

BARRATT DEVELOPMENTS PLC

THE BARRATT DEVELOPMENTS LONG-TERM PERFORMANCE PLAN

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THE RULES OF THE BARRATT DEVELOPMENTS LONG-TERM PERFORMANCE PLAN

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THE BARRATT DEVELOPMENTS LONG-TERM PERFORMANCE PLAN

PLAN SUMMARY

The Barratt Developments Long-Term Performance Plan has been set up to assist in the recruitment and retention of key employees and, exceptionally, to recognise extraordinary performance.

The Plan is an employees' share scheme within the meaning of section 1166 of the Companies Act 2006.

Under the Plan, eligible employees may be granted awards in respect of shares in the Company. Vesting of an award will generally require continued employment in the Group for a specified period of time and the achievement of performance targets.

Awards may take one of three forms:

- an Option: an Option is the right to acquire, at no cost, a specified number of shares. An Option allows the participant to select the time, during the exercise period specified at the time of grant, at which to acquire his shares;
- a Conditional Award: a Conditional Award is the right to receive the specified number of shares once the specified conditions have been satisfied. Under a Conditional Award, the shares will be released to the participant automatically without any action on the part of the participant; and
- a Restricted Award: under a Restricted Award, the participant will become the owner of the shares at the time of grant but on terms that the shares will be forfeited if the specified conditions, for example, as to continued employment, are not met. In the meantime, the participant will be prohibited from disposing of his shares although he will be entitled to the dividends on them and to exercise the rights attributable to them.

This summary of the Plan does not form part of the rules of the Plan which apply in the event of any inconsistency.

THE BARRATT DEVELOPMENTS LONG-TERM PERFORMANCE PLAN

1. INTERPRETATION AND CONSTRUCTION

1.1 Definitions

In this Plan, the following expressions have the meanings shown next to them:

Award - an award made under this Plan which is either an Option, a Conditional Award or a Restricted Award;

Award Shares - the Shares in respect of which an Award is granted;

Board - the board of directors of the Company or a committee appointed by it;

Committee - the Committee of the Board which is known as the Remuneration Committee or any successor committee;

Company - Barratt Developments PLC, registered in England with No. 604574;

Conditional Award - a right to receive Shares subject to and in accordance with the terms set out in Schedule 2 to these Rules;

Control - the same meaning as in section 995 (*Meaning of "control"*) of the Income Tax Act 2007;

Eligible Employee - any person who is eligible to take part in the Plan according to Rule 2 (*Eligibility*);

Grant Date - the date on which an Award is granted;

Grantor - the Company for Awards granted or to be granted by the Company and the Trustee for Awards granted or to be granted by the Trustee;

Group - the Company and its Subsidiaries and the expression **member of the Group** is to be construed accordingly;

Holding Company - the same meaning as in section 1159 (*Meaning of "Subsidiary" etc*) of the Companies Act 2006;

NIC Liability - a liability to pay national insurance contributions in the United Kingdom (or their equivalent, in the opinion of the Committee, outside the United Kingdom), taxes or duties;

Option - a right to acquire Shares subject to and in accordance with the terms set out in Schedule 1 to these Rules;

Participant - the Eligible Employee to whom the Award was granted or, after his death, his personal representative;

Participating Employer - any member of the Group;

Performance Period - in relation to an Award, the period specified by the Committee as the Performance Period for that Award;

Performance Target - the target or targets for an Award set under Rule 3.5 (*Performance Targets and other conditions*) as from time to time changed under Rule 3.6 (*Changing the Performance Targets and other conditions*);

Permitted Reason - in relation to a Participant;

- his death;
- his ill health, injury or disability as a consequence of which it is established, to the satisfaction of the Committee, that the Participant is prevented from following his normal employment;
- his redundancy within the meaning of the Employment Rights Act 1996;
- in respect only of Awards granted prior to 14 November 2012, his retirement at or after the age at which he is bound to retire according to his contract of employment or, if there is no such age, age 65;
- in respect only of Awards granted prior to 14 November 2012, his retirement before the age at which he is bound to retire according to his contract of employment or, if there is no such age, age 65 as a result of which he is entitled to an immediate pension from a pension scheme of the Company in respect of his employment or would be so entitled if he were a member of such a pension scheme;
- in respect only of Awards granted on or after 14 November 2012, such other circumstances as the Committee may, in any particular case, determine;

Plan - this plan including any schedule to the Rules;

Restricted Award - an award of Shares subject to and in accordance with the terms set out in Schedule 3 to these Rules;

Rules - the rules of this Plan;

Share - a fully-paid ordinary share in the capital of the Company;

Stock Exchange - London Stock Exchange plc or any recognised investment exchange for the purposes of the Financial Services and Markets Act 2000 which may take over the function of the London Stock Exchange plc;

Subsidiary - the same meaning as in section 1159 (*Meaning of "subsidiary" etc*) of the Companies Act 2006;

Trustee - the trustee of any employee benefit trust set up for the benefit of employees of the Group which has agreed to be the Trustee for the purposes of the Plan; and

UK Listing Authority - the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 or such other person as is from time to time appointed to be the competent authority for the purposes of that Act.

1.2 Meaning of ceasing to be employed within the Group

Subject to the rest of this Rule, an individual is to be treated as ceasing to be employed within the Group for the purposes of the Plan when he is no longer employed by any member of the Group.

If an individual is away from work because of pregnancy or confinement or another absence approved by the Committee for this purpose, the individual will be treated for the purposes of the Plan as continuing to be employed within the Group unless and until the Committee is satisfied that there is no longer any reasonable expectation that he or she will return to work.

1.3 Construction of the Rules

Any reference in the Plan:

- to the singular includes the plural and vice versa;
- to the masculine includes the feminine; and
- to an enactment includes that enactment as for the time being amended or re-enacted.

The Schedules to these Rules form part of the Rules.

1.4 Governing law

This Plan and any Award granted under it are governed by English law.

1.5 Administration

Unless the Rules say otherwise, the Committee will administer the Plan.

1.6 Disputes

The Committee's decision on the construction of the Rules and on any disputes arising under the Plan is final and binding on all persons.

2. ELIGIBILITY

A person is an Eligible Employee if he satisfies both of the following conditions:

- he is an employee (including a director who receives a salary) of a Participating Employer on the Grant Date; and
- he is not within six months of his anticipated retirement date.

3. GRANTING AWARDS

3.1 Restrictions on grant

The Committee must make sure:

- that the limits in Rule 4 (*Plan limits*) are not exceeded;
- that the limit in Rule 3.2 is not exceeded;
- that Awards are not granted after 12 November 2023; and
- that the Plan is not operated at any time, or in any circumstances, when to do so would breach the Criminal Justice Act 1993, the Company's share dealing code, the Listing Rules of the UK Listing Authority or any other applicable laws or regulations.

3.2 Individual limit

Each Award must be limited, and must therefore take effect, so that the market value of the Shares in respect of which that Award is granted, when added to the market value of the Shares in respect of which the individual has been granted Awards in the same financial year of the Company, does not exceed 200% of the annual rate of the individual's basic pay (excluding bonuses, commissions and benefits in kind) from all members of the Group on the Grant Date.

For these purposes, the **market value** of a Share subject to an Award will be the average of the closing prices, as derived from the Stock Exchange Daily Official List, for each of the dealing days in the period of three months ending with the day before the Grant Date of the relevant Award.

3.3 Procedure on grant

Awards may be granted to such Eligible Employees as the Committee may decide. In deciding whether to grant an Eligible Employee an Award, and the level of any such Award, the Committee may take into account the extent to which the Eligible Employee has complied with any shareholding guidelines applicable to him.

Whenever it decides that an Award is to be granted, the Committee must decide who is to be the Grantor of the Award and the type of the Award. If the Grantor is to be the Trustee, the Committee must obtain the Trustee's agreement beforehand. The Trustee may not grant an Award without the consent of the Committee.

The Grantor may invite individuals to apply for Awards or it may grant Awards without issuing invitations.

3.4 Timing of grant

Subject to Rule 3.1, Awards may be granted as follows:

- in the six weeks following any date on which the Company announces its results to the Stock Exchange;
- in the six weeks following the end of any period during which the Committee has not been able to grant Awards because of the Company's share dealing code, the Listing Rules of the UK Listing Authority or any other applicable laws or regulations; and
- at other times if the Committee considers that exceptional circumstances exist.

3.5 Performance Targets and other conditions

The Committee must make each Award subject to one or more Performance Targets. The Committee may also impose other conditions. In particular, but without limitation, an Award may be granted on terms that the Participant must agree to bear the cost of some or all of any NIC Liability arising from the Award either by reimbursing the person otherwise liable or by entering into an election to transfer the NIC Liability to himself.

The Performance Target must be, in the opinion of the Committee, challenging and must reflect the Company's objectives. The extent to which the Performance Target is treated as met is subject to the Committee being satisfied that the Company's underlying financial performance warrants the level of vesting that would otherwise be achieved. If the Committee is not of this view then it may reduce the extent to which an Award vests.

Where an Award is granted subject to more than one Performance Target and the Performance Targets are to be measured over different Performance Periods, the Committee may decide at the time of grant either:

- (i) to treat the Award as a series of separate Awards each corresponding to the Performance Target applicable to it in which case the determination of whether or not, and the extent to which, the Award has become a vested Award according to the Performance Targets will be made separately by reference to each Performance Target so that the different parts of the Award will vest at different times; or
- (ii) to treat the Award as a single Award in which case the determination of whether or not, and the extent to which the Award has become a Vested Award according to the Performance Targets will not be made until the end of the latest of the Performance Periods.

3.6 Changing the Performance Targets and other conditions

Subject to the rest of this Rule, the Committee may change the Performance Target or the other conditions in any of the following circumstances:

- if the terms of the Performance Target or the other conditions allow it; or

- if any event happens or a series of events happen as a result of which the Committee considers it fair and reasonable to make the change.

The power to change includes the power both to adjust and also the power to impose a new objective Performance Target or different objective conditions.

Except for a change which, in its opinion, is immaterial, no change may be made to a Performance Target without the approval of the Company in general meeting.

The Company must tell each Participant of any changes in the Performance Target or other conditions which apply to his Award.

3.7 Notification to the Trustee

In any case where the Grantor is the Trustee, the Committee must notify the Trustee before setting the Performance Target or the other conditions. If the Performance Target or the other conditions are subsequently changed, the Committee must notify the Trustee as soon as practicable afterwards.

3.8 Clawback

The provisions of Appendix 1 shall apply in relation to any Awards granted on or after 14 November 2012 where the Committee resolves, on or prior to the grant of the Award, that Appendix 1 should be applicable to that Award.

3.9 Limitation on payments

If and to the extent that the Committee determines that payments made in the event of the termination of a Participant's employment with the Company are restricted under any applicable law, the Committee may determine that any amount payable under this Plan or the number of Shares due to be delivered under any Award shall be limited accordingly.

4. PLAN LIMITS

4.1 General

Where an Award is to be satisfied by the issue of new Shares, the Committee must make sure that the nominal amount of Shares over which that Award is granted does not exceed the limits set out in Rules 4.3 and 4.4.

4.2 Meaning of terms used in Rule 4

In Rule 4:

- an **award** is any right to acquire or receive Shares whether conditional or unconditional;
- a **discretionary scheme** is a scheme in which those taking part are senior employees and directors chosen at the discretion of the body administering the scheme;

- an **employee share scheme** is any scheme for employees of the Group which has been approved by the Company in general meeting;
- **equity share capital** has the same meaning as in section 548 (*Expressions used generally in this Act*) of the Companies Act 2006;
- **treasury shares** has the same meaning as in section 724 (*Treasury shares*) of the Companies Act 2006;
- no account will be taken of Shares acquired by the recipient of an award (or the personal representatives of such a person) where the Shares are acquired for a price equal to their market value at or about the date of acquisition;
- subject to the following point, no account will be taken of an award if and to the extent to which the Committee considers that it will be satisfied by the transfer of existing Shares (including treasury shares); and
- any Shares issued or remaining issuable to the trustee of any trust (excluding for the avoidance of doubt treasury shares) which were used or which are to be used to satisfy awards granted under an employee share scheme must be treated as having been issued or as remaining issuable in respect of those awards unless the Shares were acquired by the trustee pursuant to a rights issue or other opportunity offered to the trustee in respect of Shares held by it and acquired otherwise than by subscription.

4.3 10% in 10 years for all schemes

The limit for this Rule is 10% of the nominal amount of the Company's equity share capital on the day before the Grant Date less the total nominal amount of:

- Shares issued in respect of awards granted within the previous 10 years under any employee share scheme;
- Shares remaining issuable in respect of awards granted on the same date or within the previous 10 years under any employee share scheme; and
- Shares issued on the same date or within the previous 10 years under any employee share scheme otherwise than in respect of an award.

4.4 5% in 10 years for discretionary schemes

The limit for this Rule is 5% of the nominal amount of the Company's equity share capital on the day before the Grant Date less the total nominal amount of:

- Shares issued in respect of awards granted within the previous 10 years under any discretionary employee share scheme;

- Shares remaining issuable in respect of awards granted on the same date or within the previous 10 years under any discretionary employee share scheme; and
- Shares issued on the same date or within the previous 10 years under any discretionary employee share scheme otherwise than in respect of an award.

5. GENERAL

5.1 Non-transferability of Awards

An Award is personal to the Participant and his personal representatives. Accordingly, an Award will lapse if:

- the Participant transfers it or creates any interest in it in favour of any third party; or
- a bankruptcy order is made in respect of him or any similar event occurs under the laws of any country other than England.

In the case of a Restricted Award, any reference in the Rules, and the Schedules to the Rules, to an Award being transferred, or to an interest being created in it, is to be taken as including a reference to the Award Shares as well as the Restricted Award.

5.2 Relationship to contract of employment

Participation in the Plan is a matter entirely separate from, and does not affect, a Participant's pension rights or terms of employment.

If a Participant ceases to be entitled to exercise an Award or to receive Shares or the Shares are forfeited because the Participant's employment ends (whether fairly, unfairly, lawfully or wrongfully) or for any other reason, the Participant will not be entitled to any compensation by reference to the rights granted to, or the benefits capable of being received by, him under the Plan or for the loss of such rights or benefits.

5.3 Rights of new Shares issued

Any new Shares issued under the Plan must rank equally in all respects with other Shares then in issue except for rights which attach to Shares by reference to a record time or date prior to the time or date of issue.

5.4 Listing

The Company must apply to the UK Listing Authority for any new Shares issued under the Plan to be listed on the Stock Exchange and to the Stock Exchange to have the Shares admitted to trading. The Company need not do so, however, if the Shares are not traded on the Stock Exchange.

5.5 Notices and circulars to shareholders

The Company need not give Participants copies of any documents sent by the Company to its shareholders. However, the Company must give Participants written notice of events which entitle them to exercise their Options under Clause 7 (*Change of Control and liquidation*) of Schedule 1.

5.6 Costs

The Company must pay the costs of preparing and running the Plan. It may, however, require Participating Employers to share the costs on such a basis as the Board considers fair.

5.7 Notices to Eligible Employees and Participants

Any notice under the Plan to an Eligible Employee or Participant may be given personally or through the internal post or by sending it by post, e-mail or facsimile or by other electronic means (including the internet and the intranet) to the address or number given by that person.

Where a notice or document is sent to an Eligible Employee or Participant by post it will be treated as being received 72 hours after it was put into the post properly addressed and stamped. In all other cases, the notice or document will be treated as received when it is given.

All notices and documents given or sent to Eligible Employees or Participants will be given or sent at the risk of the addressee. Neither the Company nor any of its Subsidiaries nor the Grantor has any liability in respect of any notice or document given or sent, nor any obligation to check that the addressee actually receives it.

5.8 Notices to the Company and the Trustee

Any notice or document to be given to the Company or Grantor must be given by such means as the Board may from time to time decide. Such means may include, but not be limited to, delivering it personally or through the internal post to the recipient's registered office or principal place of business or by sending it by facsimile or e-mail or other electronic means (including the internet and the intranet).

Unless otherwise agreed by the Company, a notice or document will only be effective once it is received by the recipient.

All notices and documents given or sent to the Company or the Grantor will be given or sent at the risk of the sender. Neither the Company nor any of its Subsidiaries nor the recipient has any liability in respect of any notice or document given or sent.

6. CHANGING AND ENDING THE PLAN

6.1 Power of change - general

Subject to the limitations in Rule 6.3, the Board, on the recommendation of the Committee, may change the Plan in any way.

6.2 Power of change - sub-plans

In exercise of the power of change, the Board may create sub-plans.

6.3 Power of change - limitations

Subject to the exceptions in Rule 6.4, the approval of the Company in general meeting must be obtained before making any change to the advantage of employees or Participants to the following provisions:

- Rule 2 (*Eligibility*);
- Rule 3.2 (*Individual limit*);
- Rule 3.5 (*Performance Targets and other conditions*);
- Rule 3.6 (*Changing the Performance Targets and other conditions*);
- Rule 4 (*Plan limits*);
- Rule 5.1 (*Non-transferability of Awards*);
- Rule 5.3 (*Rights of new Shares issued*);
- Clauses 4 (*Restrictions upon exercise*), 6 (*Leaving employment*), 7 (*Change of Control and liquidation*), 8 (*Substitute options following change of Control*) and 9 (*Variation of capital*) of Schedule 1;
- Clauses 4 (*Restrictions upon release of Shares*), 6 (*Leaving employment*), 7 (*Change of Control and liquidation*), 8 (*Substitute awards following change of Control*) and 9 (*Variation of capital*) of Schedule 2;
- Clauses 5 (*Leaving employment*) and 6 (*Change of Control and liquidation*) of Schedule 3; and
- Rule 6.

Subject to the exceptions in Rule 6.4, no change may be made which would affect adversely any of the subsisting rights of a Participant except either with his written consent or with the consent of most of the Participants affected by the change.

6.4 Power of change - exceptions

The Board may change the Plan to take account of any changes to any relevant law.

The Board may change the Plan and/or the terms of Awards to get or keep favourable tax, exchange control or regulatory treatment for Participants or any member of the Group.

The Board may make minor changes to the Plan to ease its administration or to correct clerical errors.

6.5 Notification of changes

The Company must tell a Participant about any change which affects his rights.

6.6 Ending the Plan

The Board may end the Plan at any time in which case no further Awards will be granted. In all other respects, the Plan will remain in force.

SCHEDULE 1

TO THE RULES OF THE BARRATT DEVELOPMENTS LONG-TERM PERFORMANCE PLAN

TERMS APPLICABLE TO AN AWARD WHICH IS AN OPTION

1. GENERAL

The terms set out in this Schedule apply where the Award is an Option.

2. DEFINITIONS

In this Schedule, the following expressions have the meanings shown next to them:

Clauses - the clauses set out in this Schedule;

Exercise Period - such period as the Committee may set at the time of grant ending not later than the day before the tenth anniversary of the Grant Date;

Unvested Option - any Option or, as the case may be, that part of an Option that is not a Vested Option;

Vested Option - an Option (or that part of an Option) in respect of which the Performance Target has been met or as is determined according to Rule 3.5 (*Performance Targets and other conditions*) or Clauses 6 (*Leaving employment*) or 7 (*Change of Control and liquidation*) of this Schedule 1; and

Vested Shares - the Shares subject to a Vested Option.

3. GRANT OF OPTIONS

On the Grant Date, the Grantor must execute a deed of grant in favour of each recipient of an Option. The deed of grant may be in favour of more than one recipient. If so, it will be retained by the Grantor but the Grantor must make it (or the relevant part of it) available for inspection by each recipient. As soon as practicable after the Grant Date, the Grantor must give each recipient written details of his Option. The deed of grant and the written details given to each recipient must state the full terms of the Performance Target and any additional conditions applicable to the Option.

4. RESTRICTIONS UPON EXERCISE

4.1 General

Clause 4 overrides the other Clauses except where otherwise stated.

4.2 End of Exercise Period

An Option will lapse at the end of the Exercise Period.

4.3 Lapsing of Options

If an Option (or a part of an Option) lapses under any Rule or Clause, it (or the relevant part of it) may not be exercised subsequently under any other Clause.

4.4 Meeting the Performance Targets and other conditions

Participant's Option may not be exercised:

- unless it is a Vested Option; or
- except in accordance with any other conditions imposed under Rule 3.5 (*Performance Targets and other conditions*) as changed under Rule 3.6 (*Changing the Performance Targets and other conditions*).

If and to the extent that an Option or a part of an Option does not become a Vested Option as a result of the Performance Target not being met, the Option or, as the case may be, the relevant part of the Option will lapse.

4.5 Share dealing code

A Participant's Option may not be exercised during a restricted period except with the consent given under the Company's share dealing code. A **restricted period** is any time when the buying or selling of securities by a director or employee of the Company would break that code. This restriction applies even if the Participant is not at that time prohibited by the code from acquiring or disposing of securities.

This restriction does not, however, apply if permission to exercise the Option is given:

- in the case of a Participant who is bound by that code, in accordance with the procedures laid down in the code; and
- in the case of any other Participant, by such person as the Committee may nominate for this purpose.

5. EXERCISE OF AN OPTION

5.1 Timing

A Vested Option may be exercised during the Exercise Period. It may not be exercised either:

- before the start of the Exercise Period except where either Clause 6 (*Leaving employment*) or Clause 7 (*Change of Control and liquidation*) applies; or
- after the end of the Exercise Period.

Where an Option is exercisable, it may be exercised in whole or in part and from time to time.

5.2 Method of exercise

To exercise an Option, the Participant must give written notice to the Company. As soon as reasonably practicable after receipt of the notice, the Company must notify the Trustee if the Trustee is the Grantor. The notice of exercise must be in such form, and be accompanied by such other documents as the Committee may decide. The Participant must also comply with Clauses 5.5 and 5.6.

5.3 Time of exercise

Unless the Company agrees otherwise, the time and date of exercise of an Option will be the time and date on which the notice of exercise, complete in all material respects, is received by the Company.

5.4 Transfer of Shares

Within 30 days of the date of exercise, the Company must arrange for the transfer to, or at the direction of, the Participant of the Shares to which he is entitled on that exercise.

The Company's obligation under this Clause is, however, subject to:

- any necessary consents or approvals as may be required by any competent authority having first been obtained;
- the Participant having complied with the terms of the Option; and
- Clauses 5.5 and 5.6.

5.5 Withholding obligations

This Clause applies if the Committee considers that:

- a Participant may be liable to tax, duties, social security contributions or other amounts on the exercise of an Option and/or on an Option becoming exercisable; and
- any other person may have to make a payment to the appropriate authorities on account of that liability.

The Participant must either pay that person the amount which it needs to pay (or has paid) the appropriate authorities or agree to other arrangements approved by the Company. If he does not do so within such period as is specified by the Company, then, to the extent necessary to make sure that the person is reimbursed for the amount due (or paid) to the appropriate authorities, the Participant will be deemed to have exercised the Option, authorised the disposal of the Shares transferable upon the exercise and the payment of the net proceeds of sale to that person.

5.6 NIC Liability

This Clause applies if the Option has been granted subject to a condition that the Participant must reimburse any person for some or all of the NIC Liability arising on the exercise of the Option or on the

Option becoming exercisable or if the Participant has subsequently agreed to do so or if he has entered into an election to transfer some or all of that NIC Liability to himself.

The Participant must either pay the person the amount which he needs to pay (or has paid) the appropriate authorities or agree to other arrangements approved by the Company. If he does not do so within such period as is specified by the Company, then, to the extent necessary to make sure that the Participant complies with his obligations, the Participant will be deemed to have exercised the Option, authorised the disposal of the Shares issuable or transferable upon the exercise and the payment of the net proceeds of sale to that person.

6. LEAVING EMPLOYMENT

6.1 Leaving employment - Vested Options

If a Participant's employment within the Group ends for a reason (whether known at the time or discovered subsequently) which justifies his summary dismissal, his Vested Option (if any) will lapse immediately

If a Participant's employment within the Group ends for any reason other than one which justifies his summary dismissal, his Vested Option (if any) will lapse on the date which is six months after the date on which his employment ends or on such later date, not exceeding 42 months after the date on which his employment ends, as the Committee may decide.

6.2 Leaving employment - Unvested Options

If a Participant's employment within the Group ends for any reason other than a Permitted Reason, his Unvested Option (if any) will lapse immediately.

If a Participant's employment within the Group ends for a Permitted Reason, the extent to which his Unvested Option (if any) will become a Vested Option (if at all) at the end of the Performance Period will be found by applying the following formula:

A/B x C

where A is the number of complete weeks of the Performance Period ending with the date on which the Participant's employment ends;

B is the length (in complete weeks) of the Performance Period; and

C is the number of Award Shares in respect of which the Option would, but for this Clause, have become a Vested Option on the application of the Performance Target.

Where a Participant's Unvested Option is subject to more than one Performance Target and those Performance Targets have different Performance Periods, the Performance Period for the purposes of this formula is to be the one that started first.

Notwithstanding the earlier provisions of this Clause, the Committee may, in exceptional circumstances, decide that some or all of an Unvested Option will become a Vested Option upon the termination of the Participant's employment.

If and to the extent that an Option becomes a Vested Option under this Clause, the Participant may exercise it in the period of six months starting with the date on which the Option becomes a Vested Option or during such longer period, not exceeding 42 months, as the Committee may decide.

If and to the extent that an Option does not become a Vested Option according to this Clause, it will lapse immediately.

7. CHANGE OF CONTROL AND LIQUIDATION

7.1 Change of Control - Vested Options

This Clause applies if any person (either alone or together with any person acting in concert with him):

- gets Control of the Company; or
- already having Control of the Company makes a general offer to acquire all of the Shares other than those which are already owned by him and/or any person acting in concert with him.

Each Participant may exercise his Vested Option (if any) in the six months after the date of the change of Control or, as the case may be, the date the offer is made.

If, as a result of getting Control or of making the offer, the person becomes entitled to give a notice under section 979 (*Right of offeror to buy out minority shareholder*) of the Companies Act 2006 to the Company's Shareholders, each Option will lapse 30 days after the date on which that notice is given unless it is exchanged (whether before or after the end of that period) for a new option under Clause 8 (*Substitute options following change of Control*).

7.2 Scheme of arrangement - Vested Options

This Clause applies where, under section 899 (*Court sanction for compromise or arrangement*) of the Companies Act 2006, the court approves a compromise or arrangement between the Company and its Shareholders.

Each Participant may exercise his Vested Option (if any) during such period as the Committee may decide. The period may not start before the date upon which the compromise or arrangement is approved by the court nor end later than six months after the date upon which it becomes effective. At the end of that period, each Option will lapse unless exchanged (whether before or after the end of that period) for a new option under Clause 8 (*Substitute options following change of Control*).

7.3 Liquidation - Vested Options

Subject to the rest of this Clause, each Option will lapse if an effective resolution is passed, or an order is made, for the Company to be wound up unless it is exchanged (whether before or after the passing of that resolution) for a new option under Clause 8 (*Substitute options following change of Control*).

If a resolution is passed for the Company to be wound up voluntarily, each Participant may exercise his Vested Option (if any) in the period of 60 days after the resolution is passed. At the end of that period, the Option will lapse unless it is exchanged (whether before or after the passing of that resolution) for a new option under Clause 8 (*Substitute options following change of Control*).

Where a Participant exercises an Option according to this Clause, he will be entitled to share in the Company's assets in the same way as he would have been entitled to had the Shares been registered in his name before the resolution was passed.

7.4 Unvested Options

This Clause applies where, on the happening of any of the events mentioned in the preceding provisions of Clause 7, the Participant holds an Unvested Option.

To determine whether the Unvested Option will become a Vested Option (exercisable in accordance with the earlier provisions of this Clause 7) the following formula will be applied:

A/B x C

where A is the number of complete weeks of the Performance Period ending with the date of the relevant event mentioned in Clause 7.1;

 B is the length (in complete weeks) of the Performance Period; and

 C is:

 (i) such number of Award Shares as is determined by applying the Performance Target (so far as is practicable) over the period from the start of the Performance Period to the date of the relevant event mentioned in Clause 7; or

 (ii) such greater or lesser number of Award Shares as the Committee may decide if it considers that the Performance Target would have been met to a greater or lesser extent at the end of the Performance Period.

Where a Participant's Unvested Option is subject to more than one Performance Target and those Performance Targets have different Performance Periods, the Performance Period for the purposes of this formula is to be the one that started first.

Where the formula above is to be applied to the date of the relevant event or the Performance Target is to be applied over a period to the date of the relevant event, the Committee may determine that the relevant period shall end on an earlier date, if the Committee considers that the calculations referred to in this Clause 7.4 would as a consequence be simplified.

If and to the extent that the Option does not become a Vested Option according to this Clause, the Option will forthwith lapse will lapse unless it is exchanged for a new option under Clause 8 (*Substitute options following change of Control*).

7.5 Overriding provision

This Clause applies if:

- the events referred to in Clause 7 form part of a scheme or arrangement as a result of which the Company will be under the Control of another company; and
- the persons who own Shares immediately before the change of Control will immediately afterwards own at least 50% of the shares in that other company; and
- substitute options are to be offered (with or without performance targets) under Clause 8 (*Substitute options following change of Control*).

Notwithstanding the earlier provisions of this Clause 7, the Committee may decide that Unvested Options may be not exercised.

8. SUBSTITUTE OPTIONS FOLLOWING CHANGE OF CONTROL

8.1 Application

Clause 8 applies if a company (the **acquiring company**):

- gets Control of the Company as a result of making a general offer to buy the whole of the issued ordinary share capital of the Company which is made on a condition which, if met, will give the acquiring company Control of the Company; or
- gets Control of the Company as a result of making a general offer to buy all the Shares; or
- gets Control of the Company as a result of a compromise or arrangement approved by the court under section 899 (*Power of company to compromise with creditors and members*) of the Companies Act 2006; or
- becomes bound or entitled to acquire shares in the Company under sections 979 to 989 (“Squeeze-out” and “sell-out”) of the Companies Act 2006.

The acquiring company's offer need not extend to shares which are already owned by it, its Holding Company or by its Subsidiaries or those of its Holding Company.

8.2 Release of Options

With the agreement of the acquiring company, a Participant may release his Option (the **old option**) in return for the grant to him of another option (the **new option**).

8.3 Deemed release

If:

- an old option is not exercised within the period allowed by Clause 7 (*Change of Control and liquidation*); or
- an old option may not be exercised because of Clause 7.5 (*Overriding provision*),

and the old option will otherwise lapse under Clause 7, the Committee may determine that the Participant will be deemed to have agreed to the release of his old option in return for the grant of a new option under this Clause.

8.4 Consequences of release

If a new option is granted under Clause 8:

- the new option will be exercisable in the same way as the old option;
- the Rules and the Clauses will apply to the new option as if references to Shares were references to the shares in respect of which the new option is granted; and
- the Rules and the Clauses will apply to the new option as if references to the Company (including any such references as occur in expressions which are defined in Rule 1.1 (*Definitions*) and are used in the Rules and the Clauses) were references to the company in respect of whose shares the new option is granted.

However, Clause 4.4 (*Meeting the Performance Targets and other conditions*) will not apply to the new option unless it has been granted subject to a performance target and/or other conditions.

9. VARIATION OF CAPITAL

9.1 General

Clause 9 applies if there is a variation in the share capital of the Company or in such other circumstances as the Committee considers appropriate.

9.2 Adjustment of Options

The Committee may adjust each Option in any way that it thinks appropriate. The Committee's decision will be final. In the case of Options granted by the Trustee, the Committee must, however, get the Trustee's agreement beforehand.

The adjustment may be to any or all of the nominal amount and the number of Shares under the Option.

For the avoidance of doubt, the Committee may adjust an Option which has been exercised but in respect of which Shares have not yet been transferred.

9.3 Notification of adjustment

The Company must tell each Participant of any adjustment to his Option as soon as possible after the Committee's decision.

SCHEDULE 2

TO THE RULES OF THE BARRATT DEVELOPMENTS LONG-TERM PERFORMANCE PLAN

TERMS APPLICABLE TO AN AWARD WHICH IS A CONDITIONAL AWARD

1. GENERAL

The terms set out in this Schedule apply where the Award is a Conditional Award.

2. DEFINITIONS

In this Schedule, the following expressions have the meanings shown next to them:

Clauses - the clauses set out in this Schedule;

Vested Shares - subject to Clause 4.4 (*Share dealing code*), such number of the Award Shares to which the Participant is entitled as a result of the Performance Target being met or as are determined according to Rule 3.5 (*Performance Targets and other conditions*) or Clauses 6 (*Leaving employment*) or 7 (*Change of Control and liquidation*) of this Schedule 2.

3. GRANT OF CONDITIONAL AWARDS

On the Grant Date, the Grantor must execute a deed of grant in favour of each recipient of a Conditional Award. The deed of grant may be in favour of more than one recipient. If so, it will be retained by the Grantor but the Grantor must make it (or the relevant part of it) available for inspection by each recipient. As soon as practicable after the Grant Date, the Grantor must give each recipient written details of his Award. The deed of grant and the written details given to each recipient must state the full terms of the Performance Target and any additional conditions applicable to the Award.

4. RESTRICTIONS UPON RELEASE OF SHARES

4.1 General

Clause 4 overrides the other Clauses except where otherwise stated.

4.2 Lapsing of Conditional Awards

If a Conditional Award (or part of a Conditional Award) lapses under any Rule or Clause, the Award Shares (or the relevant number of Award Shares) may not be subsequently released under any other Clause.

4.3 Meeting the Performance Targets and other conditions

Award Shares may not be released:

- unless they are Vested Shares; or
- except in accordance with any other conditions imposed under Rule 3.5 (*Performance Targets and other conditions*) as changed under Rule 3.6 (*Changing the Performance Targets and other conditions*).

A Conditional Award will lapse if and to the extent that the Performance Target is not met.

4.4 Share dealing code

Award Shares may not become Vested Shares and may not be released during a restricted period except with the consent given under the Company's share dealing code. A **restricted period** is any time when the buying or selling of securities by a director or employee of the Company would break that code. This restriction applies even if the Participant is not at that time prohibited by the code from acquiring or disposing of securities.

This restriction does not, however, apply if permission for the Award Shares to become Vested Shares is given:

- in the case of a Participant who is bound by that code, in accordance with the procedures laid down in the code; and
- in the case of any other Participant, by such person as the Committee may nominate for this purpose.

5. RELEASE OF SHARES

5.1 General

The Company must transfer, or procure the transfer of, the Vested Shares to, or at the direction of, the Participant as soon as reasonably practicable after they become Vested Shares.

The Company's obligation under this Clause is, however, subject to:

- any necessary consents or approvals as may be required by any competent authority having first been obtained;
- the Participant having complied with the terms of the Conditional Award; and
- Clauses 5.2 and 5.3.

5.2 Withholding obligations

This Clause applies if the Committee considers that:

- a Participant may be liable to tax, duties, social security contributions or other amounts when Award Shares become Vested Shares or Shares are released; and

- any other person may have to make a payment to the appropriate authorities on account of that liability.

The Participant must either pay that person the amount which it needs to pay (or has paid) the appropriate authorities or agree to other arrangements approved by the Company. If he does not do so within such period as is specified by the Company, then, to the extent necessary to make sure that the person is reimbursed for the amount due (or paid) to the appropriate authorities, the Participant will be deemed to have authorised the disposal of the Vested Shares and the payment of the net proceeds of sale to that person.

5.3 NIC Liability

This Clause applies if the Conditional Award has been granted subject to a condition that the Participant must reimburse any person for some or all of the NIC Liability arising as a result of Award Shares becoming Vested Shares or Shares being released or if the Participant has subsequently agreed to do so or if he has entered into an election to transfer some or all of that NIC Liability to himself.

The Participant must either pay that person the amount which it needs to pay (or has paid) the appropriate authorities or agree to other arrangements approved by the Company. If he does not do so within such period as is specified by the Company, then, to the extent necessary to make sure that the Participant complies with his obligations, the Participant will be deemed to have authorised the disposal of the Vested Shares and the payment of the net proceeds of sale to that person.

6. LEAVING EMPLOYMENT

6.1 Leaving for a reason other than a Permitted Reason

If a Participant's employment within the Group ends otherwise than for a Permitted Reason, his Conditional Award will lapse immediately.

6.2 Leaving for a Permitted Reason

If a Participant's employment ends for a Permitted Reason, the Vested Shares (if any) of his Award will be the number of Award Shares found by applying the following formula:

$$A/B \times C$$

where A is the number of complete weeks of the Performance Period ending with the date on which the Participant's employment ends;

B is the length (in complete weeks) of the Performance Period; and

C is the number of Award Shares that would, but for this Clause, otherwise become Vested Shares on the application of the Performance Target.

Where a Participant's Unvested Award is subject to more than one Performance Target and those Performance Targets have different Performance Periods, the Performance Period for the purposes of this formula is to be the one that started first.

Notwithstanding the earlier provisions of this Clause, the Committee may, in exceptional circumstances, decide that some or all of the Award Shares will become Vested Shares upon the termination of the Participant's employment.

If and to the extent that the Award Shares do not become Vested Shares according to this Clause, the Conditional Award will lapse.

7. CHANGE OF CONTROL AND LIQUIDATION

7.1 Application of Clause 7

Clause 7 applies in the following circumstances:

- if any person (either alone or together with any person acting in concert with him) gets Control of the Company;
- if any person (either alone or together with any person acting in concert with him) already having Control of the Company makes a general offer to acquire all of the Shares other than those which are already owned by him and/or any person acting in concert with him.
- where, under section 899 (*Court sanction for compromise or arrangement*) of the Companies Act 2006, the court approves a compromise or arrangement between the Company and its Shareholders; or
- if a resolution is passed for the Company to be wound up voluntarily.

It is subject to Clause 7.4.

7.2 Calculation of Vested Shares

The Vested Shares will be the number of Award Shares (if any) found by applying the following formula:

A/B x C

where A is the number of complete weeks of the Performance Period ending with the date of the relevant event mentioned in Clause 7.1;

 B is the length (in complete weeks) of the Performance Period; and

 C is:

 (i) such number of Award Shares as is determined by applying the Performance Target (so far as is practicable) over the period from

the start of the Performance Period to the date of the relevant event mentioned in Clause 7; or

- (ii) such greater or lesser number of Award Shares as the Committee may decide if it considers that the Performance Target would have been met to a greater or lesser extent at the end of the Performance Period.

Where a Participant's Unvested Award is subject to more than one Performance Target and those Performance Targets have different Performance Periods, the Performance Period for the purposes of this formula is to be the one that started first.

If and to the extent that the Award Shares do not become Vested Shares according to this Clause, the Conditional Award will forthwith lapse.

7.3 Liquidation

Subject to Clause 7.1, each Conditional Award will lapse if an effective resolution is passed or is made, for the Company to be wound up unless it is exchanged (whether before or after the passing of that resolution) for a new award under Clause 8 (*Substitute awards following change of Control*).

7.4 Overriding provision

This Clause applies if:

- the events referred to in Clause 7 form part of a scheme or arrangement as a result of which the Company will be under the Control of another company; and
- the persons who own Shares immediately before the change of Control will immediately afterwards own at least 50% of the shares in that other company; and
- substitute awards are to be offered (with or without performance targets) under Clause 8 (*Substitute awards following change of Control*),

Notwithstanding the earlier provision of this Clause 7, the Committee may decide that Award Shares will not become Vested Shares according to Clause 7.2.

8. SUBSTITUTE AWARDS FOLLOWING CHANGE OF CONTROL

8.1 Application

Clause 8 applies if a company (the **acquiring company**):

- gets Control of the Company as a result of making a general offer to buy the whole of the issued ordinary share capital of the Company which is made on a condition which, if met, will give the acquiring company Control of the Company; or

- gets Control of the Company as a result of making a general offer to buy all the Shares; or
- gets Control of the Company as a result of a compromise or arrangement approved by the court under section 899 (*Court sanction for compromise or arrangement*) of the Companies Act 2006; or
- becomes bound or entitled to acquire shares in the Company under sections 979 to 989 (“Squeeze-out” and “sell-out”) of the Companies Act 2006.

The acquiring company’s offer need not extend to shares which are already owned by it, its Holding Company or by its Subsidiaries or those of its Holding Company.

8.2 Release of Conditional Awards

With the agreement of the acquiring company, a Participant may release his Conditional Award (the **old award**) in return for the grant to him of another award (the **new award**).

8.3 Deemed release

If Clause 7.3 (*Overriding provision*) applies, the Committee may determine that the Participant will be deemed to have agreed to the release of his old award in return for the grant of a new award under this Clause.

8.4 Consequences of release

If a new award is granted under Clause 8:

- the Rules and the Clauses will apply to the new award as if references to Shares were references to the shares in respect of which the new award is granted; and
- the Rules and the Clauses will apply to the new award as if references to the Company (including any such references as occur in expressions which are defined in Rule 1.1 (*Definitions*) and are used in the Rules and the Clauses) were references to the company in respect of whose shares the new award is granted.

However, Clause 4.3 (*Meeting the Performance Targets and other conditions*) will not apply to the new award unless it has been granted subject to a performance target and/or other conditions.

9. VARIATION OF CAPITAL

9.1 General

Clause 9 applies if there is a variation in the share capital of the Company or in such other circumstances as the Committee considers appropriate.

9.2 Adjustment of Conditional Awards

The Committee may adjust each Conditional Award in any way that it thinks appropriate. The Committee's decision will be final. In the case of Conditional Awards granted by the Trustee, the Committee must, however, get the Trustee's agreement beforehand.

The adjustment may be to any or all of the nominal amount and the number of the Award Shares.

9.3 Notification of adjustment

The Company must tell each Participant of any adjustment to his Conditional Award as soon as possible after the Committee 's decision.

SCHEDULE 3

TO THE RULES OF THE BARRATT DEVELOPMENTS LONG-TERM PERFORMANCE PLAN

TERMS WHICH ARE APPLICABLE TO AN AWARD WHICH IS A RESTRICTED AWARD

1. GENERAL

The terms set out in this Schedule apply where the Award is a Restricted Award.

2. DEFINITIONS

In this Schedule, the following expressions have the meanings shown next to them:

Clauses - the clauses set out in this Schedule;

Vested Shares - subject to Clauses 4.5 (*Share dealing code*), such number of the Award Shares as are no longer subject to forfeiture as a result of the Performance Target being met or as are determined according to Rule 3.5 (*Performance Targets and other conditions*) or Clauses 5 (*Leaving employment*) or 6 (*Change of Control and liquidation*) of this Schedule 3.

3. GRANT OF RESTRICTED AWARDS

The Grantor will make a Restricted Award by entering into an agreement with an Eligible Employee under which the Grantor agrees to transfer (or procure the transfer of) the beneficial interest (or both the legal and beneficial interest) in the Award Shares to the Eligible Employee on terms that the Eligible Employee agrees:

- that he will not assign, transfer or charge his Award Shares or any interest in them at any time for so long as the Shares remain subject to forfeiture without the consent of the Committee;
- that he will not, except in relation to any dividends (other than dividends which in the opinion of the Committee are abnormal) paid on the Award Shares or as otherwise permitted by the Committee, assign, transfer or charge any value which he receives in respect of his Award Shares whilst they are subject to forfeiture and that such value shall itself be treated as forming part of the Award Shares unless and to the extent that the Committee decides otherwise;
- that, if the transfer is of the legal interest in the Award Shares, for so long as the Award Shares are subject to forfeiture he will deposit the share certificates (or other documents of title) relating to his Award Shares with such person as the Committee may decide together with a duly signed but otherwise incomplete instrument of transfer; and
- that he will be bound by the Rules and the Clauses and, in particular but without limitation, to the circumstances in which some or all of his Award Shares will be forfeited.

The Trustee and the Company may enter into such arrangements as they think fit in order to enforce the obligations of the Participant under the agreement.

On the Grant Date, the Grantor will transfer, or procure that there is transferred, to the Participant the beneficial interest (or, as the case may be, the legal and the beneficial interest) in his Award Shares subject to the terms of this Plan and that the Participant is given notice in writing of the full terms of the Performance Target and any additional conditions applicable to the Award.

4. VESTING AND FORFEITURE

4.1 Vesting of Shares

Subject to Clause 4.5, the Award Shares subject to an Award will vest, and cease to be subject to forfeiture, in the following circumstances:

- if and to the extent to which they become Vested Shares; and
- as determined according to Clause 5 (*Leaving employment*) or 6 (*Change of Control and liquidation*).

Where the legal interest in the Award Shares has been retained by another person, the Committee must, subject to the rest of this Clause 4, procure that the Vested Shares are transferred to the Participant or to someone else chosen by him as soon as practicable after they become Vested Shares.

4.2 Forfeiture of Award Shares

A Participant's Award Shares shall be forfeited immediately:

- if and to the extent that they do not become Vested Shares as a result of the Performance Target not being met;
- if and to the extent that any conditions imposed under Rule 3.5 (*Performance Targets and other conditions*) as changed under Rule 3.6 (*Changing the Performance Targets and other conditions*) are not met;
- if and to the extent they do not become Vested Shares according to Clause 5 (*Leaving employment*) or 6 (*Changes of Control and Liquidation*); and
- unless the Committee decides otherwise, if the Participant breaches the agreement made under Clause 3.

4.3 Withholding obligations

This Clause applies if the Committee considers that:

- a Participant may be liable to tax, duties, social security contributions or other amounts on the grant of the Award and/or on the Award Shares becoming Vested Shares; and

- any other person may have to make a payment to the appropriate authorities on account of that liability.

The Participant must either pay that person the amount which it needs to pay (or has paid) the appropriate authorities or agree to other arrangements approved by the Company. If he does not do so within such period as is specified by the Company, then, to the extent necessary to make sure that the person is reimbursed for the amount due (or paid) to the appropriate authorities, the Participant will be deemed to have authorised the disposal of some or all of the Award Shares and the payment of the net proceeds of sale to that person.

4.4 NIC Liability

This Clause applies if the Restricted Award has been granted subject to a condition that the Participant must reimburse any person for some or all of the NIC Liability arising on the grant of the Restricted Award or on the Award Shares becoming Vested Shares or if the Participant has subsequently agreed to do so or if he has entered into an election to transfer some or all of that NIC Liability to himself.

The Participant must either pay that person the amount which it needs to pay (or has paid) the appropriate authorities or agree to other arrangements approved by the Company. If he does not do so within such period as is specified by the Company, then, to the extent necessary to make sure that the Participant complies with his obligations, the Participant will be deemed to have authorised the disposal of some or all of the Award Shares and the payment of the net proceeds of sale to that person.

4.5 Share dealing code

Award Shares may not become Vested Shares and may not cease to be subject to forfeiture during a restricted period except with the consent given under the Company's share dealing code. A **restricted period** is any time when the buying or selling of securities by a director or employee of the Company would break that code. This restriction applies even if the Participant is not at that time prohibited by the code from acquiring or disposing of securities.

This restriction does not, however, apply if permission for the Award Shares to become Vested Shares is given:

- in the case of a Participant who is bound by that code, in accordance with the procedures laid down in the code; and
- in the case of any other Participant, by such person as the Committee may nominate for this purpose.

5. LEAVING EMPLOYMENT

5.1 Leaving for a reason other than a Permitted Reason

If a Participant's employment within the Group ends otherwise than for a Permitted Reason, all of the Award Shares will be forfeited forthwith.

5.2 Leaving for a Permitted Reason

If a Participant's employment within the Group ends for a Permitted Reason, the Vested Shares of his Award will be the number of Award Shares found by applying the following formula:

A/B x C

where A is the number of complete weeks of the Performance Period ending with the date on which the Participant's employment ends;

B is the length (in complete weeks) of the Performance Period; and

C is the number of Award Shares that would, but for this Clause, otherwise become Vested Shares on the application of the Performance Target.

Where a Participant's Award is subject to more than one Performance Target and those Performance Targets have different Performance Periods, the Performance Period for the purposes of this formula is to be the one that started first.

Notwithstanding the earlier provisions of this Clause, the Committee may, in exceptional circumstances, decide that some or all of the Award Shares will become Vested Shares upon the termination of the Participant's employment.

If and to the extent the Award Shares do not become Vested Shares according to this Clause, they will be forfeited forthwith.

6. CHANGE OF CONTROL AND LIQUIDATION

6.1 Application of Clause 6

Clause 6 applies in the following circumstances:

- if any person (either alone or together with any person acting in concert with him) gets Control of the Company;
- if any person (either alone or together with any person acting in concert with him) already having Control of the Company makes a general offer to acquire all of the Shares other than those which are already owned by him and/or any person acting in concert with him;

- where, under section 899 (*Court sanction for compromise or arrangement*) of the Companies Act 2006, the court approves a compromise or arrangement between the Company and its Shareholders; or
- if an effective resolution is passed, or an order is made, for the Company to be wound up.

It is subject to Clause 6.3.

6.2 Calculation of Vested Shares

The Vested Shares will be the number of Award Shares found by applying the following formula:

A/B x C

where A is the number of complete weeks of the Performance Period ending with the date of the relevant event mentioned in Clause 6.1;

B is the length (in complete weeks) of the Performance Period; and

C is:

- (i) such number of Award Shares as is determined by applying the Performance Target (so far as is practicable) over the period from the start of the Performance Period to the date of the relevant event mentioned in Clause 6; or
- (ii) such greater or lesser number of Award Shares as the Committee may decide if it considers that the Performance Target would have been met to a greater or lesser extent at the end of the Performance Period.

Where a Participant's Award is subject to more than one Performance Target and those Performance Targets have different Performance Periods, the Performance Period for the purposes of this formula is to be the one that started first.

If and to the extent that the Award Shares do not become Vested Shares according to this Clause, they will forfeited forthwith.

6.3 Overriding provision

If:

- the events referred to in Clause 6.1 form part of a scheme or arrangement as a result of which the Company will be under the Control of another company; and
- the persons who own shares immediately before the change of control will immediately afterwards own at least 50% of the shares in that other company,

the Committee may decide that the Award Shares will not vest but that these provisions will continue to apply to the shares in the acquiring company received by the Participant in respect of the Award Shares.

APPENDIX 1:**CLAWBACK**

This Appendix applies to Awards granted to such senior employees of a Participating Employer as the Committee decides on or after [] November 2012 and applies to those Awards regardless of any of the other provisions of the Plan. If there is any conflict between the provisions of this Appendix 1 and the remaining provisions of the Plan, the provisions of Appendix 1 shall apply.

1. Adjustment of award in exceptional circumstances

The Committee may, at any time prior to the any Shares subject to an Award granted as a Conditional Award or as a Restricted Award becoming Vested Shares or prior to any Award granted as an Option becoming a Vested Option, decide that the number of the Shares subject to that Award shall be reduced (including to nil) on such basis that the Committee considers to be fair, reasonable and proportionate where, in the opinion of the Committee, there are exceptional circumstances. Such exceptional circumstances include (without limitation): a material mis-statement in the published results of the Group and where, as a result of appropriate review of accountability, a participant has been deemed to have caused in full or in part a material loss for the Group as a result of (i) reckless, negligent or wilful actions or (ii) inappropriate values or behaviour.

Whenever the number of Award Shares is reduced in accordance with this paragraph, the Award will be treated (to the relevant extent) as having lapsed and the Company must notify the Participant as soon as reasonably practical thereafter.

2. Clawback following Vesting

The Committee may decide at any time within two years of the date on which the Shares subject to a Conditional Award or a Restricted Award have become Vested Shares or an Option has become a Vested Option that the individual to whom the Award was granted (the "relevant individual") shall be subject to Clawback if:

- (a) the Company has to restate its financial statements due to "prior period errors" as defined by International Accounting Standard 8 and such errors resulted in that Award vesting to a greater degree than would have been the case had that error not occurred;
- (b) the Committee forms the view that in assessing the extent to which any Performance Condition and/or any other condition imposed on the Award was satisfied such assessment was based on a material error and that such error resulted in that Award vesting to a materially greater degree than would have been the case had that error not been made; or
- (c) the relevant individual ceases to be a director or employee of a member of the Group as a result of his summary dismissal because of his gross misconduct which has caused loss or damage to a member of the Group.

3. Amount to be subject to Clawback

Where clause 1(a) or 1(b) above applies, the amount to be subject to Clawback shall be the additional value which has been received by the relevant individual as a result of the relevant error. If the relevant individual has ceased to be a director or employee of a Member of the Group when the Clawback is applied or ceases to be such a director or employee before the Clawback has been satisfied in full then the amount (or remaining amount if applicable) subject to Clawback shall be limited to the net (post-tax and National Insurance) amount of such additional value.

Where clause 1(c) applies, the amount to be subject to Clawback shall be such amount as the Committee decides is appropriate having regard to the loss or damage suffered by the Company.

4. Satisfaction of the Clawback

The Clawback shall be satisfied in the following ways.

- (a) While the relevant individual is a director or employee of a member of the Group the Committee may reduce (including, if appropriate, reducing to zero) any of the following elements of the remuneration of the relevant individual:
 - (i) the amount of any future bonus (if any) which would, but for the operation of the Clawback, be payable to the relevant individual under any bonus plan operated by any member of the Group; and/or
 - (ii) the extent to which any other subsisting Award held by the relevant individual vests, notwithstanding the extent to which any Performance Condition and/or any condition imposed on any such Award has been satisfied; and/or
 - (iii) the extent to which any rights to acquire Shares granted to the relevant individual under any share incentive plan (other than the Plan, any deferred bonus plan and any share plan approved by HM Revenue & Customs under the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA")) operated by any member of the Group vest or become exercisable notwithstanding the extent to which any conditions imposed on such rights to acquire Shares have been satisfied; and/or
 - (iv) the number of Shares subject to any Vested Option that is then unexercised; and/or
 - (v) the number of Shares subject to any vested but unexercised right to acquire Shares granted to the relevant individual under any share incentive plan (other than the Plan, any deferred bonus plan and any plan approved by HM Revenue & Customs under ITEPA) operated by any member of the Group.

Any reduction made pursuant to clause 3(a)(ii) and/or clause 3(a)(iii) above shall take effect immediately prior to the Award or the right vesting or becoming exercisable (as applicable) and any reduction made pursuant to clause 3(a)(iv) and/or clause 3(a)(v) shall take effect at such time as the Committee decides.

- (b) If the relevant individual is not a director or employee of a member of the Group at any time when the Clawback has not been satisfied in full then the Committee shall require the relevant individual to pay to such member of the Group as the Committee may direct, and on such terms as the Committee may direct (including, without limitation, on terms that the relevant amount is deducted from any payment to be made by any member of the Group to the relevant individual) such amount as, subject to paragraph 3, is required for the Clawback to be satisfied in full.
- 5. Reduction in Awards to give effect to clawback provisions in other plans**

The Committee may decide at any time to reduce the number of Shares subject to an Award (including, if appropriate, reducing to nil) to give effect to a clawback provision of any form contained in any other incentive plan (other than the Plan) or any bonus plan operated by any member of the Group. The value of the reduction shall be in accordance with the terms of the clawback provision in the relevant plan or, in the absence of any such term, on such basis as the Committee, acting fairly and reasonably, decides is appropriate.