

Rules of the Dunelm Group 2014 Sharesave Plan

Approved by the shareholders of Dunelm Group plc on [11 November 2014]

Adopted by the board of directors of Dunelm Group plc on [11 November 2014]

Expiry date: [11 November 2024]

Contents

1	DEFINITIONS AND INTERPRETATION	1
2	APPLICATION FOR OPTIONS	4
3	SCALING DOWN	6
4	GRANT OF OPTIONS	6
5	PLAN LIMIT	7
6	RIGHTS TO EXERCISE OPTIONS	7
7	RESTRICTIONS ON TRANSFER AND BANKRUPTCY	9
8	TAKEOVER, RECONSTRUCTION AND LIQUIDATION	9
9	MANNER OF EXERCISE	11
10	ISSUE OR TRANSFER OF SHARES	11
11	ADJUSTMENTS	11
12	AMENDMENTS	12
13	LEGAL ENTITLEMENT	13
14	GENERAL	13

THE DUNELM GROUP 2014 SHARESAVE PLAN

1 DEFINITIONS AND INTERPRETATION

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

- “Appropriate Period”** the relevant period referred to in paragraph 38(3) of Schedule 3;
- “Associated Company”** the meaning given by paragraph 47 of Schedule 3 except for the purpose of rules 6.6.5 and 6.10 when that expression shall have the meaning described in paragraph 35(4) of Schedule 3;
- “Board”** subject to rule 8.10, the board of the Company or a duly authorised committee of the board;
- “Bonus”** any sum payable to a Participant by way of a terminal bonus on completion of a Sharesave Contract;
- “Bonus Date”** in respect of any Option, the earliest date on which any Bonus becomes payable under the related Sharesave Contract;
- “Company”** Dunelm Group plc registered in England and Wales under number 04708277;
- “Constituent Company”**
- a) the Company; and
 - b) any other company which:
 - i) is a Subsidiary of the Company;
 - ii) is under the Control of the Company; and
 - iii) the Board has determined shall be a Constituent Company;
- “Control”** the meaning given by section 995 of the Income Tax Act 2007 except for the purposes of rule 6.6.5 where that expression shall have the meaning described in sections 450 and 451 of the Corporation Tax Act 2010;
- “Date of Invitation”** the date on which the Board invites applications for Options;
- “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”**
- a) any person who is an employee (but not a director) or a Full-Time Director of a Constituent Company and:
 - i) who has such qualifying period (if any) of continuous service (being a period not exceeding five years prior to the Grant Date) as the Board may in its absolute discretion determine from time to time; and
 - ii) whose earnings from the office or employment by reason of

which he satisfies the requirement in paragraph (a) are (or would be if there were any) general earnings to which section 15 of ITEPA applies; and

- b) any other director or employee of any Constituent Company whom the Board may in its absolute discretion select from time to time;

“Full Time Director”

an employee who is a director of any Constituent Company and is required under his contract of employment to work for more than 25 hours per week (excluding meal breaks);

“Grant Date”

the date on which an Option is granted;

“HMRC”

HM Revenue & Customs;

“ITEPA”

the Income Tax (Earnings and Pensions) Act 2003;

“ITTOIA”

the Income Tax (Trading and Other Income) Act 2005;

“Market Value”

on any day:

- (a) if the Shares are quoted on the Daily Official List of the London Stock Exchange, the middle market quotation (as derived from that List) of a Share on the immediately preceding Dealing Day, or if the Board determines, the average of the middle market quotations as so derived of a Share for the three immediately preceding Dealing Days or such other Dealing Days as may be permitted in accordance with Schedule 3 for the purposes of the Plan; and
- (b) if the Shares are not quoted on the Daily Official List of the London Stock Exchange, the market value of a Share as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed with HMRC on or before that day for the purposes of the Plan,

provided that, where the Shares are subject to a Restriction, their Market Value shall be determined as if they were not subject to such Restriction;

“Maximum Contribution”

the maximum aggregate Monthly Contribution which a Participant may make under all Sharesave Contracts linked to options granted to him under the Plan or any other savings-related share option plan that meets the requirements of Schedule 3, being the lesser of:

- (a) £500 per month or such other maximum amount as may be permitted by paragraph 25(3)(a) of Schedule 3 from time to time; and
- (b) such other maximum Monthly Contribution as may be determined from time to time by the Board;

“Minimum Contribution”	£5 or such other greater amount as the Board may determine from time to time but not exceeding the minimum monthly contribution permitted by paragraph 25(3)(b) of Schedule 3;
“Monthly Contributions”	monthly contributions agreed to be paid by a Participant under the Sharesave Contract;
“Non-UK Company Reorganisation Arrangement”	the meaning given by paragraph 47A of Schedule 3;
“Option”	a right to acquire Shares under the Plan;
“Option Price”	subject to any adjustment pursuant to rule 11, the price per Share, as determined by the Board, at which an Eligible Employee may acquire Shares upon the exercise of an Option being not manifestly less than 80 per cent (or such other percentage as may be permitted by paragraph 28(1) of Schedule 3 from time to time) of the Market Value of a Share on the Date of Invitation or a date specified in the invitation to apply for an Option (such date being no earlier than the Date of Invitation and no later than the Grant Date) provided that, if the Shares may only be subscribed for, such price shall not be less than the nominal value of a Share;
“Participant”	any person who holds an Option, or following his death, his personal representatives;
“Plan”	the Dunelm Group 2014 Sharesave Plan in its present form or as from time to time amended;
“Pricing Period”	<p>the period of 42 days commencing on:</p> <ul style="list-style-type: none"> (a) the day on which the Plan is approved by shareholders of the Company in general meeting; (b) the Dealing Day immediately following the day on which the Company makes an announcement of its results for any period; (c) the day on which changes are announced, effected or made to the legislation or regulations affecting share option plans which are subject to the provisions of Schedule 3; (d) any day on which a new Sharesave Contract prospectus is announced or takes effect; or (e) any day on which the Board resolves that exceptional circumstances exist which justify the issue of invitations, <p>unless the Company is restricted from issuing invitations under the Plan during the periods specified above as a result of any Dealing Restrictions, in which case the relevant period will be 42 days commencing on the Dealing Day after such Dealing Restrictions are lifted;</p>

“Repayment”	in relation to a Sharesave Contract, the aggregate of the Monthly Contributions which the Participant has made and, subject to rule 2.4.5, any Bonus due at the Bonus Date;
“Restriction”	the meaning given by paragraph 48(3) of Schedule 3;
“Schedule 3”	Schedule 3 to ITEPA;
“Scheme-Related Employment”	the office or employment by reference to which a Participant is eligible to participate in the Plan within the meaning given by paragraph 10 of Schedule 3;
“Share”	a fully paid up share in the ordinary share capital of the Company which satisfies the conditions specified in paragraphs 18 to 22 of Schedule 3;
“Sharesave Contract”	a contract under a certified SAYE savings arrangement (within the meaning of section 703(1) of ITTOIA);
“Subsidiary”	the meaning given by section 1159 of the Companies Act 2006;
“UKLA”	the United Kingdom Listing Authority (or other relevant authority); and
“Variation”	any capitalisation issue or offer or invitation made by way of rights relating to, or any subdivision, consolidation, reduction or any other variation of, the share capital of the Company in respect of which Options may be adjusted in accordance with rule 11 and the requirements of Schedule 3.

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.

1.4 Terms not otherwise defined in the Plan shall have the same meanings as are set out in Schedule 3.

2 APPLICATION FOR OPTIONS

2.1 Subject to rules 2.2 and 2.3, the Board may at any time invite Eligible Employees to apply for Options.

2.2 If, at the time that an invitation to apply for Options is issued, the Shares are quoted on the Daily Official List of the London Stock Exchange, the Board shall calculate the Option Price only by reference to Dealing Days in a Pricing Period.

2.3 The issue of invitations to apply for an Option shall 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).

- 2.4 Any invitation to apply for Options shall be sent in writing to all Eligible Employees and shall include details of:
- 2.4.1 the Option Price or the mechanism by which the Option Price will be determined (which may be different in respect of three and five year Sharesave Contracts);
 - 2.4.2 the Maximum Contribution payable;
 - 2.4.3 the Minimum Contribution payable;
 - 2.4.4 whether the Eligible Employees may elect for a three or five year Sharesave Contract;
 - 2.4.5 whether, for the purpose of determining the number of Shares over which an Option is to be granted, the Repayment under the Sharesave Contract is to be taken as including the Bonus or not; and
 - 2.4.6 the date by which applications must be received (being not earlier than 14 days after the Date of Invitation)
- and the Board may determine and include in the invitations details of the maximum number of Shares over which applications for Options are to be invited.
- 2.5 Applications for Options must incorporate or be accompanied by an application for a Sharesave Contract.
- 2.6 An application for an Option shall be in writing or in electronic format and in such form as the Board may determine from time to time, provided that the applicant shall be required to state:
- 2.6.1 the Monthly Contribution (being a multiple of £1 and not less than the Minimum Contribution) which he wishes to make under the Sharesave Contract to be made in connection with the Option for which an application is made;
 - 2.6.2 that his proposed Monthly Contribution (when taken together with any monthly contribution he makes under any other Sharesave Contract whether entered into in connection with the grant of an Option under the Plan or in connection with the grant of an option under any other plan that meets the requirements of Schedule 3) will not exceed the Maximum Contribution; and
 - 2.6.3 if the Eligible Employee may elect for a three or five year Sharesave Contract, his election in that respect.
- 2.7 In the event of excess applications, each application shall be deemed to have been modified or withdrawn in accordance with the steps taken by the Board to scale down applications pursuant to rule 3.
- 2.8 If an Eligible Employee's application for an Option specifies a proposed Monthly Contribution which (when taken together with any monthly contribution he makes under any other Sharesave Contract whether entered into in connection with the grant of an Option under the Plan or in connection with the grant of an option under any other plan that meets the requirements of Schedule 3) exceeds the Maximum Contribution, the Board shall be authorised to reduce his Monthly Contribution so as to comply with the Maximum Contribution.
- 2.9 Each application shall be deemed to be for an Option over the largest whole number of Shares which can be acquired at the Option Price with the expected Repayment at the Bonus Date under the Sharesave Contract entered into in connection with the Option.

3 SCALING DOWN

- 3.1 If valid applications are received for a total number of Shares in excess of any maximum number of Shares determined by the Board pursuant to rule 2.4 or any limitation under rule 5, the Board shall scale down applications by taking the following steps until the number of Shares available equals or exceeds such total number of Shares applied for provided always that, in reducing the number of Shares applied for, any adjustments shall ensure that an Eligible Employee's Monthly Contribution remains a multiple of £1:
- 3.1.1 by reducing the proposed Monthly Contributions pro rata to the excess over such amount as the Board shall determine for this purpose being not less than £5; and/or
 - 3.1.2 by excluding the Bonus (if any) from the amount of each Repayment; and/or
 - 3.1.3 by treating any elections for a five year Sharesave Contract as elections for a three year Sharesave Contract; and
 - 3.1.4 so far as necessary, selecting by lot.
- 3.2 If the number of Shares available is insufficient to enable an Option based on Monthly Contributions of £5 to be granted to each Eligible Employee making a valid application, the Board may, as an alternative to selecting by lot, determine in its absolute discretion that no Options shall be granted in respect of that invitation.
- 3.3 If the Board so determines, the provisions in rule 3.1 may be modified or applied in any manner as may be permitted in accordance with Schedule 3.

4 GRANT OF OPTIONS

- 4.1 Subject to the other provisions of this rule 4, within 30 days, or if rule 3 applies, 42 days, of the earliest date by reference to which the Option Price is determined, the Board shall grant to each Eligible Employee who has submitted a valid application (within any applicable time limit) an Option over the largest whole number of Shares which can be acquired at the Option Price with the expected Repayment under that Eligible Employee's Sharesave Contract at the applicable Bonus Date.
- 4.2 No Option shall be granted to any person if at the Grant Date that person shall have ceased to be an Eligible Employee.
- 4.3 No Eligible Employee shall be granted an Option to the extent it would at the proposed Grant Date cause the aggregate amount of his contributions under all Sharesave Contracts to exceed the Maximum Contribution.
- 4.4 No amount shall be paid in respect of the grant of an Option.
- 4.5 The grant of an Option shall 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).
- 4.6 No Options can be granted unless and until the Plan meets the requirements of Schedule 3.
- 4.7 No Options shall be granted after the tenth anniversary of the date on which the Plan was approved by the shareholders of the Company.

4.8 At the time an Option is granted, it shall be stated whether or not the Shares which may be acquired on the exercise of the Option may be subject to any Restriction, and if so, the details of such Restriction.

5 PLAN LIMIT

5.1 The Board must not grant an Option which would, on the day before the Grant Date, 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 at that time.

5.2 Subject to rules 5.3 and 5.4, in determining the limit set out in rule 5.1, Shares are treated as allocated if they have been newly issued by the Company or transferred from treasury to satisfy an option, award or other right granted during the previous ten years (an “**award**”), or 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 and for these purposes the number of Shares allocated includes:

5.2.1 Shares which have been issued or may be issued to any trustee; and

5.2.2 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 this rule).

5.3 The Board may determine that Shares transferred from treasury will cease to count as allocated for the purposes of rule 5.2 if guidelines published by institutional investor representative bodies no longer require such Shares to be counted.

5.4 The number of Shares allocated does not include:

5.4.1 Shares issued or committed to be issued to satisfy awards granted prior to the admission of the Shares to the Official List of the London Stock Exchange;

5.4.2 Shares in respect of which the right to acquire such Shares lapses or is released; and

5.4.3 existing Shares other than treasury shares which are transferred or to which an award relates.

5.5 The Board may make such adjustments to the method of assessing the limit set out in rule 5.1 as it considers appropriate in the event of any variation of the Company's share capital.

6 RIGHTS TO EXERCISE OPTIONS

6.1 Subject to rules 6.5 to 6.7 and 8, an Option shall not be exercised earlier than the Bonus Date under the relevant Sharesave Contract.

6.2 Subject to rule 6.5, an Option shall not be exercised later than six months after the Bonus Date under the relevant Sharesave Contract, at which time it shall lapse.

6.3 An Option may be exercised in whole or in part. However, if partial exercise occurs, the unexercised part of the Option shall lapse at the date of exercise.

6.4 Subject to rules 6.5, 6.6, 6.7 and 6.9, a Participant may exercise an Option only while he continues to hold Scheme-Related Employment.

- 6.5 The personal representatives of a deceased Participant may exercise his Option within:
- 6.5.1 one year following the date of his death, if such death occurs before the Bonus Date; or
 - 6.5.2 one year following the Bonus Date, if such death occurs on or within six months of the Bonus Date,
- after which time it shall lapse.
- 6.6 If a Participant ceases to hold Scheme-Related Employment because of:
- 6.6.1 injury or disability;
 - 6.6.2 redundancy within the meaning of the Employment Rights Act 1996;
 - 6.6.3 retirement;
 - 6.6.4 a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006;
 - 6.6.5 if the Participant holds office in or is employed by a company which is an Associated Company, that company ceasing to be an Associated Company by reason of a change of Control; or
 - 6.6.6 the transfer or sale of the undertaking or part-undertaking in which he is employed to a person who is not an Associated Company where the transfer is not a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006,
- he may, subject to rule 6.2, exercise his Option within six months of the date of such cessation after which time, subject to rule 6.5, it shall lapse.
- 6.7 If a Participant ceases to hold Scheme-Related Employment after the third anniversary of the Grant Date other than as a result of a reason referred to in rule 6.5, rule 6.6 or the termination of the Participant's employment by his employer, he may, subject to rule 6.2, exercise his Option within six months of the date of such cessation after which time, subject to rule 6.5, it shall lapse.
- 6.8 If the Participant ceases to hold office or employment with a Constituent Company or an Associated Company in any circumstances where none of rules 6.5, 6.6 or 6.7 apply, his Option shall lapse at that time (regardless of whether such cessation is lawful or unlawful).
- 6.9 If a Participant ceases to be a director or employee of a Constituent Company but on the Bonus Date is an employee or director of an Associated Company, he may exercise his Option within six months of that date, after which time, subject to rule 6.5, it shall lapse.
- 6.10 No person shall be treated for the purposes of this rule 6 as ceasing to hold the office or employment by virtue of which that person is eligible to participate in the Plan until that person ceases to hold any office or employment with the Company or any company which is an Associated Company of the Company.
- 6.11 Notwithstanding any other rule of the Plan, the Option shall lapse on the date on which the Participant gives notice or is deemed to give notice under the Sharesave Contract that he intends to stop paying contributions under the Sharesave Contract or applies for his savings to be repaid.

7 RESTRICTIONS ON TRANSFER AND BANKRUPTCY

- 7.1 An Option 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 shall lapse immediately on any attempt to do so.
- 7.2 An Option shall lapse immediately if the Participant is declared bankrupt.

8 TAKEOVER, RECONSTRUCTION AND LIQUIDATION

- 8.1 Where any of the events described in rule 8.2 occur, then subject to rules 8.3, 8.5 and 8.8, any Option may be exercised, subject to rules 6.2, 6.3, 6.4, 6.5 and 6.6, within a period of one month (or such longer period as the Board may determine not exceeding six months) of such event, after which time it shall lapse.
- 8.2 The events referred to in rule 8.1 are:

General offer

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

8.2.1 obtains Control of the Company as a result of making

- i) a general offer to acquire the whole of the issued ordinary share capital of the Company other than that which is already owned by him and persons connected with him (which is either unconditional or is made on a condition such that if it is satisfied the person making the offer will have Control of the Company); or
- ii) a general offer to acquire all the shares in the Company which are of the same class as the Shares other than those which are already owned by him and persons connected with him; or

8.2.2 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 persons connected with him,

(notwithstanding that such offer may be made to different shareholders by different means) and such offer becomes wholly unconditional.

Scheme of arrangement

A compromise or arrangement in accordance with section 899 of the Companies Act 2006 applicable to or affecting:

- i) all the ordinary share capital of the Company or all of the shares as are of the same class as the Shares to which the Options relate; or
- ii) all the shares, or all of the shares of that same class, which are held by a class of shareholders identified otherwise than by reference to their employment or directorships or their participation in a plan that meets the requirements of Schedule 3,

which is sanctioned by the Court.

Non-UK Company Reorganisation Arrangement

A Non-UK Company Reorganisation Arrangement applicable to or affecting:

- i) all the ordinary share capital of the Company or all of the shares as are of the same class as the Shares to which the Options relate; or
- ii) all the shares, or all of the shares of that same class, which are held by a class of shareholders identified otherwise than by reference to their employment or directorships or their participation in a plan that meets the requirements of Schedule 3,

becoming binding on the shareholders covered by it.

8.3 Subject to rules 8.5 and 8.8, if any person becomes bound or entitled to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006, an Option may be exercised, subject to rules 6.2, 6.3, 6.4, 6.5 and 6.6, while that person remains so bound or entitled, after which time it shall lapse.

8.4 Subject to rule 8.5, if the Company passes a resolution for voluntary winding-up, an Option may be exercised, subject to rules 6.2, 6.3, 6.4, 6.5 and 6.6, within six months of the passing of the resolution, after which time it shall lapse.

8.5 An Option shall not become exercisable under rules 8.1 or 8.3 but may, with the agreement of the Participant, be exchanged on the terms set out in rule 8.6 to the extent that:

8.5.1 the relevant event is part of an offer, scheme, compromise or arrangement whereby Control of the Company is to be obtained by another company (the “**New Company**”);

8.5.2 immediately after the New Company obtains Control of the Company, all or substantially all of the issued share capital of the New Company will be owned directly or indirectly by the persons who were shareholders in the Company immediately before the change of Control; and

8.5.3 the New Company agrees to grant New Options in accordance with rule 8.6 in consideration for the release of any Options which have not lapsed.

Any Option which is not so exchanged shall lapse at the end of the Appropriate Period.

8.6 If any company (the “**Acquiring Company**”):

8.6.1 obtains Control of the Company in accordance with rule 8.1; or

8.6.2 becomes bound or entitled to acquire Shares in accordance with rule 8.3;

any Participant may, at any time within the Appropriate Period, by agreement with the Acquiring Company, release any Option which has not lapsed (the “**Old Option**”) in consideration of the grant to him of an option (the “**New Option**”) which is equivalent to the Old Option but relates to shares in a different company falling within paragraph 18(b) or (c) of Schedule 3 (whether the Acquiring Company or some other company).

8.7 The New Option shall not be regarded for the purposes of rule 8.6 as equivalent to the Old Option unless the conditions set out in paragraph 39(4) of Schedule 3 are satisfied. For the purposes of the New Option, the provisions of the Plan shall be construed as if:

8.7.1 the New Option is an option granted at the same time as the Old Option;

- 8.7.2 the Sharesave Contract applicable to the Old Option applies to the New Option; and
 - 8.7.3 except for the purposes of the definitions of “Constituent Company” and “Subsidiary” in rule 1.1, the reference to Dunelm Group plc in the definition of “the Company” in rule 1.1 were a reference to the different company mentioned in rule 8.6.
- 8.8 The Board may in its discretion allow Options to be exercised during the period of 20 days ending on:
- 8.8.1 where rule 8.2 applies, the date of the relevant event; and
 - 8.8.2 where rule 8.3 applies, the date on which the person becomes bound or entitled to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006.
- 8.9 Where Options are exercised pursuant to rule 8.8, if the event referred to in rule 8.2 or 8.3 does not occur, the exercise of those Options shall be of no effect.
- 8.10 Any reference to the Board in this rule 8 means the members of the Board immediately prior to the relevant event.
- 8.11 Where, as a result of a person obtaining Control of the Company in accordance with rule 8.1 or obtaining Control of the Company following his becoming bound or entitled as referred to in rule 8.3, Shares cease to satisfy the requirements of paragraph 18 to 22 of Schedule 3, an Option may be exercised under rule 8.1 to 8.4 within 20 days of that person obtaining Control, notwithstanding that the Shares no longer satisfy those requirements (but not later than six months after Control has passed or after the person has ceased to be bound or entitled as referred to in rule 8.3).

9 MANNER OF EXERCISE

- 9.1 An Option may only be exercised during the periods specified in rules 6 and 8 and only with monies not exceeding the amount of the Repayment under the Sharesave Contract as at the date of such exercise.
- 9.2 An Option may be exercised, in whole or in part, subject to rule 10.2, by the Participant giving notice in writing or in electronic format and in such form as the Board may from time to time prescribe, to the secretary of the Company or his duly appointed agent. Any notice of exercise will only take effect on receipt along with the relevant Option Price or an instruction to withdraw and apply monies from the Sharesave Contract equal to the aggregate Option Price.

10 ISSUE OR TRANSFER OF SHARES

- 10.1 Subject to rule 10.2, the number of Shares in respect of which the Option has been exercised will be issued or transferred as applicable to the Participant within 30 days.
- 10.2 The exercise of the Option and the issue or transfer of Shares under the Plan shall be subject to obtaining any approval or consent required by the UKLA (or other relevant authority), any Dealing Restrictions or any other applicable laws or regulations (whether in the UK or overseas).

11 ADJUSTMENTS

- 11.1 The number of Shares subject to an Option and the Option Price thereof (and if an Option has been exercised but no Shares have been allotted or transferred pursuant to such exercise, the number of Shares which may be so allotted or transferred and the price at which they may be acquired) may be adjusted in such manner as the Board shall determine in the event of any Variation provided that no such adjustment shall be made that does not meet the requirements of Schedule 3.

- 11.2 Apart from pursuant to rule 11.3, no adjustment under rule 11.1 may have the effect of reducing the Option Price of an Option over unissued Shares to less than the nominal value of a Share. If an Option subsists over both issued and unissued Shares, any such adjustment may only be made if the reduction of the Option Price of Options over both issued and unissued Shares can be made to the same extent.
- 11.3 Any adjustment made to the Option Price of an Option over unissued Shares which reduces the Option Price to less than the nominal value of a Share shall only be made if and to the extent that the Board shall be authorised to capitalise from the reserves of the Company a sum equal to the amount by which the nominal value of the Shares in respect of which the Option is exercisable exceeds the adjusted Option Price and to apply such sum in paying up such amount on such Shares so that on exercise of any Option in respect of which such a reduction shall have been made, the Board shall capitalise such sum (if any) and apply the same in paying up such amount.

12 AMENDMENTS

- 12.1 Except as described in this rule 12, the Board may at any time amend the rules of the Plan. If any such amendment would result in the Plan ceasing to meet the requirements of Schedule 3, the amendment will not have effect unless and until the Board has determined that the amendment shall take effect even if this causes the Plan to cease to meet the requirements of Schedule 3.
- 12.2 Subject to rule 12.3, no amendment to the advantage of Eligible Employees and/or Participants will be made under this rule 12 to the provisions relating to:
- 12.2.1 the persons to whom, or for whom, Shares are provided under the Plan;
 - 12.2.2 limitations on the number or amount of Shares subject to the Plan;
 - 12.2.3 the maximum entitlement for any one Participant;
 - 12.2.4 the basis for determining a Participant's entitlement to, and the terms of, Shares to be provided under the Plan;
 - 12.2.5 the adjustments that may be made in the event of a Variation; and
 - 12.2.6 the terms of this rule 12.2,
- without prior approval of the members of the Company in general meeting.
- 12.3 Rule 12.2 will not apply to any 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 the Company or any Associated Company or Participant.
- 12.4 No amendment to the material disadvantage of existing rights of Participants will be made under this rule 12 unless:
- 12.4.1 every Participant who may be affected by such amendment has been invited to indicate whether or not he approves the amendment; and
 - 12.4.2 the amendment is approved by a majority of those Participants who have so indicated.
- 12.5 No amendment will be made under this rule 12 if it would prevent the Plan from being an employees' share scheme in accordance with section 1166 of the Companies Act 2006.

13 LEGAL ENTITLEMENT

- 13.1 This rule 13 applies during a Participant's employment with the Company or any Associated Company and after the termination of such employment, whether or not the termination is lawful.
- 13.2 Nothing in the Plan or its operation forms part of the terms of employment of a Participant and the rights and obligations arising from a Participant's employment with the Company or any Associated Company 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 for any Participant.
- 13.3 The grant of any Option to a Participant does not create any right for that Participant to be granted any further Options or to be granted Options on any particular terms, including the number of Shares to which Options relate.
- 13.4 By participating in the Plan, a Participant waives all rights to compensation for any loss in relation to the Plan, including:
- 13.4.1 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); or
 - 13.4.2 the operation, suspension, termination or amendment of the Plan.

14 GENERAL

- 14.1 The Plan will terminate upon the date stated in rule 4.7 or at any earlier time by the passing of a resolution of 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.
- 14.2 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.
- 14.3 If it is found following a Grant Date that as a result of an error or omission:
- 14.3.1 an Eligible Employee has not been given the opportunity to participate in the Plan in respect of any invitation to apply for an Option; or
 - 14.3.2 the number of Shares over which an Option was expressed to be granted to any Eligible Employee is incorrect
- any Option expressed to have been granted in respect of more than the correct number of Shares shall be void as to the excess, any Option expressed to have been granted in respect of fewer than the correct number of Shares shall relate to the correct number of Shares and the Company and any relevant Associated Company may do all acts and things as may be agreed with HMRC to rectify such error or omission notwithstanding that such actions may not otherwise be in accordance with the terms of the Plan.
- 14.4 By participating in the Plan, a Participant consents to the collection, holding, processing and transfer of his personal data by the Company, any Associated Company 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 to the transfer of information about the Participant to a country or territory outside the European Economic Area or elsewhere.

- 14.5 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.
- 14.6 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 either to his last known address, or, where he is a director or employee of an 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. Unless otherwise stated in the Plan, 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.
- 14.7 No third party will have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Plan (without prejudice to any right of a third party which exists other than under that Act).
- 14.8 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 this Plan submits to the exclusive jurisdiction of the Courts of England and Wales.