATION AND ADMINISTRATION

1. DEFINITIONS

1.1 In this Plan:-

| | |
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| "Acquiring Company" | means a company which has acquired Control of the Company |
| "Associated Company" | means a company which, in relation to the Company, is an associated company as that term is defined in section 449 of the Corporation Tax Act 2010 but with the omission of the words "or at any other time within the preceding 12 months" |
| "Award Certificate" | means a certificate evidencing a Deferred Nil Cost Option Award |
| "Award Date" | means the date on which a Deferred Nil Cost Option Award is made |
| "Award Shares" | means the Shares over which a Deferred Nil Cost Option Award subsists |
| "Award Tax Liability" | means any liability of the Company or other relevant Employer Company to account to HMRC or any other tax authority for any amount of, or representing, income tax or NICs (which shall, to the extent provided for in Rule 16.2, include Employer's NICs) or any equivalent charge in the nature of tax or social security contributions (whether under the laws of the United Kingdom or otherwise), which may arise on the grant, vesting, exercise, assignment or release of a Deferred Nil Cost Option Award, or the acquisition of Shares or of any interest in Shares pursuant to a Deferred Nil Cost Option Award, or the expiry of any statutory time period in relation to a Deferred Nil Cost Option Award, or otherwise in relation to a Deferred Nil Cost Option Award, including any liability arising under Part 7A of the Income Tax (Earnings and Pensions) Act 2003 |
| "Bonus Plan" | means any bonus plan operated by the Company and as approved by the Committee from time to time and in which an Employee participates |
| "the Company" | means IP Group plc |
| "the Committee" | means the Remuneration Committee of the Board of Directors of the Company or a duly authorised committee of non-executive directors |

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| "Control" | has the meaning ascribed by Section 719 of the Income Tax (Earnings and Pensions) Act 2003 |
| "Dealing Day" | means a day on which the London Stock Exchange is open for business |
| "Deferred Nil Cost Option Award" | means a right to acquire Shares granted pursuant to and exercisable in accordance with the rules of this Plan |
| "Employee" | means an employee of any member of the Group including an executive director |
| "Employees' Share Trust" | means the IP Group Employee Share Ownership Trust or other employee share ownership trusts established by the Company |
| "Employer Company" | means such member of the Group as is a Participant's employer or, if he has ceased to be employed within the Group or by any Associated Company, was his employer or such other member of the Group or Associated Company, or other person as, under the PAYE Regulations or, as the case may be, the N.I. Regulations, or any other statutory or regulatory enactment (whether in the United Kingdom or otherwise) is obliged to account for any Award Tax Liability |
| "Employer's NICs" | means secondary class 1 NICs |
| "Exchange Company" | means a company which is or has Control of:- <ul style="list-style-type: none"> (a) an Acquiring Company; (b) a member of a consortium owning an Acquiring Company; or (c) a member of a consortium owning a company which has Control of an Acquiring Company |
| "Exchange of a Nil Cost Option Award" | means the grant to the Participant, in consideration of the release of his Deferred Nil Cost Option Award, of rights to acquire shares in an Exchange Company being rights which are, in the opinion of the Committee, substantially equivalent in value to the value of such Deferred Nil Cost Option Award and on terms approved by the Committee |
| "FCA" | means the Financial Conduct Authority or its successor body from time to time |
| "Financial Year" | means a financial year of the Company |
| "Grantor" | means the Company or such other person as has made a Deferred Nil Cost Option Award |
| "the Group" | means the Company and its subsidiaries |
| "HMRC" | means Her Majesty's Revenue and Customs |
| "Leaving Date" | means the date on which a Participant ceases to hold any office or employment with any member of the Group or any Associated Company or formally resigns from office or employment |

| | |
|-----------------------------------|---|
| "London Stock Exchange" | means the London Stock Exchange plc |
| "NICs" | means National Insurance contributions |
| "N.I. Regulations" | means the laws, regulations and practices currently in force relating to liability for, and the collection of, NICs |
| "Ordinary Share Capital" | means the issued ordinary share capital of the Company, other than fixed-rate preference shares, including any Shares held in treasury |
| "Participant" | a person who holds a Deferred Nil Cost Option Award, or (where the context admits) his Personal Representatives; |
| "PAYE Regulations" | means the regulations made under section 684 of the Income Tax (Earnings and Pensions) Act 2003 |
| "Personal Data" | means the name, home address, email address and telephone number, date of birth, National Insurance number or equivalent of a Participant, details of all rights to acquire Shares or other securities granted to the Participant and of Shares or other securities issued or transferred to the Participant pursuant to the Plan and any other personal information which could identify the Participant and is necessary for the administration of the Plan |
| "Personal Representatives" | means the personal representatives of a Participant (being either:- <ul style="list-style-type: none"> (a) the executors of his will; or (b) if he dies intestate, the duly appointed administrator(s) of his estate) who, in either case, have produced evidence to the Company of their appointment as such |
| "Plan" | means the IP Group Deferred Bonus Share Plan as amended from time to time pursuant to Rule 23 |
| "Share Dealing Code" | means the code adopted by the Company, which contains provisions similar in purpose and effect to the provisions of the Model Code on directors' dealings in securities issued by the FCA as amended from time to time |
| "Shares" | means fully paid ordinary shares in the capital of the Company (or, following a reconstruction, demerger or reorganisation of the Company, shares or other securities representing such shares) |
| "Vested Award Shares" | means Award Shares to which the Participant becomes or has become entitled in accordance with this Plan (including for the avoidance of doubt and without limitation, Rule 15), in consequence of a Vesting Date having passed or, as appropriate, the occurrence of any of the events referred to in Rules 17, 18 and 20. |
| "Vesting Date(s)" | means, subject to the discretion of the Committee to determine that different percentages and/or time periods shall apply in relation to any Deferred Nil Cost Option Award:- |

- (a) in respect of 50% of the Award Shares, the first anniversary of the Award Date; and
- (b) in respect of the remaining 50% of the Award Shares, the second anniversary of the Award date

PROVIDED THAT if, on any date(s) so specified, any dealing in Shares would be prohibited by the Share Dealing Code, then the relevant date shall be deferred to the Dealing Day following the day on which the prohibitions cease to apply

- 1.2 Words and expressions used in this Plan and in any ancillary documents which are not otherwise defined shall have the meanings they bear for the purposes of the Income Tax (Earnings and Pensions) Act 2003
- 1.3 References to rules are to the rules of this Plan and no account shall be taken of the rule headings, which have been inserted for ease of reference only.
- 1.4 References to Shares in respect of which a Deferred Nil Cost Option Award subsists at any time are to be read and construed as references to the Shares over which the Deferred Nil Cost Option Award is then held (and in respect of which it has not then lapsed).
- 1.5 Any reference to any enactment includes a reference to that enactment as from time to time modified, extended or re-enacted.
- 1.6 Words denoting the masculine gender shall include the feminine.
- 1.7 Words denoting the singular shall include the plural and vice versa.

2. ADMINISTRATION

- 2.1 The Committee may from time to time make and vary such rules and regulations which are consistent with the rules of this Plan and establish such procedures for their administration and implementation as it thinks fit.
- 2.2 If any question, dispute or disagreement arises as to the interpretation of this Plan or of any rules, regulations or procedures relating to it or as to any question or right arising from or related to this Plan, the decision of the Committee shall be final and binding upon all persons.
- 2.3 Subject to Rule 2.4, the Company shall bear the costs of the administration and implementation of this Plan.
- 2.4 The Company may require any other company in the Group to reimburse it in respect of or bear the costs of the participation in this Plan by such other company's employees.

3. RIGHTS ATTACHING TO SHARES

- 3.1 The issue or transfer of any Shares under this Plan shall be subject to the Company's Articles of Association and to any necessary consents of any governmental or other authorities (whether in the United Kingdom or otherwise) under any enactments or regulations from time to time in force.
- 3.2 The Participant shall comply with any requirements to be fulfilled in order to obtain or obviate the necessity of any such consent.
- 3.3 All Shares allotted or transferred under this Plan shall rank equally in all respects with the Shares then in issue, except for any rights attaching to such Shares by reference to a record date prior to the date of such allotment or transfer.

PART B: MAKING OF DEFERRED NIL COST OPTION AWARDS

4. MAKING OF DEFERRED NIL COST OPTION AWARDS

- 4.1 Subject to Rules 4.2 and 4.3, the Committee shall have absolute discretion as to the selection of Employees to whom Deferred Nil Cost Option Awards may be made (including that Deferred Nil Cost Option Awards may only be made to Employees whose Bonus Plan outcome, expressed as referred to in Rule 6.1.1, is at or above a specified monetary value).
- 4.2 A Deferred Nil Cost Option Award may only be made to an Employee who has participated in the Bonus Plan for the preceding Financial Year.
- 4.3 A Deferred Nil Cost Option Award may not be made to any individual who has ceased to be employed by any member of the Group or any Associated Company for any reason prior to, or who is under notice of termination of employment by any member of the Group or any Associated Company at, the end of the Financial Year in respect of which the Deferred Nil Cost Option Award would be made.
- 4.4 A Deferred Nil Cost Option Award shall be granted by the Company executing a deed.
- 4.5 No amount shall be payable by the Participant for the acquisition of Shares pursuant to a Deferred Nil Cost Option Award, unless the Company decides otherwise.

5. TIMING OF DEFERRED NIL COST OPTION AWARDS

- 5.1 A Deferred Nil Cost Option Award may be made:-
- 5.1.1 during the 42 day period following the announcement of the Company's results for the preceding Financial Year; or
- 5.1.2 subject to the Share Dealing Code, at any other time but only if, in the opinion of the Committee, the circumstances are exceptional.
- 5.2 If the Company is restricted by statute, order or regulation (including any regulation, order or requirement imposed on the Company by the FCA or any other regulatory authority) from making a Deferred Nil Cost Option Award within the period as mentioned in Rule 5.1.1 the Company may make a Deferred Nil Cost Option Award within the period of 42 days after all such restrictions are removed.

6. CALCULATION OF DEFERRED NIL COST OPTION AWARDS

- 6.1 Subject to Rule 4.1 above and 6.2 below, the number of Shares to be comprised in a Deferred Nil Cost Option Award on any occasion shall be calculated as follows:-
- 6.1.1 the Employee's Bonus Plan outcome shall be expressed as a gross (pre-tax) cash value; and
- 6.1.2 a Deferred Nil Cost Option Award will be made over such number of Shares as have an aggregate market value at the Award Date (as determined by the Committee) equivalent to 50% of the amount referred to at Rule 6.1.1 above.
- 6.2 For the purposes of Rule 6.1 above:-
- 6.2.1 for any Financial Year, the Committee may specify a percentage different from that specified in Rule 6.1.2 above;
- 6.2.2 where the Bonus Plan outcome achieved is expressed in a currency other than sterling, for the purposes of Rule 6.1.1 the amount shall be treated as equal to the equivalent amount of sterling determined by using such relevant rate of exchange as the Committee may decide; and

- 6.2.3 the number of Award Shares calculated pursuant to Rule 6.1 shall be rounded up to the nearest whole number.

7. AWARD CERTIFICATE

As soon as practicable after a Deferred Nil Cost Option Award has been made, the Company shall issue, or procure the issue, to the Participant of an Award Certificate (which may be in electronic form) which specifies the Grantor, the Award Date, the number of Award Shares, the Vesting Date(s), the last date for exercise of the Deferred Nil Cost Option Award and that it is a condition of the Deferred Nil Cost Option Award that the Participant indemnifies the Company and the Participant's Employer Company against any Award Tax Liability (to the extent provided for in Rule 16) or shall be in such other form as the Committee determines from time to time.

8. ACCEPTANCE OF A DEFERRED NIL COST OPTION AWARD

- 8.1 The provisions of Rule 8.2 shall only apply in relation to an Award if the Grantor determines that the Participant will be required to accept his Deferred Nil Cost Option Award.
- 8.2 If the Participant does not, within 30 days after the Award Date (or such later time as the Company may notify to the Participant), deliver to the Company a duly completed form of acceptance (which may be in electronic form and which may be incorporated in the Award Certificate) in relation to such Deferred Nil Cost Option Award and which shall include acceptance of all of the provisions contained in the Plan, then at the end of that period it shall lapse and the Participant shall not become entitled to any Shares pursuant to that Deferred Nil Cost Option Award.

9. DATA PROTECTION

- 9.1 It shall be a condition of a Deferred Nil Cost Option Award that the Participant agrees and consents to:-
- 9.1.1 the collection, use, processing and transfer of his Personal Data by any member of the Group or any Associated Company, the trustees of the Employees' Share Trust or any third party administrator of the Plan, the Company's registrars or any broker through whom Shares are to be sold on behalf of a Participant;
- 9.1.2 members of the Group, any Associated Company, the trustees of the Employees' Share Trust or any third party administrator of the Plan, the Company's registrars or any broker through whom Shares are to be sold on behalf of a Participant, transferring the Participant's Personal Data amongst themselves for the purposes of implementing, administering and managing the Plan and the grant of Deferred Nil Cost Option Awards and the acquisition of Shares pursuant to Deferred Nil Cost Option Awards or the disposal of such Shares;
- 9.1.3 the use of Personal Data by any such person for any such purposes; and
- 9.1.4 the transfer to, and retention of, Personal Data by third parties including the trustees of the Employees' Share Trust or any third party administrator of the Plan (whether or not any such third party is situated outside the European Economic Area) for, or in connection with, such purposes.

10. RELATIONSHIP WITH CONTRACT OF EMPLOYMENT

- 10.1 The making of a Deferred Nil Cost Option Award shall not form part of the Participant's entitlement to remuneration or benefits pursuant to his contract of employment and benefits under this Plan shall not be pensionable.
- 10.2 The rights and obligations of a Participant under the terms of his contract of employment with the Company or any present or past subsidiary or Associated Company shall not be affected by the making of a Deferred Nil Cost Option Award or his participation in this Plan.

- 10.3 The existence of a contract of employment between the Participant and the Company or any present or past subsidiary or Associated Company does not give the Participant any right or entitlement to have a Deferred Nil Cost Option Award made to him at any time in respect of any number of Shares, nor any expectation that a Deferred Nil Cost Option Award might be made to him, whether subject to any conditions or at all.
- 10.4 Neither the existence of this Plan nor the fact that an individual has on any occasion been granted a Deferred Nil Cost Option Award shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this Plan by being granted an Award on any other occasion.
- 10.5 The rights or opportunity granted to a Participant on the making of a Deferred Nil Cost Option Award shall not give the Participant any rights or additional rights to compensation or damages in consequence of either:-
- 10.5.1 the Participant giving or receiving notice of termination of his office or employment; or
 - 10.5.2 the loss or termination of his office or employment with the Company or any present or past subsidiary or Associated Company for any reason whatsoever,
- whether or not the termination (and/or giving of notice) is ultimately held to be wrongful or unfair.
- 10.6 A Participant shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to acquire or retain Shares, or any interest in Shares, pursuant to a Deferred Nil Cost Option Award in consequence of:-
- 10.6.1 the Participant giving or receiving notice of termination of his office or employment (whether or not the termination (and/or giving of notice) is ultimately held to be wrongful or unfair);
 - 10.6.2 the loss or termination of his office or employment with the Company or any present or past subsidiary or Associated Company for any reason whatsoever (whether or not the termination is ultimately held to be wrongful or unfair);
 - 10.6.3 the exercise by the Committee of any discretion in accordance with any Rule of this Plan; or
 - 10.6.4 for any other reason.
- 11. OVERALL LIMITS ON THE ISSUE OF NEW SHARES TO SATISFY AWARDS**
- 11.1 Subject to the following provisions of this Rule 11, the Company may issue Shares (as new Shares or out of treasury) for the purposes of satisfying Deferred Nil Cost Option Awards.
- 11.2 In any ten year period ending on the relevant Award Date, the maximum number of the Shares which may be issued or made issuable under this Plan and any other employee share scheme operated by the Company shall not exceed 10% of the issued ordinary share capital of the Company from time to time.
- 11.3 For the purposes of this Rule 11, Shares taken into account when placed under Deferred Nil Cost Option Awards shall not be taken into account again following the vesting of Deferred Nil Cost Option Awards and any Deferred Nil Cost Option Awards that have lapsed unvested shall fall out of account.
- 11.4 For the purposes of this Rule 11, references to rights to subscribe for Shares shall, if so required in accordance with guidance issued by the Association of British Insurers, be taken to include references to rights to acquire Shares issued or to be issued out of treasury.

12. **NON-TRANSFERABILITY OF DEFERRED NIL COST OPTION AWARDS**

12.1 A Deferred Nil Cost Option Award is personal to a Participant and may not be transferred during his lifetime.

12.2 If a Participant:-

12.2.1 transfers, assigns, mortgages, charges or otherwise disposes of a Deferred Nil Cost Option Award or of any interest in or right to acquire any Award Shares (other than to his Personal Representatives);

12.2.2 is adjudged bankrupt or an interim order is made because he intends to propose a voluntary arrangement to his creditors under the Insolvency Act 1986;

12.2.3 makes or proposes a voluntary arrangement under the Insolvency Act 1986, or any other plan or arrangement in relation to his debts, with his creditors or any section of them; or

12.2.4 is not, or ceases to for any other reason (except on death) to be the legal or beneficial owner of a Deferred Nil Cost Option Award or of any interest in or right to acquire any Award Shares,

the Participant shall immediately cease to have any right or entitlement to any Award Shares and such Deferred Nil Cost Option Award shall lapse.

PART C: VESTING AND EXERCISE OF DEFERRED NIL COST OPTION AWARDS

13. EXERCISE OF DEFERRED NIL COST OPTION AWARDS

- 13.1 A Deferred Nil Cost Option Award may only ever be exercised in respect of Vested Award Shares.
- 13.2 A Deferred Nil Cost Option Award may not be exercised after the third anniversary of the Award Date or such other period as determined by the Committee which shall be no later than the fifth anniversary of the Award Date.
- 13.3 Except as otherwise provided in Rule 14, a Deferred Nil Cost Option Award may not be exercised at any time after a Participant leaves the Group.

Exercise Procedure

- 13.4 A Deferred Nil Cost Option Award shall be exercised only by the Participant serving a notice (including in electronic format) on the Company (or otherwise as the Company may direct) which specifies the number of Shares in respect of which such Deferred Nil Cost Option Award is exercised on that occasion which shall not exceed the number of Vested Award Shares in respect of which such Deferred Nil Cost Option Award subsists and which have not been specified for this purpose in an earlier notice of exercise.
- 13.5 A Deferred Nil Cost Option Award shall not be exercised on any occasion if such exercise would not be in accordance with the Share Dealing Code.
- 13.6 If any Award Shares do not become Vested Award Shares, the Deferred Nil Cost Option Award shall lapse in respect of the Award Shares which remain unvested.

Issue or Transfer of Shares

- 13.7 Within 30 days after the Company receives a notice of exercise pursuant to Rule 13.4, the Company shall issue or transfer or procure the issue or transfer to, or to the order of, the Participant of the Shares in respect of which the Deferred Nil Cost Option Award is duly exercised on that occasion subject to any adjustment pursuant to Rule 15 and to Rule 16.
- 13.8 If, when a Deferred Nil Cost Option Award is exercised, in consequence of the Share Dealing Code or otherwise, the Company is restricted from issuing or transferring or procuring the issue or transfer of Shares, the Company shall not be obliged to issue or transfer or procure the issue or transfer of any Shares until after all such restrictions are lifted and shall then do so within 30 days subject to any adjustment pursuant to Rule 15 and to Rule 16.
- 13.9 As soon as reasonably practicable after the issue or transfer of any Shares upon the exercise of a Deferred Nil Cost Option Award, the Company shall procure the issue of a definitive share certificate or such acknowledgement of shareholding as is prescribed from time to time for the Shares issued or transferred to the Participant.

Issue or Transfer to a Nominee

- 13.10 Subject to Rule 15 and to Rule 16, if the Participant requests, some or all of the Shares he acquires on the exercise of a Deferred Nil Cost Option Award may be issued or transferred to a nominee of the Participant, provided that beneficial ownership of the Shares vests in the Participant.

14. DEFERRED NIL COST OPTION AWARDS – LEAVING EMPLOYMENT

- 14.1 If a Participant to whom a Deferred Nil Cost Option Award has been made:-
- 14.1.1 leaves the Group or any Associated Company before, or is under notice of termination of employment by any member of the Group or any Associated Company on, any Vesting Date by reason of:-

- (a) ill-health or disability, subject to the IP Group Board being provided with sufficient written evidence from an independent general practitioner or other appropriately qualified specialist that the Participant is no longer capable of exercising the duties of his employment;
- (b) redundancy within the meaning of the Employment Rights Act 1996;
- (c) the business in which the Participant is employed being transferred outside of the Group as a result of any sale of the trade and assets of that business or any sale of a Group company, and he is no longer employed by any member of the Group or any Associated Company following such event; or
- (d) death; or

14.1.2 is otherwise designated by the Committee (acting in its absolute discretion) to be a "good leaver" for the purposes of this Plan

then Rule 14.2 shall apply.

14.2 If the Participant leaves the Group or any Associated Company before, or is under notice of termination of employment by any member of the Group or any Associated Company on, any Vesting Date in any of the circumstances set out in Rule 14.1.1 or is otherwise designated as a good leaver by the Committee as referred to in Rule 14.1.2, then:-

14.2.1 if the Leaving Date is after the Vesting Date, Rule 13 shall apply in respect of the Vested Award Shares; and

14.2.2 if the Leaving Date is before the Vesting Date, then the Participant shall retain his Deferred Nil Cost Option Award and Rule 13 shall apply following the relevant Vesting Date (otherwise than in the case of death where the Committee shall have discretion to determine that an earlier Vesting Date shall apply in relation to the Participant's Deferred Nil Cost Option Award).

14.3 If a Participant to whom a Deferred Nil Cost Option Award has been made leaves the Group or any Associated Company before, or is under notice of termination of employment by any member of the Group or any Associated Company on, any Vesting Date for any reason other than those set out in Rule 14.1.1 and is not otherwise designated as a good leaver by the Committee as referred to in Rule 14.1.2, the Deferred Nil Cost Option Award shall lapse, in respect of all of the Award Shares, on the Leaving Date.

14.4 For the purposes of determining when an Participant leaves the Group or any Associated Company, the Participant shall not be treated as ceasing to hold office or employment solely by reason of being absent during any period of:-

14.4.1 statutory or contractual maternity, paternity, parental or adoption leave; or

14.4.2 compulsory national military service; or

14.4.3 such other circumstances in which the Participant has a statutory right to return to office or employment with the Group or any Associated Company.

15. DEFERRED NIL COST OPTION AWARDS – CLAWBACK

15.1 Claw-back

If, within three years of the Award Date, there has been an act or omission by a Participant which is determined by the Committee to be intended fraud or misconduct by the Participant which contributes to a significant error in financial information, the Committee may, in its discretion, determine that either:-

- 15.1.1 a Deferred Nil Cost Option Award should lapse in respect of such number of Award Shares (whether Vested Award Shares or Award Shares which are not yet vested) as it, acting fairly and reasonably, considers appropriate in the circumstances; and
 - 15.1.2 if applicable, such number of Vested Award Shares in respect of which the Participant has served a notice of exercise in accordance with Rule 13.4 but in relation to which no Shares have yet been issued or transferred shall not be issued or transferred to the Participant as it, acting fairly and reasonably, considers appropriate in the circumstances.
- 15.2 Following a determination made under Rule 15.1:-
- 15.2.1 the Company, acting on the instruction of the Committee, shall immediately notify the Participant of the number of Award Shares in respect of which his Deferred Nil Cost Option Award has lapsed or in respect of which Shares will not be issued or transferred to him and the reason for this; and
 - 15.2.2 each affected Deferred Nil Cost Option Award shall immediately lapse or Shares will not be issued or transferred to the Participant in respect of such number of the Award Shares as is determined by the Committee, and:-
 - (a) none of the Company, the trustees of the Employees' Share Trust or the Participant's Employer Company shall be under any obligation to issue or transfer or procure the issue or transfer of, or of any interest in, those Award Shares pursuant to such Deferred Nil Cost Option Award; and
 - (b) all references to Award Shares going forwards shall be construed as reference only to those Award Shares over which the Deferred Nil Cost Option Award continues to subsist following the application of this Rule 15.

PART D: RECOVERY OF AWARD TAX LIABILITY

16. RECOVERY OF AWARD TAX LIABILITY

16.1 It shall be a condition of every Deferred Nil Cost Option Award that the Participant indemnifies the Company and the Participant's Employer Company against any Award Tax Liability subject to Rule 16.2 below.

16.2 The Participant shall only indemnify the Company or the Participant's Employer Company against any Employer's NICs payable in respect of the exercise of the Deferred Nil Cost Option Award (and the Company or the Participant's Employer Company shall only be able to recover Employer's NICs payable in respect of the exercise of the Deferred Nil Cost Option Award from the Participant) by reference to any increase in the market value of a Share (as determined by the Committee) from the Award Date to its market value (again as determined by the Committee) when the Participant exercises his Deferred Nil Cost Option Award.

16.3 If, on any occasion, any Award Tax Liability arises, then unless:-

16.3.1 the Participant indicates in writing to the Participant's Employer Company (in a manner agreed with the Company) that the Participant will make a payment to the Company of an amount equal to the Award Tax Liability and does in fact make the payment, within 14 days of being notified by the Company of the amount of the Award Tax Liability; or

16.3.2 the Participant authorises the Company (in a manner agreed with the Company) to:-

- (a) sell or procure the sale of (for the best price which can reasonably be expected to be obtained) sufficient of the Vested Award Shares in respect of which the Participant has exercised his Deferred Nil Cost Option Award to realise an amount at least equal to the amount of the Award Tax Liability; and
- (b) procure payment to the Participant's Employer Company from the proceeds of sale of an amount (after deduction of fees, commissions and expenses) sufficient to satisfy the Award Tax Liability,

the Participant's Employer Company may withhold an amount not exceeding the amount of the Award Tax Liability from payment of the Participant's remuneration, within the period of 30 days from the date on which the Award Tax Liability arises.

PART E: CORPORATE EVENTS

17. CHANGE OF CONTROL

- 17.1 If another company (such expression to include any person or persons acting in concert) obtains Control of the Company, any unvested Award Shares shall become Vested Award Shares on the date on which the other company acquires Control of the Company and the Company shall notify Participants that Deferred Nil Cost Option Awards may then be exercised within one month (or such longer period as may be specified in such notice) in respect of all of the Award Shares.
- 17.2 If the Committee becomes aware of circumstances in which another company (such expression to include any person or persons acting in concert) may acquire Control of the Company, it may in its discretion notify Participants that any unvested Award Shares shall become Vested Award Shares and that Deferred Nil Cost Option Awards may be exercised in advance of Control being obtained in respect of all of the Award Shares. In this case, the Company will notify Participants of the period (of at least 14 days ending no more than 14 days before the date on which it is anticipated that Control will be obtained) during which they may exercise their Deferred Nil Cost Option Award if they wish the exercise to take effect immediately prior to the change of Control, and shall indicate whether Deferred Nil Cost Option Awards shall lapse upon the change of Control or whether the provisions of Rule 17.1 shall apply. In the event that Control is not obtained, any Award Shares that have become Vested Award Shares pursuant to this Rule 17.2 shall become unvested.

18. STATUTORY RECONSTRUCTION

- 18.1 If the court sanctions a compromise or arrangement pursuant to section 899 of the Companies Act 2006 and pursuant to which Control of the Company will be obtained, any unvested Award Shares shall become Vested Award Shares and the Company shall notify Participants that Deferred Nil Cost Option Awards may then be exercised within one month (or such longer period as may be specified in such notice) in respect of all of the Award Shares.
- 18.2 If it appears that an event as mentioned in Rule 18.1 is likely to occur, the Committee may, in addition or as an alternative to the provisions of Rule 18.1, determine that any unvested Award Shares shall become Vested Award Shares and:-
- 18.2.1 notify Participants that Deferred Nil Cost Option Awards may then be exercised within one month (or such longer period as may be specified in such notice) following the date on which the compromise or arrangement becomes effective in respect of all of the Award Shares; and/or
- 18.2.2 notify Participants that Deferred Nil Cost Option Awards may be exercised, in respect of all of the Award Shares, conditionally on the court sanction of the compromise or arrangement. This means that the exercise would take effect on, or as soon as practicable after, the court sanction but before the compromise or arrangement becomes effective. In this case the Committee will notify Participants of the period (of at least 14 days, ending no more than 14 days before the date on which the court is expected to sanction the proposals) during which they may exercise their Deferred Nil Cost Option Awards if they wish the exercise to take effect conditionally.

19. INTERNAL REORGANISATION

- 19.1 If as a result of an event referred to in either of Rules 17 or 18, the Company will come under the Control of another company, or the business of the Company will then be carried on by another company and, in either case, substantially all of the persons who owned the Ordinary Share Capital immediately before such change of Control will immediately thereafter continue to have Control of the Company and will then own more than 50 per cent of the issued ordinary share capital of such other company (other than fixed-rate preference shares) and holders of any Deferred Nil Cost Option Awards are invited to accept an Exchange of a Nil Cost Option Award, then:
- 19.1.1 Rules 17 or 18, as the case may be, shall not apply; and

19.1.2 at the end of the period in which the Participant may accept such invitation the Deferred Nil Cost Option Awards shall lapse in full.

20. VOLUNTARY WINDING UP

20.1 If the Company passes a resolution for its voluntary winding-up, any unvested Award Shares shall become Vested Award Shares and the Company shall notify Participants that Deferred Nil Cost Option Awards may then be exercised within one month (or such longer period as may be specified in such notice) in respect of all of the Award Shares.

21. LAPSE OF OPTIONS FOLLOWING A CORPORATE EVENT

21.1 Deferred Nil Cost Option Awards that are subject to any of Rules 17, 18 or 20 shall lapse and cease to be exercisable upon the expiry of the relevant period for exercise notified to the Participant pursuant to the Rule (or, as appropriate, the relevant provision of the Rule).

PART F: AMENDMENTS

22. VARIATION OF SHARE CAPITAL

If the Ordinary Share Capital is altered by way of capitalisation or rights issue, sub-division, consolidation or reduction, or in the event of a demerger, or payment of a special dividend which would otherwise materially affect the value of a Deferred Nil Cost Option Award, or if there is any other variation in the share capital of the Company the Committee may (with the consent of the Company if appropriate) make such adjustment as it considers appropriate:-

- 22.1 to the number of Award Shares (provided that the adjusted number shall, if required, be rounded down to the nearest whole number); and
- 22.2 where Award Shares have become Vested Award Shares but no Shares have been issued or transferred to the Participant, to the number of Shares which may be so issued or transferred.

23. ALTERATIONS

- 23.1 The Committee may at any time alter or add to any of the provisions of this Plan in any respect **PROVIDED THAT:-**

- 23.1.1 no alteration or addition shall be made to the advantage of existing or new Participants to the provisions relating to eligibility to participate, the overall limitations on the issue of new Shares, the basis for determining Participants' rights to acquire Shares, the adjustment of such rights in the event of variation of the Ordinary Share Capital or this Rule 23 without the prior approval by ordinary resolution of the shareholders of the Company **EXCEPT THAT** the provisions of this Rule 23.1.1 shall not apply to the extent that the alteration or addition is in the opinion of the Committee:-

- (a) a minor amendment which is necessary or appropriate to benefit the administration of this Plan;
- (b) to take account of any change in legislation; or
- (c) to obtain or maintain favourable tax, exchange control or regulatory treatment for existing or new Participants, any member of the Group or any Associated Company;

- 23.1.2 no alteration shall alter adversely the rights attaching to any Deferred Nil Cost Option Awards granted prior to such alteration except with the consent in writing of Participants holding Deferred Nil Cost Option Awards over not less than half of all the Shares which are at that time the subject of Deferred Nil Cost Option Awards.

- 23.2 Details of any alteration or addition shall be given to any affected Participant as soon as reasonably practicable.

PART G: MISCELLANEOUS

24. MISCELLANEOUS

- 24.1 The exercise of any power or discretion by the Committee shall not be open to question by any person and a Participant or former Participant shall have no rights in relation to the exercise of or omission to exercise any such power or discretion.
- 24.2 Any notice or other communication under or in connection with the Plan may be given:-
- 24.2.1 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 member of the Group or of any Associated Company, 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;
 - 24.2.2 in an electronic communication to such company or person's usual business address or such other address for the time being notified for that purpose to the person giving the notice; or
 - 24.2.3 by such other method as the Committee determines.
- 24.3 Any stamp duty or stamp duty reserve tax payable in respect of a transfer of Shares to, or to the order of, a Participant (other than stamp duty or stamp duty reserve tax payable on a sale of Shares by the Company at the direction of the Participant) shall be paid by the Company or, if different, the Company (who shall be reimbursed by the Company).
- 24.4 No third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan.
- 24.5 The Plan shall be governed by and construed in accordance with the law of England and Wales and the Courts of England and Wales have exclusive jurisdiction to hear any dispute relating to the Plan.