

**PACE PLC**

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**DEFERRED SHARE PLAN**

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**This is a copy of the rules of The Deferred Share Plan  
as approved by resolution of the Remuneration Committee  
on 23 April 2008**

**(amended to allow for exceptional awards 10 March 2010)**

**(confirming amendments for France Compliance)**

**(amended on 17 March 2011, with amendments to Rule 4 to apply to awards to be made from  
2012 onwards)**

**(amended by the General Counsel and Company Secretary under power delegated by the  
Committee on 11 March 2013)**

**(amended by the General Counsel and Company Secretary on 14 April 2014 under power  
delegated by the Committee in February 2014)**

**(amended by the General Counsel and Company Secretary under power delegated  
on 19 November 2014)**

**NO NEW SHARES MAY BE ISSUED FOR THIS PLAN UNLESS AND UNTIL IT HAS BEEN  
APPROVED BY SHAREHOLDERS**

## DEFERRED SHARE PLAN

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## RULES OF THE DEFERRED SHARE PLAN

This Plan is an employees' share scheme approved by resolution of the Remuneration Committee of the Company passed on 23 April 2008.

### PART A: INTERPRETATION AND ADMINISTRATION

#### 1. DEFINITIONS

In this Plan, the following words and expressions have the meanings given below:-

<b>"Acquiring Company"</b>	a company which has acquired Control of the Company
<b>"Additional Bonus Outcome"</b>	an additional bonus outcome which may be achieved under a Bonus Plan if specified additional targets are met (over and above those linked to a normal bonus outcome capable of leading to an Award)
<b>"Associated Company"</b>	a company which, in relation to the Company, is an associated company as that term is defined in section 416 of the Taxes Act but with the omission of the words "or at any time within one year previously"
<b>"Award"</b>	an award in respect of Shares made subject to and in accordance with the rules of this Plan which may be in the form of a Nil-Cost Option Award or a Contingent Share Award
<b>"Award Certificate"</b>	a certificate evidencing the grant of an Award
<b>"Award Date"</b>	the date on which an Award is made
<b>"Awardholder"</b>	a person to whom an Award has been, or is to be, made or, in the event of his death, his Personal Representatives
<b>"Awardholder's Employer" or "my Employer"</b>	such member of the Group as is an Awardholder's employer or, if he has ceased to be employed within the Group, was his employer or such other member of the Group, or other person as, under the PAYE Regulations or, as the case may be, the NI Regulations, or any other statutory or regulatory enactment (whether in the United Kingdom, the US or otherwise) is obliged to account for any Award Tax Liability
<b>"Award Shares"</b>	in relation to an Award, the maximum number of Shares which could be transferred to an Awardholder after the end of the Vesting Period
<b>"Award Tax Liability"</b>	any liability of an Awardholder's Employer or of any other person to account to H.M. Revenue & Customs, the US Internal Revenue Service or any other tax authority for any amount of, or representing, income tax or NICs (other than Class I Secondary NICs) or any equivalent charge in the nature of tax or social security contributions (whether under the laws of the United Kingdom, the US or of any other jurisdiction) (which, for the avoidance of doubt, will not include employer's payroll taxes in the US), which may arise on the grant, vesting, exercise, assignment or release of an Award, or

	the acquisition of Shares pursuant to, an Award
<b>"Bonus Plan"</b>	the Company's applicable senior executive bonus plan as approved from time to time by the Committee and in which an Eligible Employee participates
<b>"Committee"</b>	the Remuneration Committee of the Directors or such other committee comprising a majority of non-executive directors of the Company to which the Directors delegate responsibility for overseeing the operation of this Plan or following a change of Control, those persons who comprised the Remuneration Committee or such other committee of the Directors immediately before such change of Control
<b>"Companies Act"</b>	the Companies Act 1985
<b>"Company"</b>	Pace plc (registered in England and Wales no. 1672847) of Victoria Road, Saltaire, Shipley, West Yorkshire, BD18 3LF
<b>"Contingent Share Award"</b>	a conditional award in respect of Shares subject to the terms and conditions of this Plan
<b>"Control"</b>	has the meaning given in section 719 of ITEPA
<b>"Daily Official List"</b>	the Daily Official List of the London Stock Exchange
<b>"Dealing Day"</b>	a day on which the London Stock Exchange is open for business
<b>"Directors"</b>	the board of directors of the Company or a duly authorised committee of the directors
<b>"Eligible Employee"</b>	any employee of any member of the Group, including any executive director of the Company
<b>"Exceptional Award"</b>	an award in respect of Shares made under Rule 4.6 and subject to and in accordance with the rules of this Plan
<b>"Exchange Act"</b>	the US Securities Exchange Act of 1934, as amended
<b>"Exchange of Awards"</b>	<p>the grant to the Awardholder, in consideration of the cancellation of that Award, of rights to acquire shares in an Acquiring Company, or a company which has Control of an Acquiring Company or either is, or has Control of, a company which is a member of a consortium owning either an Acquiring Company or a company having control of an Acquiring Company being rights which are:-</p> <ul style="list-style-type: none"> <li>(a) in the opinion of the Committee, substantially equivalent in value to the value of such Award; and</li> <li>(b) on terms approved by the Directors</li> </ul>
<b>"Financial Year"</b>	a financial year of the Company

<b>"Grantor"</b>	in relation to an Award, the Company or such other person as intends to grant or has granted the Award
<b>"Group"</b>	the Company and any company which is for the time being a Subsidiary
<b>"ITEPA"</b>	the Income Tax (Earnings & Pensions) Act 2003
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"Market Value"</b>	the average of the middle market quotations for a Share as derived from the Daily Official List for the 3 Dealing Days immediately following the Dealing Day on which the Company announces its results for the Financial Year to which the Bonus Plan relates
<b>"Misconduct"</b>	<p>(a) in relation to a US Awardholder, such Awardholder's (i) failure to substantially perform his job responsibilities in good faith, (ii) commission of an act of dishonesty, fraud, wilful disobedience, gross misconduct or breach of duty which detrimentally affects any member of the Group or any Associated Company, (iii) unauthorised use, misappropriation, destruction or diversion of any tangible or intangible asset or corporate opportunity of any member of the Group or an Associated Company, (iv) any material breach of any employment or service agreement between the Awardholder and any member of the Group or any Associated Company, (v) participation in any business operation or enterprise that competes with, or solicits the business or employment of the customers, employees or suppliers of any member of the Group or any Associated Company, during such Awardholder's term of employment with any member of the Group or any Associated Company, or (vi) indictment on charges of any felony or a misdemeanour involving fraud, dishonesty, misappropriation or moral turpitude; and</p> <p>(b) in relation to any other Awardholder, circumstances justifying the summary dismissal of such Awardholder from his office or employment with any member of the Group or any Associated Company</p>
<b>"Model Code"</b>	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, as issued by the UKLA from time to time
<b>"NICs"</b>	national insurance contributions
<b>"Nil-Cost Option Award"</b>	a right to acquire Shares granted pursuant to and exercisable in accordance with the terms and conditions of this Plan
<b>"NI Regulations"</b>	the laws, regulations and practices currently in force relating to liability for, and the collection of, NICs

<b>"Normal Award"</b>	an award in respect of Shares made under Rule 4.5 and subject to and in accordance with the rules of this Plan
<b>"Ordinary Share Capital"</b>	the issued ordinary share capital of the Company, other than fixed-rate preference shares, including any Shares held in treasury
<b>"PAYE Regulations"</b>	the regulations made under section 684 of ITEPA
<b>"Personal Data"</b>	the name, home address, telephone number, e-mail address, date of birth, national insurance or other individual reference number of an Awardholder or other employee information, including details of all rights to acquire Shares or other securities granted to such Awardholder and of Shares or other securities issued or transferred to such Awardholder pursuant to this Plan and any other personal information which would identify the Awardholder and is necessary for the administration of the Plan
<b>"Personal Representatives"</b>	the personal representatives of an Awardholder (being either the executors of his will or, if he dies intestate, the duly appointed administrator(s) of his estate) who have produced evidence to the Company of their appointment as such
<b>"Plan"</b>	the Deferred Share Plan as set out in these rules (including any Schedule(s)) as amended from time to time
<b>"Salary"</b>	the base salary of an Eligible Employee (expressed as an annual rate) for the Financial Year to which the Bonus Plan is related
<b>"Shares"</b>	fully paid ordinary shares in the capital of the Company (or following a reconstruction, demerger or reorganisation of the Company or a change of Control, shares or other securities acquired by virtue of, or in exchange for, such ordinary shares)
<b>"Subsidiary"</b>	any company which is for the time being a subsidiary (as defined in section 736 of the Companies Act) of the Company
<b>"Taxes Act"</b>	the Income and Corporation Taxes Act 1988
<b>"Trust"</b>	the Pace plc Employee Benefit Trust or any other employees' trust established by the Company for the benefit of employees of the Group
<b>"Trustee"</b>	the trustee or trustees for the time being of the Trust
<b>"UKLA"</b>	the Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000, or its successors from time to time
<b>"US"</b>	United States of America

<b>"US Awardholder"</b>	an Eligible Employee or Awardholder, as relevant in the context, who is resident in the US or is otherwise subject to US employment laws and/or US securities laws and/or US Federal Income Tax
<b>"Vested Shares"</b>	<p>Award Shares which an Awardholder has become entitled to acquire pursuant to this Plan either:-</p> <p>(a) in consequence of the ending of the Vesting Period; or</p> <p>(b) (if earlier) in accordance with Rule 14 or Rules 18, 19 or 20</p> <p><b>PROVIDED THAT</b> no Award Shares shall first become Vested Shares at a time when the Company is in a prohibited period pursuant to the Model Code and instead any such Award Shares shall first become Vested Shares on the date determined by the Committee to be the earliest date on which the Company is not in such a prohibited period</p>
<b>"Vesting Period"</b>	the period of approximately two years ending with the second anniversary of the date on which an Awardholder was paid a cash payment pursuant to the Bonus Plan for the preceding Financial Year or such longer period as the Committee may specify

## 2. **INTERPRETATION**

- 2.1 References to Shares in respect of which an Award subsists at any time are to be read and construed as references to the Shares over which the Award is then held (and in respect of which it has not then lapsed).
- 2.2 Words and expressions used in this Plan and in any ancillary documents which are not defined in Rule 1 have the meanings they bear for the purposes of ITEPA.
- 2.3 Any reference to any enactment includes a reference to that enactment as from time to time modified, extended or re-enacted.
- 2.4 References to rules are to the rules of this Plan and no account shall be taken of the rule headings which are for ease of reference only.
- 2.5 Words denoting the masculine gender shall include the feminine.
- 2.6 Words denoting the singular shall include the plural and vice versa.
- 2.7 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.

## 3. **ADMINISTRATION**

- 3.1 The Committee may from time to time make and vary such rules and regulations which are consistent with the rules of the Plan and establish such procedures for its administration and implementation as they think fit.
- 3.2 The Company shall bear the costs of the administration and implementation of this Plan.



## PART B: MAKING OF AWARDS

### 4. ELIGIBILITY AND INDIVIDUAL LIMITS

4.1 Subject to the following provisions of this Rule 4:-

4.1.1 the Committee shall have absolute discretion as to the selection of persons to whom Awards may be made where such persons are either executive directors or members of the executive committee;

4.1.2 the Committee shall determine guidelines for the selection of persons who are members of the leadership team and to whom Awards may be made following selection by the Directors.

4.2 An Award shall not be made by any person other than the Company without the prior approval of the Committee.

4.3 Unless the Committee decides otherwise, an Award to a person selected under Rule 4.1 above will be made as soon as practicable following the announcement of the Company's results for the preceding Financial Year **PROVIDED THAT** if the making of Awards is restricted by reason of the Model Code (or any other regulation, order or requirement imposed on the Company) the Awards shall be made as soon as practicable after all such restrictions are removed.

4.4 An Award may only be made to an Eligible Employee who has participated in the Bonus Plan for the preceding Financial Year other than in exceptional circumstances as provided in Rule 4.9. Rules 4.5 and 4.6 below shall apply only to Awards made in respect of Financial Year 2010 and earlier Financial Years.

#### ***For Awards made in respect of Financial Year 2010 and earlier years***

4.5 Subject to Rule 4.6 below, the aggregate Market Value of the Shares in respect of which a Normal Award is made to an Eligible Employee in any Financial Year shall be equal to half of the gross (pre-tax) amount of cash bonus payable to that individual in respect of the Bonus Plan for previous Financial Year.

4.6 In addition to any Normal Award made to an Eligible Employee under Rule 4.5, the Committee may determine in any Financial Year that a further Exceptional Award should be made to that Eligible Employee. The aggregate Market Value of the Shares in respect of which such Exceptional Award is made shall be determined by the Committee in its absolute discretion.

#### ***For Awards to be made in respect of Financial Year 2011 and later years***

4.7 Subject to Rule 4.8 below, the aggregate Market Value of the Shares in respect of which an Award is made to an Eligible Employee in any Financial Year shall be equal to half of the gross (pre-tax) amount of cash bonus payable to that individual in respect of the Bonus Plan for the previous Financial Year.

4.8 To the extent that the aggregate outcome of the cash bonus and the Award calculated under Rule 4.7 would exceed 150% of an Eligible Employee's Salary, the excess shall be delivered entirely in the form of an Award.

4.9 Where the Committee determines that an Additional Bonus Outcome has been achieved under the Bonus Plan for the previous Financial Year, it may determine that an additional Award should be made. Exceptionally, the Committee may determine that all or part of a current year bonus outcome may be reflected through an Award.

4.10 The maximum bonus outcome for the purposes of this Plan (comprising cash bonus and any Award(s)) shall be capped at 225% of the Eligible Employee's Salary.

- 4.11 The Committee may, if it determines this to be appropriate, specify that a greater proportion of the bonus outcome than specified under Rules 4.7 and 4.8 above shall be delivered in the form of an Award instead of in cash.
- 4.12 Subject to the cap in Rule 4.10 not being exceeded, the Committee may specify that an Award shall be over a fixed number of Shares.
- 4.13 Awards corresponding to bonus outcomes expressed in a currency other than sterling shall be determined using such relevant rate of exchange as the Committee may decide.

## 5. **MAKING OF AWARDS**

- 5.1 An Award shall be granted by the Company (or other Grantor) executing a deed, in such form as the Committee may specify from time to time.
- 5.2 As soon as practicable after an Award has been made, the Company shall issue, or procure the issue, to the Awardholder of an Award Certificate (which may be in electronic form) which specifies:-
- 5.2.1 the Grantor;
  - 5.2.2 the Award Date;
  - 5.2.3 the number of Award Shares;
  - 5.2.4 whether the Award is a Nil-Cost Option Award or a Contingent Share Award;
  - 5.2.5 (for Awards made before 2012) whether the Award is a Normal Award or an Exceptional Award;
  - 5.2.6 the Vesting Period; and
  - 5.2.7 that, pursuant to Rule 6.2, it is a condition of the Award that the Awardholder agrees to indemnify the Company and the Awardholder's Employer against any Award Tax Liability

and is otherwise substantially in such form as the Committee may specify from time to time.

- 5.3 No amount shall be payable by the Awardholder for the acquisition of Shares pursuant to an Award.

## 6. **ACKNOWLEDGEMENT OF AWARDS**

- 6.1 Unless the Committee otherwise determines in relation to an Award, the Award shall lapse such that no Shares shall be transferred to an Awardholder unless the Awardholder has formally acknowledged the Award and agreed to be bound by the rules of the Plan by executing and delivering to the Company prior to or within such period after the Award Date as the Committee may specify a duly completed form of acknowledgement, in such form as the Committee may from time to time specify and notify to the Awardholder.

### **Tax Indemnity**

- 6.2 In accepting the grant of an Award, the Awardholder shall indemnify the Company and the Awardholder's Employer against any Award Tax Liability.

## 7. DATA PROTECTION

7.1 In accepting the grant of an Award, an Awardholder shall agree and consent to:-

- 7.1.1 the collection, use, processing and transfer of his Personal Data by any member of the Group, any Associated Company, the Grantor, the Trustee, any third party administrator of the Plan and the Company's brokers or registrars;
- 7.1.2 any member of the Group, any Associated Company, the Grantor, the Trustee, any third party administrator of the Plan and the Company's brokers or registrars transferring the Awardholder's Personal Data amongst themselves for the purposes of implementing, administering and managing this Plan and the transfer of Shares pursuant to an Award;
- 7.1.3 the use of Personal Data by any such person for any such purposes; and
- 7.1.4 the transfer to, and retention of, Personal Data by third parties (whether or not any such third party is situated outside the European Economic Area) for or in connection with such purposes.

## 8. DAMAGES AND COMPENSATION ON DISMISSAL

8.1 Notwithstanding any other provision of this Plan:-

- 8.1.1 the making of an Award shall not form part of the Awardholder's entitlement to remuneration or benefits pursuant to his contract of employment;
- 8.1.2 the existence of a contract of employment between any person and the Company or any present or past Subsidiary or Associated Company shall not give the Awardholder any right or entitlement to an Award in respect of any number of Shares or any expectation that an Award might be made to him, whether subject to any conditions or at all;
- 8.1.3 the rights and obligations of an Awardholder 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 an Award or his participation in this Plan;
- 8.1.4 the rights granted to an Awardholder on the grant of an Award shall not give the Awardholder any rights or additional rights to compensation or damages in consequence of the loss or termination (and/or the giving or receiving of notice of 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 the giving or receiving of notice of termination) is ultimately held to be wrongful or unfair); and
- 8.1.5 an Awardholder 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 Shares pursuant to an Award in consequence of:-
  - (a) the loss or termination (and/or the giving or receiving of notice of 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 the giving or receiving of notice of termination) is ultimately held to be wrongful or unfair); or
  - (b) the exercise by the Committee or the Directors of any discretion in accordance with this Plan<sup>1</sup>.

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<sup>1</sup> Rule 8.1.5(b) only applies to Awards granted after 17 March 2011 (the date this provision was inserted into the Plan).

9. **NON-ASSIGNABILITY OF AWARDS**

No Award shall be capable of being transferred by an Awardholder or his Personal Representatives or of being mortgaged, pledged or encumbered in any way whatsoever. In the event of any breach or purported breach of this provision the Award shall lapse forthwith.

10. **PROHIBITION ON SUBSCRIPTION FOR NEW SHARES**

All Awards granted under the Plan shall be satisfied by the transfer of existing Shares from the Trust or any successor trust rather than the issue of new Shares or the transfer of Shares from treasury.

**PART C: VESTING AND TRANSFER OF AWARD SHARES**

11. **VESTING OF AWARD SHARES**

11.1 Subject to Rule 11.2 below, as soon as practicable after the end of the Vesting Period the Company shall notify the Trustee that an Award has vested and that Award Shares have become Vested Shares.

11.2 Except as otherwise provided in Rule 14, no Award Shares shall be transferred to, or to the order of, an Awardholder if the Awardholder has then ceased to hold office or employment with any member of the Group or with any Associated Company or has then given or received notice of termination of any office or employment within the Group or with any Associated Company and, upon the occurrence of any such event, the Awardholder shall thereupon cease to have any entitlement or expectation to any of the Award Shares.

11.3 Where the Committee suspects that circumstances may have occurred that it considers may fall within Rule 13A or Rule 14.1 and it wishes to investigate or await the outcome of any internal or external investigation before confirming the application of this Rule, it may determine that an Award shall not become a Vested Award pending the outcome of the investigation, in which case the Committee shall notify each affected Awardholder of the impact of the determination.

12. **EXERCISE OF A NIL-COST OPTION AWARD**

12.1 A Nil-Cost Option Award:-

12.1.1 may only ever be exercised in respect of Vested Shares;

12.1.2 in the case of Awards granted during 2009, may not be exercised more than 3 months following the date on which Award Shares first become Vested Shares;

12.1.3 in the case of Awards granted during any year other than 2009, may not be exercised more than 10 years after the Award Date

**PROVIDED THAT:-**

(a) subject to (b) below, if at any time within the period of 3 months specified at Rule 12.1.2 above the Company is within a prohibited period (within the meaning of the Model Code) or if any other regulatory requirement prohibits the exercise of a Nil-Cost Option Award, the period in which the Nil-Cost Option Award may be exercised will be suspended and the balance of the period shall recommence on the date on which the Committee determines that the prohibited period (or other circumstances preventing exercise of a Nil-Cost Option Award) has ended; and

(b) in no circumstances may a Nil-Cost Option Award be exercised more than 10 years after the Award Date.

- 12.2 Except as otherwise provided in Rule 14, a Nil-Cost Option Award may not be exercised at any time unless the Awardholder then holds office or employment with a member of the Group.
- 12.3 A Nil-Cost Option Award shall be exercised only by the Awardholder serving a notice on the Grantor (or otherwise as the Grantor may direct) which specifies the number of Shares in respect of which such Nil-Cost Option Award is exercised on that occasion which shall not exceed the number of Vested Shares in respect of which such Nil-Cost Option Award subsists and which have not been specified for this purpose in an earlier notice of exercise.
- 12.4 A Nil-Cost Option Award shall not be exercised on any occasion if such exercise would not be in accordance with the Model Code.
- 12.5 Subject to Rule 16, within 30 days after the Grantor receives a notice of exercise pursuant to Rule 12.3, the Grantor shall:-
- 12.5.1 transfer or procure the transfer to or to the order of the Awardholder of the Shares in respect of which the Nil-Cost Option Award is duly exercised on that occasion; and
- 12.5.2 procure the issue to, or to the order of, the Awardholder of a definitive share certificate or such other acknowledgement of shareholding as is prescribed from time to time in respect of the Shares so transferred.
- 12.6 If the Awardholder requests, some or all of the Shares he acquires on the exercise of a Nil-Cost Option Award may be transferred to a nominee of the Awardholder, provided that beneficial ownership of the Shares vests in the Awardholder.
- 12.7 If the Awardholder is a participant in a corporate nominee facility, any Shares that he acquires shall be transferred automatically to the corporate nominee for the Awardholder's account.
- 12.8 A US Awardholder may not be granted or hold a Nil-Cost Option Award.

### 13. **CONTINGENT SHARE AWARD AND TRANSFER OF VESTED SHARES**

- 13.1 In respect of an Award granted as a Contingent Share Award, as soon as reasonably practicable after the expiry of the Vesting Period, and subject to Rules 13.2, 13.7 and 16, the Company (or, if different, the Grantor) shall:-
- 13.1.1 procure the transfer to, or to the order of, the Awardholder of the Award Shares which have become Vested Shares; and
- 13.1.2 procure the issue to, or to the order of, the Awardholder of a definitive share certificate or such other acknowledgement of shareholding as is prescribed from time to time in respect of the Vested Shares so transferred

**PROVIDED THAT** where the Awardholder is subject to US Federal Income Tax, Vested Shares must be transferred in accordance with this Rule 13 no later than the end of the second month after the end of the Financial Year in which the Shares become Vested Shares or, if later, the end of the second month after the end of the Awardholder's taxable year in which the Shares become Vested Shares.

- 13.2 If, in consequence of the Model Code or otherwise, the Grantor is restricted from transferring or procuring the transfer of Shares on vesting of an Award, the Grantor shall not be obliged to transfer or procure the transfer of such Shares until after all such restrictions are lifted.
- 13.3 Some or all of the Shares acquired upon the vesting of an Award may, if the Awardholder so requests, be transferred to a nominee of the Awardholder provided that beneficial ownership of such Shares shall be vested in the Awardholder.

- 13.4 If the Awardholder is a participant in a corporate nominee facility, any Shares that he acquires shall be transferred automatically to the corporate nominee for the Awardholder's account.
- 13.5 The transfer of any Shares under this Plan shall be subject to the Articles of Association of the Company 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 and it shall be the responsibility of the Awardholder to comply with any requirements to be fulfilled in order to obtain or obviate the necessity of any such consent.
- 13.6 For the avoidance of doubt, no Award granted as a Contingent Share Award shall confer any beneficial interest in any Award Shares prior to the Awardholder or his nominee being registered as the holder of the Shares and, for the avoidance of doubt, no Awardholder shall be entitled to any dividends paid or any other distribution made, or to exercise or direct the exercise of any votes or any other rights, in respect of any such Award Shares by reference to a record date before he or his nominee is registered as the holder of the Shares.
- 13.7 In relation to any US Awardholder, if the Shares, or another class of equity securities of the Company, are not registered under the Exchange Act at the time that Shares become Vested Shares, the Grantor shall not be obliged to transfer or procure the transfer of any Shares until such time as (i) the Shares are registered under the Exchange Act, (ii) the Company has made other arrangements for the holding of such Shares or (iii) in the opinion of legal counsel of the Company, the Company is exempt from the registration requirements under the Exchange Act, which may include where the Awardholder's Vested Shares are held in a trust or other entity respected as a single holder of record under Section 12(g) of the Exchange Act and Regulation 12g5-1 promulgated thereunder (in which case such trust or other entity shall be treated as the Awardholder's nominee for the purposes of this Rule 13). If the Awardholder's Vested Shares are held in such a trust or other entity, then the Awardholder's rights shall be governed by the governing documents of such trust or other entity and, where relevant, references to the Awardholder in this Plan shall apply to the trust or other entity.
- 13A **CLAWBACK<sup>2</sup>**
- 13A.1 This Rule 13A applies if, at any time prior to Award Shares becoming Vested Shares:-
- 13A.1.1 the accounts of the Company or of any member of the Group are required to be restated in circumstances where the Committee determines that there has been a mis-statement in the relevant accounts which would result or did in fact result either directly or indirectly in the Award Shares becoming Vested Shares to a greater degree than would have been the case if the mis-statement had not been made;
- 13A.1.2 circumstances have arisen in which the Awardholder's Employer would be entitled to dismiss the Awardholder summarily (but such Awardholder has not in fact ceased to hold employment within the Group); or
- 13A.1.3 the Committee determines that there was a material misjudgement of the performance of the Company or a member of the Group due to inaccuracies in underlying information or assumptions and that misjudgement would result either directly or indirectly in the Award Shares becoming Vested Shares to a greater degree than would have been the case if that misjudgement had not taken place.
- 13A.2 If Rule 13A.1 applies, the Committee may determine that the affected subsisting Awards shall lapse in respect of such number of Award Shares as the Committee may in its discretion consider appropriate or that further conditions should be imposed on the Award.

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<sup>2</sup> This Rule 13A only applies to Awards granted on or after 14 April 2014, the date this Rule was adopted into this Plan.

- 13A.3 Following a determination made under Rule 13A.2:-
- 13A.3.1 the Company shall notify each affected Awardholder of the impact of the determination and the reason for it;
- 13A.3.2 to the extent determined by the Committee in accordance with Rule 13A.2 each affected Award or other affected rights over Shares shall immediately lapse in respect of such number of Shares as is determined by the Committee and any references to Shares subject to such Award or rights going forward shall be construed as references only to those Shares which continue to be subject to such Award or rights following the application of this Rule 13A.
- 13A.4 The Committee may in its discretion make any alteration or amendment to this Rule 13A as is necessary or desirable to take account of local laws affecting any member of the Group or any Awardholder.

## **PART D: CESSATION OF EMPLOYMENT**

### **14. CESSATION OF EMPLOYMENT**

- 14.1 Subject to Rules 14.2, 14.3 and 14.4 and 15 below, if, prior to either the exercise of a Nil-Cost Option Award in accordance with Rule 12 above, or a transfer of Award Shares subject to a Contingent Share Award pursuant to Rule 13 above, an Awardholder ceases to hold office or employment within the Group for any reason, any Award held by the Awardholder shall lapse immediately and a Nil-Cost Option Award may not be exercised and no Award Shares subject to a Contingent Share Award shall be transferred to the Awardholder unless the Committee decides otherwise (in which event the Committee shall have the discretion to permit the exercise of a Nil-Cost Option Award or to procure the transfer to the Awardholder of Award Shares pursuant to a Contingent Share Award in respect of such number of Award Shares as it considers appropriate in the circumstances and within such period as the Committee shall determine)

**PROVIDED THAT** where the Awardholder is subject to US Federal Income Tax, Shares must be transferred to the Awardholder in accordance with this Rule 14.1 no later than the end of the second month after the end of the Financial Year in which such cessation of office or employment occurs or, if later, the end of the second month after the end of the Awardholder's taxable year in which such cessation of office or employment occurs.

#### **Death**

- 14.2 If an Awardholder dies, the Awardholder's Award Shares shall be deemed to be Vested Shares and either:-
- 14.2.1 an Awardholder's Personal Representatives may exercise an Award granted as a Nil-Cost Option Award within the period of 12 months from the date of the Awardholder's death; or
- 14.2.2 in respect of an Award granted as a Contingent Share Award, the Grantor shall transfer (or procure the transfer of) the Award Shares to (or to the order of) the Awardholder's Personal Representatives as soon as reasonably practicable

**PROVIDED THAT** where the Awardholder is subject to US Federal Income Tax, Shares must be transferred to the Awardholder's Personal Representatives in accordance with this Rule 14.2 no later than the end of the second month after the end of the Financial Year in which death occurs or, if later, the end of the second month after the end of the Awardholder's taxable year in which death occurs.

### **Injury and disability**

- 14.3 If an Awardholder ceases to hold office or employment within the Group by reason of injury or disability (evidenced to the satisfaction of the Committee), the Awardholder's Award Shares shall be deemed to be Vested Shares and either:-
- 14.3.1 the Awardholder may exercise an Award granted as a Nil-Cost Option Award within the period of 3 months from when the Awardholder so ceases to hold office or employment within the Group; or
- 14.3.2 the Grantor shall transfer (or procure the transfer) to (or to the order of) the Awardholder of the Award Shares as soon as reasonably practicable after the Awardholder so ceases to hold office or employment within the Group

**PROVIDED THAT** where the Awardholder is subject to US Federal Income Tax, Shares must be transferred to the Awardholder in accordance with this Rule 14.3 no later than the end of the second month after the end of the Financial Year in which such cessation of office or employment occurs or, if later, the end of the second month after the end of the Awardholder's taxable year in which such cessation of office or employment occurs.

### **Leadership Group Awardholders**

- 14.4 Where the Awardholder who ceases to hold office or employment is neither an executive director of the Company nor a member of the executive committee of the Company, any determination of discretion in accordance with Rule 14.1 above may be made by the Directors (unless the Committee determines otherwise) **PROVIDED THAT** the Directors will report any such determinations made to the next following meeting of the Committee.

### **15. TIME OF LEAVING**

For the purposes of Rule 14, an Awardholder shall be treated as ceasing to hold office or employment within the Group when he no longer holds any office or employment with any member of the Group or any Associated Company or, if earlier, when he gives or receives notice to terminate any office or employment with any member of the Group or any Associated Company or is dismissed without notice (including for Misconduct) from any such office or employment.

## **PART E: RECOVERY OF TAX**

### **16. RECOVERY OF TAX**

- 16.1 If on any occasion an Award Tax Liability arises in relation to, or in consequence of anything done pursuant to this Plan, then unless the Awardholder has indicated by notice in writing that he will make a payment to the Company of an amount equal to the Award Tax Liability, and unless within 7 days of being notified by the Company of the amount of the Award Tax Liability, the Awardholder has either:-
- 16.1.1 paid to the Awardholder's Employer a sum which, in the opinion of the Awardholder's Employer is, or will be, sufficient to satisfy the Award Tax Liability; or
- 16.1.2 entered into arrangements with the Awardholder's Employer which, in the opinion of the Awardholder's Employer, will ensure that the liability is satisfied within such period as the Awardholder's Employer may determine

the Trustee and the Company shall, to the extent necessary to satisfy the indemnity given in Rule 6.2, each have the right:-

- (a) to retain and sell as agent for the Awardholder (at the best price which can reasonably be expected to be obtained at the time of sale) such number of the Award Shares as the Company considers appropriate and procure payment to the Awardholder's Employer, out of the net proceeds of sale of



such Shares (after deducting fees, commissions and expenses incurred in relation to the sale), of monies sufficient to satisfy such indemnity; and/or

- (b) to withhold any amount from any payment of the Awardholder's remuneration; and/or
- (c) to reimburse any balance to the Awardholder through payroll or by cheque.

## **PART F: CORPORATE TRANSACTIONS**

### **17. EXCHANGE OF AWARDS ON AN INTERNAL RECONSTRUCTION**

17.1 The Committee may invite an Awardholder to accept an Exchange of Awards. The invitation shall be open for a period of at least 14 days following its issue. At the end of the invitation period, the Awardholder shall not be entitled to any Award Shares subject to the Award.

17.2 Rule 17.1 shall apply only if, immediately after the Company has come under the Control of an Acquiring Company, the Company would nevertheless remain or remains under the Control of the person who, or persons who together, had Control of the Company immediately before the Company comes or came under the Control of the Acquiring Company.

17.3 The following provisions of this Part F shall have effect subject to this Rule 17.

### **18. DEMERGER**

18.1 If:-

18.1.1 notice is given to shareholders of the Company of a proposed demerger of the Company or of any Subsidiary; and

18.1.2 the Committee is of the opinion that the interests of Awardholders would or might be substantially prejudiced by the proposed demerger

the Grantor (acting with the consent of the Committee) may, as soon as practicable after the giving of the notice referred to in Rule 18.1.1, determine that all Award Shares are deemed to be Vested Shares and either:-

18.1.3 notify Awardholders that 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 the Award Shares; and

18.1.4 (subject to Rule 18.3 below) transfer or procure the transfer to Awardholders of Award Shares under Contingent Share Awards.

18.2 Any Nil-Cost Option Awards that are subject to this Rule 18 shall lapse and cease to be exercisable upon the expiry of the period mentioned in Rule 18.1.3 above.

18.3 If an Awardholder is subject US Federal Income Tax, Award Shares may not be delivered to the Awardholder pursuant to Rule 18.1.4 more than two months after the end of the Financial Year in which the demerger occurs or, if later, the end of the second month after the end of the Awardholder's taxable year in which the demerger occurs.

### **19. COMPULSORY ACQUISITION, RECONSTRUCTION AND WINDING-UP**

19.1 If:-

19.1.1 any person becomes bound or entitled to acquire Shares in the Company under sections 974 – 991 of the Companies Act 2006; or

19.1.2 the court sanctions a compromise or arrangement in connection with the Company pursuant to Part 26 or Part 27 of the Companies Act 2006; or

19.1.3 notice is given of a resolution for a voluntary winding-up of the Company;

the Grantor (acting with the consent of the Committee) shall as soon as practicable after the event mentioned in Rules 19.1.1, 19.1.2 or 19.1.3 above determine that all Award Shares are deemed to be Vested Shares and either:-

(a) notify Awardholders that 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 the Award Shares;

(b) (subject to Rule 19.3 below) transfer or procure the transfer to Awardholders of Award Shares under Contingent Share Awards.

19.2 All Nil-Cost Option Awards shall immediately lapse and cease to be exercisable upon the expiry of the period mentioned in Rule 19.1 above or the commencement of a winding-up of the Company.

19.3 If an Awardholder is subject to US Federal Income Tax, Award Shares may not be delivered to the Awardholder pursuant to Rule 19.1(b) more than two months after the end of the Financial Year in which the relevant event within Rule 19.1 occurs or, if later, the end of the second month after the end of the Awardholder's taxable year in which the relevant event within Rule 19.1 occurs.

## 20. **CHANGE OF CONTROL**

20.1 If any person:-

20.1.1 obtains Control of the Company as a result of making a general offer to acquire Shares in the Company; or

20.1.2 having obtained such Control, makes such an offer

then the Grantor (acting with the consent of the Committee) shall, as soon as practicable after becoming aware of the events mentioned in Rules 20.1.1 or 20.1.2 above determine that all Award Shares are deemed to be Vested Shares and either:-

(a) notify Awardholders that 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 the Award Shares; and

(b) (subject to Rule 20.4 below) transfer or procure the transfer to Awardholders of Award Shares under Contingent Share Awards.

20.2 For the purposes of the preceding provisions of this Rule 20 a person shall be deemed to have Control of the Company if he and others acting in concert with him have together obtained Control of it.

20.3 All Nil-Cost Option Awards shall immediately lapse and cease to be exercisable upon the expiry of the period mentioned in Rule 20.1 above.

20.4 If an Awardholder is subject to US Federal Income Tax, Award Shares may not be delivered to the Awardholder pursuant to Rule 20.1(b) more than two months after the end of the Financial Year in which the change of Control of the Company occurs or, if later, the end of the second month after the end of the Awardholder's taxable year in which the change of Control of the Company occurs.

## **PART G: AMENDMENTS**

### **21. VARIATION OF SHARE CAPITAL ETC**

21.1 If the Ordinary Share Capital is increased or altered by way of capitalisation or rights issue, sub-division, consolidation or reduction or there is any other variation in the share capital of the Company, the Committee may make such adjustments as they consider appropriate:-

21.1.1 to the aggregate number of Award Shares subject to any Award; and/or

21.1.2 if an Award has vested but no Shares have been transferred in respect of the Award, to the number of Shares which may be so transferred

#### **PROVIDED THAT:-**

(a) the number of Shares as so adjusted has been rounded down to the nearest whole number; and

(b) if the Grantor of an Award is not the Company, no such adjustment shall be made without the Grantor's consent.

21.2 The Company shall, as soon as reasonably practicable, notify every Awardholder affected by an adjustment under Rule 21.1.

21.3 The Committee shall deliver, or procure the delivery of, a revised Award Certificate to any Awardholder who makes a request for an amended Award Certificate.

### **22. ALTERATION OF THE PLAN**

22.1 The Committee may at any time alter or add to any of the provisions of this Plan in any respect.

22.2 The Committee shall, as soon as reasonably practicable, give details of any alteration or addition (on behalf of the Company) to every affected Awardholder (if any).

22.3 No alteration or addition to an existing Award that is to the detriment of an Awardholder shall be made without the written approval of that Awardholder.

## **PART H: MISCELLANEOUS**

### **23. SERVICE OF DOCUMENTS**

23.1 Except as otherwise provided in this Plan, any notice or document to be given by, or on behalf of, the Company, the Committee, the Directors, the Grantor, the Trustee or any administrator of this Plan to any Eligible Employee or Awardholder in accordance or in connection with this Plan shall be duly given:-

23.1.1 if both the sender and the recipient are located in the United Kingdom, by sending it through the post in a pre-paid envelope to the address last known to the Company to be his address and, if so sent, it shall be deemed to have been duly given if sent by first class post, on the day after posting and if sent by second class post, on the second day after posting; or

23.1.2 if both the sender and the recipient are located in the US, by sending it through the post in a pre-paid envelope to the address last known to the Company to be his address and, if so sent, it shall be deemed to have been duly given on the third day after posting, or if the sender uses an overnight delivery service (such as FedEx or DHL), on the first business day after the sender has delivered possession of such notice or document to such overnight delivery service; or

- 23.1.3 if the sender and the recipient are located in different countries, by sending it through the post in a pre-paid envelope to the address last known to the Company to be his address and, if so sent, it shall be deemed to have been duly given on the seventh day after posting, or if the sender uses an overnight delivery service (such as FedEx or DHL), on the second business day after the sender has delivered possession of such notice or document to such overnight delivery service; or
- 23.1.4 if he holds office or employment with any member of the Group or any Associated Company, by delivering it to him at his place of work or by sending a facsimile transmission or an e-mail addressed to him at his place of work and, if so sent, it shall be deemed to have been duly given at the time of transmission **SAVE THAT** a notice or document shall not be duly given by e-mail unless that person is known by his employer company to have personal access during his normal business hours to information sent by e-mail.
- 23.2 Any notice or document so sent to an Eligible Employee or Awardholder shall be deemed to have been duly given notwithstanding that such person is then deceased (and whether or not the Company or the Trustee has notice of his death) except where his Personal Representatives have supplied an alternative address to which documents are to be sent to the Company.
- 23.3 Any notice or document to be submitted or given to the Company, the Committee, the Directors, the Grantor, the Trustee or any administrator of this Plan in accordance or in connection with this Plan may be delivered, sent by post, facsimile transmission or e-mail but shall not in any event be duly given unless:-
- 23.3.1 it is actually received (or, in the case of an e-mail, opened) by the individual at the relevant recipient from time to time nominated for the purposes of receiving notices or documents under this Plan and whose name and address is notified to Awardholders; and
- 23.3.2 if given by e-mail (and, if so required by the Company), it includes a digitally encrypted signature of the Awardholder.
- 23.4 For the purposes of this Plan, an e-mail shall be treated as not having been duly sent or received if the recipient of such e-mail notifies the sender that it has not been opened because it contains, or is accompanied by a warning or caution that it could contain or be subject to, a virus or other computer programme which could alter, damage or interfere with any computer software or e-mail.

## 24. **RIGHTS ATTACHING TO SHARES**

- 24.1 A transfer of Shares or of any interest in Shares under this Plan shall be subject to the Articles of Association of the Company, the Listing Rules, the Model Code or any other requirement or guidance issued by the UKLA or the London Stock Exchange and which relates to dealings in Shares by directors or employees of any member of the Group and to any necessary consents of any government or any other authorities (whether in the United Kingdom or otherwise) under any enactments or regulations from time to time in force. It shall be the responsibility of the Awardholder to do all such things as may be necessary to obtain or obviate the necessity for any such consent.
- 24.2 All Shares 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 transfer.

25. **STAMP DUTY**

Any stamp duty or stamp duty reserve tax payable in respect of a transfer of Shares to, or at the direction of, an Awardholder (other than stamp duty or stamp duty reserve tax payable on a sale of Shares by the Trustee at the direction of the Awardholder) shall be paid by the Company or, if requested by the Company, the Trustee (who shall be reimbursed by the Company).

26. **JURISDICTION**

26.1 This Plan and any Award shall be governed by, and construed in all respects in accordance with English law.

26.2 The courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning an Award and any matter arising from, or in relation to, this Plan.

27. **PURCHASES BY TRUSTEE**

Subject to Rule 16, an Awardholder may, subject to the Model Code, direct the Trustee to sell Vested Shares on his behalf and, in this event, the Shares may, if the Trustee so determines, be purchased by the Trustee **PROVIDED THAT** the price per Share paid by the Trustee is not less than the market value of a Share on the date of purchase.

28. **THIRD PARTY RIGHTS**

Except as otherwise expressly stated to the contrary, neither this Plan nor the making of any Award nor the Contracts (Rights of Third Parties) Act 1999 shall have the effect of giving any third party any rights under this Plan and that Act shall not apply to this Plan or to the terms of any Award under it.

29. **SECTION 409A**

This Plan shall be operated in accordance with the requirements of Section 409A of the United States Internal Revenue Code of 1986, as amended, and the applicable regulations and other guidance of general applicability that are issued thereunder ("**Section 409A**") in order to avoid the negative tax consequences that may apply under Section 409A. It is the intent of the Company that Awards be exempt from the provisions of Section 409A since the Awards do not provide for a "deferral of compensation" within the meaning of US Treasury Regulation section 1.409A-1(b) promulgated under Section 409A, including but not limited to the exemption for short-term deferrals under Treasury Regulation section 1.409A-1(b)(4), and the Plan shall be administered consistently with this intent. Unless the Committee otherwise determines, any provision that is required to appear in the Plan to satisfy the requirements for avoiding Section 409A's negative tax consequences, but that is not expressly set forth, shall be deemed to be set forth herein, and the Plan shall be administered in all respects as if such provision were expressly set forth.

## THE SCHEDULE

### ISRAEL

#### 1. GENERAL

- 1.1 The terms set out in this Schedule (the "**Israeli Appendix**") shall apply only to persons who are, or are deemed to be, residents of the State of Israel for Israeli taxation purposes. The provisions specified hereunder shall form an integral part of the Plan, which applies, *inter alia*, to the issuance of Nil-Cost Option Awards and/or Contingent Share Awards (collectively and separately, "**Securities**") to Eligible Employees (as defined below) who are Israeli residents.
- 1.2 The Israeli Appendix is effective with respect to Securities granted on or after the Award Date.
- 1.3 The Israeli Appendix is to be read as a continuation of the Plan and only refers to Securities granted to Eligible Employees who are Israeli residents so that the Plan complies with the requirements set by the Israeli law in general, and in particular with the provisions of Section 102 of the Israeli Income Tax Ordinance (New Version), 1961 (the "**Ordinance**"), and any regulations, rules, orders or procedures promulgated thereunder, as may be amended or replaced from time to time (hereinafter – "**Section 102**"). For the avoidance of doubt, the Israeli Appendix does not add to or modify the Plan in respect of any other category of Securityholders.
- 1.4 The Plan and the Israeli Appendix are complementary to each other and shall be deemed one. In any case of contradiction, whether explicit or implied, between the provisions of the Plan and the Israeli Appendix, the provisions set out in the Israeli Appendix shall prevail with respect to Securities granted to Israeli Securityholders.
- 1.5 Any capitalised terms not specifically defined in the Israeli Appendix shall be construed according to the interpretation given to them in the Plan.
- 1.6 In the event that the ITA (as defined below) shall request an amendment to the Israeli Appendix, the Israeli Appendix shall be amended accordingly.

#### 2. DEFINITIONS

- 2.1 "**Israeli Appendix**", "**Securities**", "**Ordinance**", "**Section 102**" as defined above.
- 2.2 "**102 Security**" means any Nil-Cost Option Award or Contingent Share Award granted to an Employee pursuant to Section 102 as an Approved 102 Security or Unapproved 102 Security.
- 2.3 "**Approved 102 Security**" means any Nil-Cost Option Award or Contingent Share Award granted pursuant to the terms and restrictions of Section 102(b)(2) of the Ordinance (the qualified capital gains tax course) and held in trust by the Israeli Trustee (as defined below) during the Restricted Period.
- 2.4 "**Controlling Shareholder**" shall have the meaning ascribed to it in Section 32(9) of the Ordinance.
- 2.5 "**Employee**" means a person who is employed by the Employer, including an individual who is serving as a director or an office holder of the Employer, but excluding any Controlling Shareholder.
- 2.6 "**Employer**" means the Israeli resident subsidiary by which the Israeli Securityholder is employed directly.
- 2.7 "**Israeli Securityholder**" means an Israeli resident Employee who holds a Security.
- 2.8 "**Israeli Trustee**" means any individual or entity appointed by the Company to serve as a trustee for the purposes of the Plan and the Israeli Appendix and approved by the ITA, all in accordance with the provisions of Section 102 of the Ordinance and "Israeli Trust" shall be construed accordingly.

- 2.9 “**ITA**” means the Israeli Tax Authorities.
- 2.10 “**Required Tax Payments**” – has the meaning given in Section 10.1 below.
- 2.11 “**Restricted Period**” means – with respect to Approved 102 Securities - a period of no less than 24 (twenty-four) months commencing from the date on which the Approved 102 Securities were issued and deposited with the Israeli Trustee, or such other period as shall be prescribed from time to time under Section 102 with respect to Approved 102 Securities.
- 2.12 “**Trust Agreement**” means the agreement signed between the Company, the Employer and the Israeli Trustee for the purposes of Section 102.
- 2.13 “**Unapproved 102 Security**” means a Nil-Cost Option Award or Contingent Share Award granted pursuant to Section 102(c) of the Ordinance.

### 3. **ISSUANCE OF SECURITIES - ELIGIBILITY**

- 3.1 The persons eligible for participation in the Plan and the Israeli Appendix shall include, *inter alia*, any Israeli resident Employee; provided, however, that only Israeli resident Employees may be granted 102 Securities.
- 3.2 The Directors may designate Nil-Cost Option Awards or Contingent Share Awards granted to Eligible Employees pursuant to Section 102 as Unapproved 102 Securities or Approved 102 Securities.
- 3.3 The grant of an Approved 102 Security shall be made in accordance with the Plan and the Israeli Appendix, subject to Section 3.4 below, and shall be conditional upon the approval of the Plan and the Israeli Appendix by the ITA.
- 3.4 No Approved 102 Security may be granted under the Israeli Appendix to any Employee until thirty (30) days after the requisite filings under Section 102, including the Company's and the Employer's application for the approval of this Plan for Section 102 purposes and the election of the qualified capital gains tax course (the “**Election**”), the Trust Agreement, the Plan, and the Israeli Appendix, have been made with the ITA. Such Election shall become effective commencing on the first grant date of an Approved 102 Security under the Israeli Appendix and shall remain in effect until the end of the year following the year during which the Company first granted Approved 102 Securities. For the avoidance of doubt, such Election shall not prevent the Company from also granting Unapproved 102 Securities.
- 3.5 All Approved 102 Securities must be held in trust by an Israeli Trustee, as provided in Section 4 below.
- 3.6 The Israeli Securityholder shall confirm in writing, as a condition to the grant of the Approved 102 Security, that: (i) he is familiar with the tax provisions and restrictions of Section 102 under which the Approved 102 Security is issued to him through the Israeli Trustee, and (ii) that he agrees to be bound by the terms and conditions of the Plan, the Israeli Appendix and the restrictions and limitations under the tax provisions of Section 102, and (iii) with respect to the qualified capital gains course only (if applicable) - that he understands that the capital gains rate benefit of 25% is not promised to him, and that under certain circumstances he may be subject to regular working income tax rates in respect to the benefit derived from the Approved 102 Security, if a violation of the capital gains tax course occurs as detailed in Section 4.4 below.

### 4. **TRUST AND TRUSTEE**

- 4.1 Approved 102 Securities granted under the Plan and the Israeli Appendix, any Award Shares issued or transferred upon exercise or vesting of such Approved 102 Securities, and all rights (if any) accruing on such Approved 102 Securities, shall be allocated or issued or transferred to the Israeli Trustee, who shall hold such Approved 102 Securities and Award Shares (if issued or transferred to the Israeli Trustee) and all accrued rights thereon (if any) in trust for the benefit of the Israeli Securityholder and/or the Company, as the case may be, during the Restricted Period (as a minimum). All certificates (including Award Certificates) or registrations (as may be required by applicable law or by the relevant governmental body or regulatory authority) representing the

Approved 102 Securities, the Award Shares and/or all rights accruing thereon (if any) shall be issued or transferred to the Israeli Trustee, deposited and/or registered in the name of the Israeli Trustee and shall be held by the Israeli Trustee until such time as the Approved 102 Securities or Award Shares are released from the Israeli Trust as provided herein.

- 4.2 Notwithstanding anything to the contrary and without derogating from the limitation and restrictions provisions of the Plan regarding the transferability of the Awards and/or Award Shares, neither the Approved 102 Security, nor the Award Shares to be issued or transferred upon exercise or vesting of such Approved 102 Security or all rights accruing thereon (if any) shall: (i) be released from the Israeli Trust, whether to an Israeli Securityholder or to any third party; (ii) whether directly or indirectly, be sold, transferred (except for transfer by will and according to the relevant laws of inheritance and distribution), assigned, pledged, hypothecated, encumbered or otherwise disposed of; or (iii) be subject to execution, attachment or similar process, all the foregoing whether by the Israeli Securityholder or the Israeli Trustee, prior to the end of the Restricted Period and prior to the full payment of the Required Tax Payments arising from the Approved 102 Security and/or any Award Shares or other accrued rights (if any).
- 4.3 At any time after the expiry of the Restricted Period, and pursuant to a written request, the Israeli Trustee may release and transfer the Award Shares held in the Israeli Trust and all rights accruing thereon (if any) to the Israeli Securityholder or to a third party upon the sale of the Award Shares, by executing and delivering to the Company, or to such other person as it may direct, such instrument(s) as the Company may require and by giving due notice of such release to the Israeli Securityholder, provided that all of the following conditions have been fulfilled prior to such transfer: (i) the Israeli Trustee has received a written request from the Israeli Securityholder; (ii) payment has been rendered to the ITA of all the Required Tax Payments (as detailed in Section 10 below), and confirmation of such payment has been received by the Israeli Trustee; and (iii) the Israeli Trustee has received a written confirmation from the Company that all requirements for such release and transfer have been fulfilled according to the terms of the Company's corporate documents, the Plan, the Israeli Appendix, any Award documentation and any applicable law.
- 4.4 Notwithstanding Sections 4.2-4.3 above, if the Approved 102 Security and/or Award Shares or all rights accruing thereon (if any) shall (i) be released from the Israeli Trust, whether to an Israeli Securityholder or to any third party, whether by a voluntary transfer or a forced transfer upon a merger or any other transaction; or (ii) whether directly or indirectly, be sold, transferred (except for transfer by will and according to the relevant laws of inheritance and distribution), assigned, pledged, hypothecated, encumbered or otherwise disposed of; or (iii) be subject to execution, attachment or similar process, all the foregoing whether by the Israeli Securityholder or the Israeli Trustee, prior to the end of the Restricted Period, then it may be considered a violation of the capital gains tax course conditions of Section 102 which may lead to higher tax rates (regular income tax rates) for the relevant Israeli Securityholder.
- 4.5 The Israeli Securityholder shall undertake in writing, as a condition to the grant of an Award, to release the Israeli Trustee from any liability in respect of any action or decision taken and executed by the Israeli Trustee and/or the Company and/or the Employer in relation to the Plan and the Israeli Appendix, or to any Approved 102 Security or Award Shares granted to the Israeli Securityholder thereunder.
- 4.6 Unapproved 102 Securities granted under the Plan, any Award Shares issued or transferred upon exercise or vesting of such Unapproved 102 Securities, and all rights (if any) accruing on such Unapproved 102 Securities and Award Shares shall be allocated or issued or transferred to a trustee, who shall hold such Unapproved 102 Securities, Award Shares and all accrued rights thereon (if any) in trust for the benefit of the Israeli Securityholder and/or the Company, as the case may be, until the full payment of the Required Tax Payments arising from the Unapproved 102 Securities and/or any Award Shares or other accrued rights (if any).<sup>3</sup>

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<sup>3</sup> Please note that the Israeli tax law does not require the appointment of a trustee in the event of a grant of Unapproved 102 securities. However, since the tax moment occurs upon the sale of the shares and the withholding duty applies even if the participant is no longer employed by the employer on the date of sale of the shares – the Company (or the Employer) may face a problem of withholding in certain circumstances. Accordingly, it is recommended that the Awards and Award Shares issued upon exercise or vesting should be held in trust (by the Company or any other trustee) till all of the tax liability is paid by the relevant Awardholder or, alternatively, employees be required to sell the shares upon exercise or vesting of the securities or receive the net cash value of the shares (and not shares).



**5. FAIR MARKET VALUE FOR TAX PURPOSES**

Without derogating from the provisions of the Plan and solely for the purpose of determining the tax liability with respect to the work income component under the qualified capital gains tax course pursuant to Section 102(b)(3) of the Ordinance for Approved 102 Securities (which is subject to regular income tax and social security duties), if, at the Award Date, the Shares are listed on any established stock exchange or a national market system (including, without limitation, the London Stock Exchange) or if the Award Shares will be registered for trading within ninety (90) days following the Award Date of the Approved 102 Security, then a portion of the Israeli Securityholder's benefit at the date of tax event which equals to the fair market value of the Award Shares at the Award Date or the date of the deposit of the Approved 102 Security with the Israeli Trustee (which shall be determined in accordance with the average value of the shares during the thirty (30) trading days preceding such date or during the thirty (30) trading days following the date of registration for trading, as the case may be), minus the exercise price (if relevant) and other expenses, while all the amounts are index-linked to the date of tax event, shall be considered work income and be taxed accordingly, unless otherwise determined by the Ordinance.

**6. EXERCISE AND VESTING OF SECURITIES**

Nil-Cost Option Awards shall be exercised by the Israeli Securityholder as set forth in Rule 12 of the Plan and subject to all of the Plan's provisions and the Company's directions. The Israeli Securityholder shall send a copy of the notice of exercise referred to in Rule 12.3 of the Plan to the Israeli Trustee's registered office. Notwithstanding anything to the contrary, in the event that an Israeli Securityholder is entitled to receive Shares under the Plan upon exercise or vesting of an Approved 102 Security, the Company and/or the broker and/or the administrator shall issue the certificates of such Shares in the name of the Israeli Trustee and deposit such certificates with the Israeli Trustee.

**7. INTEGRATION OF SECTION 102 AND TAX AUTHORITIES' PERMIT**

Regarding Approved 102 Securities, the provisions of the Plan and/or the Israeli Appendix shall be subject to the provisions of Section 102, the Ordinance, and any terms set forth in approvals issued by the ITA (if any) and such terms or provisions shall be deemed an integral part of the Plan and the Israeli Appendix.

**8. RESTRICTIONS ON VOTING RIGHTS**

Without derogating from the provisions of the Plan, no person shall have any right as a shareholder of the Company with respect to any Award Share, unless and until such person becomes a shareholder of record with respect to such Award Share. Notwithstanding the foregoing or anything to the contrary in the Plan, the Israeli Trustee shall not be required to vote with respect to Award Shares, for so long as such Award Shares are held by the Israeli Trustee.

**9. DIVIDEND**

With respect to all Award Shares (but excluding, for avoidance of any doubt, any Award Shares subject to unexercised Nil-Cost Option Awards or unvested Contingent Share Awards) allocated or issued or transferred upon the exercise of Nil-Cost Option Awards or vesting of Contingent Share Awards to the Israeli Securityholder and held by the Israeli Securityholder or by the Israeli Trustee, as the case may be, the Israeli Securityholder shall be entitled to receive dividends in accordance with the quantity of such Award Shares, subject to the provisions of the Company's incorporation documents (and all amendments thereto) and the Plan and subject to any applicable taxation on distribution of dividends and, when applicable, subject to the provisions of Section 102.

## 10. TAX CONSEQUENCES

10.1 Any and all taxes, duties, levies and other liabilities and obligations, including, but not limited to, income tax, capital gains tax, national insurance and health care payments (as applicable from time to time) in Israel, or in any other relevant jurisdiction, arising from: (i) the grant, vesting and exercise of any 102 Security and/or Award Shares; (ii) the issuance or delivery of any Award Shares or the payment of any amount in respect thereof; (iii) the release of any 102 Security or Award Shares from the Israeli Trust; (iv) the sale of such Award Shares; or (v) any other event or act of the Company, the Employer, the Israeli Trustee or the Israeli Securityholder (as applicable) hereunder (the "**Required Tax Payments**") shall be borne by the Israeli Securityholder who shall be solely liable for all such taxes, duties, levies and other liabilities and obligations. The Israeli Securityholder shall not be entitled to receive any 102 Security, Award Shares, or any payment in respect thereof until the Company, the Employer and the Israeli Trustee (as applicable) are satisfied that all the Required Tax Payments due or payable in respect thereof have been discharged in full (or after an arrangement with respect to such discharge has been reached with the Company, and/or the Employer and the Israeli Trustee, to the satisfaction of the Israeli Trustee).

10.2 The Company, the Employer or the Israeli Trustee (as applicable) shall withhold all the Required Tax Payments which may be required to be withheld or paid in connection with any 102 Security or the Award Shares covered thereby, in accordance with the requirements under applicable laws, rules and regulations and, for such purpose, the Company, the Employer or the Israeli Trustee (as applicable) shall be entitled, at its sole discretion, to approach the ITA at any time and from time to time in order to obtain an approval or a pre-ruling with respect to the Required Tax Payments which are required to be withheld or paid in connection with any 102 Security or the Award Shares covered thereby. As a condition precedent to: (i) the grant, vesting or exercise of any 102 Security and/or Award Shares; (ii) the issuance or delivery of any Award Shares or the payment of any amount in respect thereof; or (iii) the release of any 102 Security or Award Shares from the Israeli Trust (as applicable), the Israeli Securityholder shall pay the Company, the Employer or the Israeli Trustee (as applicable) such amount as the Company, the Employer or the Israeli Trustee (as applicable) may be required, as determined by it at its sole discretion, under all applicable laws, rules and regulations, to withhold and pay over as Required Tax Payments with respect to the relevant 102 Security or the Award Shares covered thereby. The Required Tax Payments shall be paid by the Israeli Securityholder to the Company, the Employer or the Israeli Trustee (as applicable) in cash (or cash equivalent). If the Israeli Securityholder fails to pay the Required Tax Payments, the Company and/or the Employer (as applicable) may, in its sole discretion, deduct any Required Tax Payments from any amount then, or thereafter becoming, payable by the Company or the Employer to the Israeli Securityholder.

For purposes of simplicity and in order to ensure compliance with Section 102 or any other provisions of the Ordinance, the exercise or vesting of the 102 Security and the purchase and sale of Award Shares issued or transferred thereunder may be executed and delivered by the Company.

10.3 The Company and/or the Israeli Trustee shall not be required to effect the registration or transfer of any Award Share or release any related share certificate until all Required Tax Payments have been made in full, to the satisfaction of the Israeli Trustee.

## 11. GOVERNING LAW & JURISDICTION

The Israeli Appendix shall be governed by and construed and enforced in accordance with the laws of the State of Israel applicable to contracts made and to be performed therein, without giving effect to the principles of conflict of laws. The competent courts of Israel shall have sole jurisdiction in any matters pertaining to the Israeli Appendix.