

easyJet plc

EASYJET SHARE INCENTIVE PLAN

Adopted by the Company on 28 October 2000 and amended by the Remuneration Committee
on 27 September 2013 and 5 November 2014

Inland Revenue Reference: A2008/SY

Date approved by Inland Revenue on: 30 June 2005

Amended by the Remuneration Committee on • 2025
and approved by shareholders at the AGM on • 2025

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1. DEFINITIONS

1.1 In this Plan, unless the context otherwise requires:

"Accumulation Period" means a period specified by the Board not exceeding twelve months during which the Trustees accumulate a Qualifying Employee's Partnership Share Money before acquiring Partnership Shares or repaying it to the employee;

"Acquisition Date" means:

- (a) in relation to Partnership Shares, where there is no Accumulation Period, the date set by the Trustees in relation to the Award, being a date not later than 30 days after the last date on which the Partnership Share Money to be applied in acquiring the Partnership Shares was deducted;
- (b) in relation to Partnership Shares, where there is an Accumulation Period, the date set by the Trustees in relation to the Award, being a date not later than 30 days after the end of the Accumulation Period which applies in relation to the Award; and
- (c) in relation to Dividend Shares, the date set by the Trustees in relation to the acquisition of such Shares, being a date not later than 30 days after the dividend is received by them;

"Associated Company" has the same meaning as in paragraph 94 of the Schedule;

"Award Date" means the date on which Free Shares or Matching Shares are awarded under the Plan;

"Award" means:

- (a) in relation to Free Shares and Matching Shares, the appropriation of Free Shares and Matching Shares under the Plan; and
- (b) in relation to Partnership Shares, the acquisition of Partnership Shares on behalf of Qualifying Employees under the Plan;

"the Board" means the board of directors of the Company or a committee appointed by them;

"the Company" means easyJet plc (registered in England and Wales No. 3959649);

"Connected Company" has the same meaning as in paragraph 18 of the Schedule;

"Control" has the same meaning as in section 995 ITA;

"CTA 2010" means the Corporation Tax Act 2010;

"dealing day" means a day on which the London Stock Exchange is open for the transaction of business;

"Dividend Shares" means Shares acquired on behalf of a Participant from reinvestment of dividends under Part D of the Plan and which are subject to the Plan;

"Free Share Agreement" means an agreement relating to Free Shares awarded under the Plan and entered into between a Participant and the Company;

"Free Shares" means Shares awarded under Part A of the Plan which are subject to the Plan;

"HMRC" means HM Revenue & Customs;

"Holding Period" means:

- (a) in relation to Free Shares, the period specified by the Board as mentioned in Rule 8.13;
- (b) in relation to Matching Shares, the period specified by the Board as mentioned in Rule 10.5; and
- (c) in relation to Dividend Shares, the period of three years from the Acquisition Date;

"Initial Market Value" means the Market Value of a Share on an Award Date and, where the Share is subject to a Restriction, the Market Value shall be determined without reference to that Restriction;

"ITA" means the Income Tax Act 2007;

"ITEPA" means the Income Tax (Earnings and Pensions) Act 2003;

"ITTOIA" means the Income Tax (Trading and Other Income) Act 2005;

"the London Stock Exchange" means the London Stock Exchange plc;

"Market Value" means on any day:

- (a) where Shares are acquired on the market of the London Stock Exchange by the Trustees on that day, or over the period of up to five consecutive dealing days ending with that day, and all of the Shares so acquired are used on the samethat day for an award of Partnership Shares, Free Shares or Matching Shares or for Dividend Shares, the average cost per Share of making that acquisition; or
- (b) if the Shares to be awarded on that day were not all purchased by the Trustees as provided for in (a) aboveon that day and the Shares have been admitted to the Daily Official List of the London Stock Exchange, the average of the middle market quotations of a Share as derived from the Daily Official List of the London Stock Exchange on the three preceding dealing days or such other dealing day or days as agreed with HMRC; or
- (c) if the Shares have not been admitted to the Daily Official List of the London Stock Exchange, the market value of a Share determined in accordance with the provisions of Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed for the purposes of the Plan with HMRC Shares and Assets Valuation on or before that day;

"Matching Shares" means Shares awarded under Part C of the Plan and which are subject to the Plan;

"Material Interest" has the same meaning as in paragraph 20 of the Schedule;

"NICs" means National Insurance contributions;

"Participant" means an individual who has received an Award of Free Shares, Matching Shares or Partnership Shares, or on whose behalf Dividend Shares have been acquired;

"Participating Company" means the Company and such of its subsidiaries as have executed deeds of adherence to the Plan under clause 14 of the Deed and any jointly owned company (as that term is defined in paragraph 91 of the Schedule) that is not already a participating

company in another plan approved under the Schedule as has executed a deed of adherence to the Plan under clause 14 of the Deed, and to which for the time being the Plan is expected to extend by the Board;

"Partnership Shares" means Shares awarded under Part B of the Plan and which are subject to the Plan;

"Partnership Share Agreement" means an agreement relating to Partnership Shares (and if appropriate Matching Shares) awarded under this Plan which complies with Part 6 of the Schedule and which is entered into between a Participant and the Company;

"Partnership Share Money" means money deducted from a Qualifying Employee's Salary pursuant to a Partnership Share Agreement and held by the Trustees to acquire Partnership Shares or to be returned to such a person;

"PAYE" means the requirements of Pay As You Earn as prescribed by Part 11 of ITEPA or PAYE regulations under section 684 ITEPA;

"Performance Allowances" means the criteria for an Award of Free Shares which determine:

- (a) whether Shares are awarded; and
- (b) the number or value of Shares awarded;

"the Plan" means the easyJet Share Incentive Plan subject to any alterations or additions made under Rule 6;

"Plan Shares" means:

- (a) Free Shares, Matching Shares or Partnership Shares awarded to Participants;
- (b) Dividend Shares acquired on behalf of Participants; and
- (c) shares in relation to which paragraph 87(2) (*company reconstructions: new shares*) of the Schedule applies

in each case that remain subject to the Plan;

"Plan Termination Notice" means a notice issued under paragraph 89 of the Schedule;

"Qualifying Company" has the same meaning as in paragraph 17 of the Schedule;

"Qualifying Corporate Bond" has the same meaning as in section 117 of the Taxation of Chargeable Gains Act 1992;

"Qualifying Employee" means an employee who must be invited to participate in an Award under Rule 3.5 and any employee who has been invited to participate under Rule 3.6;

"Qualifying Period" means:

- (a) in the case of Free Shares, 18 months before the Award is made or such other period not exceeding that period as the Board may determine in relation to the Award;
- (b) in the case of Partnership Shares and Matching Shares where there is an Accumulation Period, 6 months before the start of the Accumulation Period or such other period not exceeding that period as the Board may determine in relation to the Award; and

(c) in the case of Partnership Shares and Matching Shares where there is no Accumulation Period, 18 months before the deduction of Partnership Share Money relating to the Award or such other period not exceeding that period as the Board may determine in relation to the Award;

"Redundancy" has the same meaning as in the Employment Rights Act 1996;

"Relevant Employment" means employment by the Company or any Associated Company;

"Restriction" means any contract, agreement, arrangement or condition which falls within section 423(1)(a) ITEPA (*Restricted securities*);

"Rules" means the rules of the Plan;

"Salary" has the same meaning as in paragraph 43 of the Schedule;

"Schedule 2 SIP" means a share incentive plan which meets the requirements of Parts 2 to 9 of the Schedule;

"the Schedule" means Schedule 2 to ITEPA;

"Shares" means ordinary shares in the capital of the Company which comply with the conditions set out in paragraph 25 of the Schedule;

"Subsidiary" means a body corporate which is a subsidiary of the Company (within the meaning of section 1159 of the Companies Act 2006) and of which the Company has Control;

"Tax Year" means a year beginning on 6 April and ending on the following 5 April;

"the Trust Deed" means the trust deed made between the Company and the Trustees in connection with the Plan;

"the Trustees" means the trustees or trustee for the time being of the Plan;

"the Trust Fund" means all assets transferred to the Trustees to be held on the terms of the Trust and the assets from time to time representing such assets, including any accumulations of income;

"the Trust Period" means the period of 80 years beginning with the date of the Deed;

"the UKLA" means the United Kingdom Listing Authority;

"UK Resident Taxpayer" has the same meaning as in paragraph 8(2) of the Schedule (*employee resident in the UK*).

- 1.2 Any reference in this Plan to any enactment includes a reference to that enactment as from time to time modified, extended or re-enacted.
- 1.3 Expressions in italics and headings are for guidance only and do not form part of the Plan.
- 1.4 Expressions not defined in this Plan have the same meaning as they have in the Schedule and interpretive provisions in the Schedule and any interpretive provisions issued by HMRC shall apply in interpreting this Plan (except where the Plan expressly provides otherwise).

2. PURPOSE OF THE PLAN

2.1 The purpose of the Plan is to enable employees of Participating Companies to acquire Shares which give them a continuing stake in the Company.

3. ELIGIBILITY OF INDIVIDUALS

General rule on eligibility

3.1 Individuals are eligible to participate in an Award only:

- (a) if they are employees of a Participating Company;
- (b) if a Qualifying Period is specified by the Board, they have been employees of a Qualifying Company at all times during any Qualifying Period;
- (c) if they are so eligible on the relevant date(s) as set out in Rule 3.4; and
- (d) if they do not fail to be so eligible under any of Rules 3.2 or 3.3.

Participation in more than one plan

3.2 Individuals are not eligible to participate in an Award of Shares in any Tax Year if in that Tax Year:

- (a) they are at the same time to participate in an award of shares under another Schedule 2 SIP established by the Company or a Connected Company; or
- (b) in respect of an award of Free Shares, if they would have participated in such an award but for their failure to meet the relevant Performance Allowances.

3.3 If an individual participates in an Award of Shares under the Plan in a Tax Year in which he has already participated in an Award of Shares under one or more other Schedule 2 SIPs established by the Company or a Connected Company -then:

- (a) Rule 8.4 (*Maximum annual award of Free Shares*); and
- (b) Rule 9.4 (*maximum award of Partnership Share Money deductions*)

apply as if the Plan and the other plan or plans were a single plan.

Relevant dates of eligibility

3.4 The relevant dates mentioned in Rule 3.1(c) are:

- (a) in the case of Free Shares, the date on which the Award of such shares is made;
- (b) in the case of Partnership Shares or Matching Shares where there is no Accumulation Period, the date on which the Partnership Share Money relating to the Award is deducted; and
- (c) in the case of Partnership Shares or Matching Shares where there is an Accumulation Period, the date on which the Partnership Share Money relating to the Award is first deducted.

Employees who must be invited to participate in Awards

3.5 Whenever the Board decides to invite individuals to participate in the Plan it must invite all individuals who meet the requirements in Rule 3.1 and are UK Resident Taxpayers.

Employees who may be invited to participate in Awards

3.6 Whenever the Board decides to invite individuals to participate in the Plan, it may also invite any employee who meets the requirements in Rule 3.1 to participate in the Plan even if they are not a UK Resident Taxpayer.

4. PARTICIPATION ON SAME TERMS

4.1 Subject to Rule 8.5 (*Awards of Free Shares subject to Performance Allowances*), every Qualifying Employee who is invited to participate in this Plan shall be invited to participate on the same terms and those who do participate shall do so on the same terms.

4.2 The Company may make an Award of Free Shares to Qualifying Employees by reference to their remuneration, length of service or hours worked in accordance with paragraphs 9(3) and 9(4) of the Schedule.

5. LIMITS

10 per cent in 10 years limit

5.1 No Shares shall be issued to the Trustees under the Plan ~~in any calendar year~~ which would, at the time they are issued, cause the number of Shares allocated (as defined in Rule 5.2 below) ~~on or after 22 November 2000 and in the previous period of 10 calendar years ending with that year~~ under the Plan or under any other employee share plan ~~(excluding the easyJet Supplemental Flotation Share Option Scheme)~~ adopted by the Company to exceed such number as represents 10 per cent of the ordinary share capital of the Company in issue at that time.

Meaning of “allocated”

5.2 For the purpose of Rule 5.1:

(a) Shares are allocated:

- (i) when an option, award or other contractual right to acquire unissued Shares or treasury Shares is granted; or
- (ii) where Shares are issued or treasury Shares are transferred otherwise than in respect of an option, award or other contractual right to acquire Shares, when these Shares are issued or treasury Shares are transferred.

(b) the number of Shares allocated in respect of an option, award or other contractual right shall be such number as the Board shall reasonably determine from time to time;

(c) any Shares which have been issued or which may be issued (or Shares transferred out of treasury or which may be transferred out of treasury) to any trustees to satisfy any option, award or other contractual right granted shall (without double counting) be treated as “allocated”; and

(d) for the avoidance of doubt, existing Shares other than treasury Shares that are transferred or over which options, awards or other contractual rights are granted shall not count as “allocated”

5.3 Post-grant events affecting numbers of “allocated” Shares

Where:

- (a) any option, award or other contractual right to acquire unissued Shares or treasury Shares is released or lapses (whether in whole or in part); or
- (b) after the grant of an option, award or other contractual right the Board determines that:
 - (i) where an amount is normally payable on its exercise it shall be satisfied without such payment but by cash, the issue of Shares and/or the transfer of treasury Shares equal to the gain made on its exercise; or
 - (ii) it shall be satisfied by the transfer of existing Shares (other than Shares transferred out of treasury)

the unissued Shares or treasury Shares which consequently cease to be subject to the option, award or other contractual right from time to time or absolutely (as appropriate) shall not count as “allocated”.

~~The number of Shares allocated in respect of an option, award or other contractual right shall be such number as the Board shall reasonably determine from time to time.~~

5.4 **Changes to investor guidelines**

Treasury Shares shall cease to count as “allocated” for the purposes of Rule 5.1 if institutional investor guidelines cease to require such Shares to be so counted.

5.5 **Restriction on use of unissued Shares or treasury Shares**

No Shares may be issued or treasury Shares in respect of any Award to the extent that such issue or transfer would cause the number of Shares allocated (as defined in Rule 5.2 and adjusted under Rule 5.3) to exceed the limit in Rule 5.1.

6. ALTERATIONS AND ADDITIONS

Alterations to key features

- 6.1 The Board may, with the Trustees' written consent, at any time alter this Plan in any respect. If the Plan is a Schedule 2 SIP at the time of an alteration, any alteration to a "key feature" (as defined in paragraph 81B(8) of the Schedule) of the Plan shall not have effect unless after such alteration the Plan shall remain a Schedule 2 SIP. Any such alteration shall be notified to HM Revenue and Customs in accordance with paragraph 81B of Schedule 2 to ITEPA.

Alterations to the advantage of Participants

- 6.2 Subject to Rule 6.3, no alteration to the advantage of the persons who participate or may participate in the Plan shall be made under Rule 6.1 to the provisions concerning eligibility, the individual limits on participation, the overall limits on the issue of shares under the Plan, the basis for determining how many shares employees receive and the adjustments that may be made following a rights issue or any other variation of capital without the prior approval by ordinary resolution of the members of the Company in general meeting.

Minor administration amendments

- 6.3 Rule 6.2 shall not apply to any minor alteration to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants, the Company, the Trustees or any Subsidiary.

7. MISCELLANEOUS

Employment

7.1 The rights and obligations of any individual under the terms of his employment with the Company or a Subsidiary shall not be affected by his participation in this Plan or any right which he may have to participate in it. An individual who participates in the Plan shall by participating in this Plan waive any and all rights to compensation or damages in consequence of the termination of his employment for any reason whatsoever (whether lawfully or otherwise) insofar as those rights arise or may arise from his ceasing to have rights under this Plan as a result of such termination. Participation in the Plan shall not confer a right to continued employment upon any individual who participates in it. The making of an Award does not imply that any further Awards will be made or that any individual has a right to receive an Award.

Remuneration

7.2 Except where required by law, no money or money's worth received by any individual under this Plan shall form part of his remuneration for any purpose whatsoever.

Disputes and interpretation

7.3 In the event of any dispute or disagreement as to the interpretation of this Plan, or as to any question or right arising from or related to this Plan, the decision of the Board shall be final and binding upon all persons.

Notices

7.4 Any notice or other communication under or in connection with this Plan may be given in such manner as the Board consider to be appropriate which may include by personal delivery, by email or intranet or by post, in the case of a company to its registered office or to such other address notified for this purpose to the person giving the notice, and in the case of an individual to his last known address, or, where he is an employee of a Participating Company, either to his last known postal address, to the postal address of the place of business at which he performs the whole or substantially the whole of the duties of his employment or in the absence of there being such a place, the place of business to which regular correspondence in connection with his employment is sent, or to his allocated corporate email address. Subject to Rule 9.20 where any such notice or other communication is given by a Qualifying Employee or Participant to the Company or the Trustee, it shall be effective only on receipt by the Company or, as the case may be, the Trustee.

Funding

7.5 The Company and any Subsidiary may provide money to the trustees of any trust or any other person to enable them or him to acquire Shares to be held for the purpose of the Plan or enter into any guarantee or indemnity for these purposes, to the extent permitted by the Companies Act 2006.

Grant

7.6 The Board shall determine when (if at all) Awards shall be made, the type of Awards that shall be made at that time, and subject to the rules of the Plan, the terms of those Awards, and nothing in these Rules should be interpreted as conferring any obligation on the Company to make Awards on a regular basis or replicate the terms of Awards previously made under the Plan.

Shares to rank equally

7.7 No Awards shall be made after ~~•11 February 2023~~⁵¹.

7.8 All Shares allotted under the Plan shall rank equally in all respects with Shares of the same class then in issue except for any rights attaching to such Shares by reference to a record date prior to the date of allotment.

7.9 Where the Shares to be the subject of Awards of a particular type (that is to say Free Shares, Partnership Shares or Matching Shares) on any date do not all carry the same rights, the Trustees shall so far as possible ensure that the number of Shares carrying any particular rights which are so awarded to any individual on that day bears to the number of Shares so awarded to him on that date the same proportion as the total number of Shares carrying those rights which are so appropriated on that day bears to the total number of Shares so appropriated on that day.

Void as to excess

7.10 If in the consequence of an error or omission it is ascertained following an Award Date that:

- (a) a Qualifying Employee has not been given the opportunity to participate in the Plan in respect of any type of Award to which he should have been entitled under the Plan; or
- (b) the number of Shares expressed to be awarded to any Qualifying Employee on any occasion is found to be incorrect

any Award expressed to have been made in respect of more than the correct number of Shares shall be void as to the excess, any Award expressed to have been made in respect of fewer than the correct number of Shares shall relate to the correct number of Shares if the Trustee holds unallocated Shares that could otherwise have been used to make that Award and the Company and the Trustee may do all acts and things to rectify such error or omission notwithstanding that such actions may not otherwise be in accordance with the Rules of the Plan.

Termination

7.11 The Board may terminate the Plan at any time and following such termination no further Awards shall be made. For the avoidance of doubt, such termination shall not affect the rights and obligations of Participants in respect of Awards granted prior to the date of the Plan's termination.

Third Parties

7.12 No third party has any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan.

Governing Law

7.13 The Plan and all Awards made under it shall be governed and construed in accordance with the law of England and Wales and the Courts of England and Wales have exclusive jurisdiction to hear any dispute.

¹ 10 years from the date of the 20~~4~~²⁵ AGM

PART A

8. FREE SHARES

- 8.1 If and when the Board decides to make, or procure the Trustees to make, an Award of Free Shares, every Qualifying Employee shall be invited to enter into a Free Share Agreement with the Company.
- 8.2 The Trustees, acting with the prior consent of the Board, may from time to time award Free Shares.
- 8.3 The number of Free Shares to be awarded to each Qualifying Employee on an Award Date shall be determined by the Board in accordance with this Rule 8.

Maximum annual Award

- 8.4 The Initial Market Value of the Shares awarded to a Qualifying Employee in any Tax Year shall not exceed £3,600 or such other limit as may be permitted by paragraph 35 of the Schedule from time to time.

Allocation of Free Shares by reference to performance

- 8.5 The Board may stipulate that the number of Free Shares (if any) to be awarded to each Qualifying Employee on a given Award Date shall be determined by reference to Performance Allowances.
- 8.6 If Performance Allowances are used, they shall apply to all Qualifying Employees participating in that Award.
- 8.7 Where Performance Allowances are used:
 - (a) they shall be determined by reference to such fair and objective criteria (hereinafter referred to as “performance targets”) relating to business results or such other objective criteria as the Board shall determine over such period as the Board shall specify; and
 - (b) performance targets shall be set for performance units of one or more employees (provided that an employee shall not be a member of more than one performance unit).
- 8.8 Where the Board decides to use Performance Allowances it shall, as soon as reasonably practicable, notify:
 - (a) each employee participating in the Award of the performance targets and measures which shall be used to determine the number or value of Free Shares awarded to him; and
 - (b) all Qualifying Employees, in general terms, of the performance targets and measures to be used to determine the number or value of Free Shares to be awarded to each Participant provided that the Board may exclude from such notice any information the disclosure of which the Board reasonably considers would prejudice commercial confidentiality.
- 8.9 The Board shall determine the number of Free Shares (if any) to be awarded to each Qualifying Employee by reference to performance using “Method 1” (Rules 8.10 and 8.11) or “Method 2” (Rule 8.12). The same method shall be used for all Qualifying Employees for each Award.

Performance Allowances: Method 1

8.10 Subject to Rule 8.11, by Method 1:

- (a) at least 20% of Free Shares awarded in any performance period shall be awarded without reference to performance;
- (b) the remaining Free Shares shall be awarded by reference to performance; and
- (c) the highest Award made to an individual by reference to performance in that period shall be no more than four times the highest Award to an individual without reference to performance.

8.11 If Method 1 is used:

- (a) the Free Shares awarded without reference to performance (pursuant to Rule 8.10(a)) shall be awarded on the same terms as mentioned in Rule 4; and
- (b) the Free Shares awarded by reference to performance (pursuant to Rule 8.10(b)) need not be allocated on the same terms as mentioned in Rule 4.

Performance Allowances: Method 2

8.12 By Method 2:

- (a) some or all Free Shares shall be awarded by reference to performance;
- (b) the Award of Free Shares to Qualifying Employees who are members of the same performance unit shall be made on the same terms as mentioned in Rule 4;
- (c) the performance targets (within the meaning of Rule 8.7(b) above) must be consistent targets within the meaning of paragraph 42(3) of Schedule 8 (*targets which at the time they are set can reasonably be viewed as being comparable in terms of the likelihood of their being met by the performance units to which they apply*); and
- (d) Free Shares awarded to each performance unit shall be treated as separate Awards and there is no requirement for Awards of Free Shares made to members of different performance units to be on the same terms.

Holding Period for Free Shares

8.13 The Board shall, in relation to each Award Date, specify a Holding Period throughout which a Participant shall be bound by the terms of the Free Share Agreement:

- (a) to permit the Free Shares awarded to him to remain in the hands of the Trustees; and
- (b) not to assign, charge or otherwise dispose of the beneficial interest in the Free Shares.

8.14 The Holding Period shall, in relation to each Award, be a specified period of not less than three years nor more than five years (or such other periods required by paragraph 36 of the Schedule from time to time), beginning with the Award Date and shall be the same for all Participants who receive an Award at the same time. The Holding Period shall not be increased in respect of Free Shares already awarded under the Plan.

8.15 A Participant may during the Holding Period direct the Trustees:

- (a) to accept an offer for any of his Free Shares if the acceptance or agreement shall result in a new holding being equated with those shares for the purposes of capital gains tax; or
- (b) to accept an offer of a Qualifying Corporate Bond (whether alone or with other assets or cash or both) for his Free Shares if the offer forms part of such a general offer as is mentioned in Rule 8.15(c); or
- (c) to accept an offer of cash, with or without other assets, for his Free Shares if the offer forms part of a general offer which is made to holders of shares of the same class as his shares, or to holders of shares in the same company and which is made in the first instance on a condition such that if it is satisfied the person making the offer shall have control of that company, within the meaning of sections 450 and 451 of the CTA 2010; or
- (d) to accept an offer for any of his Free Shares if there arises a right under section 983 of the Companies Act 2006 to require the offeror to acquire those Free Shares in the case of a takeover offer (within the meaning of section 974 of that Act); or
- (e) to agree to a transaction affecting his Free Shares or such of them as are of a particular class, if the transaction would be entered into pursuant to a compromise, arrangement or scheme applicable to or affecting:
 - (i) all of the ordinary share capital of the Company or, as the case may be, all the shares of the class in question; or
 - (ii) all the shares, or all the shares of the class in question, which are held by a class of shareholders identified otherwise than by reference to their employment or their participation in a Schedule 2 SIP -(including the Plan).

PART B

9. PARTNERSHIP SHARES

9.1 The Board may at any time invite every Qualifying Employee to enter into a Partnership Share Agreement with the Company under which:

- (a) the Qualifying Employee authorises his employer company to deduct part of his Salary for the purchase of Partnership Shares; and
- (b) the Company undertakes to arrange for Partnership Shares to be awarded to the Qualifying Employee under the Plan.

Forfeiture and pre-emption

9.2 The following provisions apply:

- (a) Partnership Shares shall not be subject to any provision under which they may be forfeited.
- (b) Notwithstanding Rule 9.2(a) above, Partnership Shares acquired on behalf of a Participant may be subject to a provision under which they must be offered for sale but only if the consideration at which the Partnership Shares are required to be offered for sale is at least equal to:
 - (i) the amount of Partnership Share Money applied in acquiring the Partnership Shares on behalf of the Participant; or
 - (ii) if lower, the market value of the Partnership Shares at the time they are offered for sale.

9.3 Unless the Board determines otherwise, there will be no Accumulation Period.

Maximum amount of deductions

9.4 Subject to Rule 9.5, the amount of Partnership Share Money deducted from a Qualifying Employee's Salary shall not exceed £1,800 in any Tax Year (or such other maximum amount as may for the time being be permitted by paragraph 46(1) of the Schedule).

9.5 The amount of Partnership Share Money deducted from a Qualifying Employee's Salary for any Tax Year shall not exceed 10% (or such other maximum amount as may for the time being be permitted by paragraph 46(2) of the Schedule) of the total of the payments of Salary made to the Qualifying Employee for that Tax Year.

9.6 The Board may set lower limits than those specified in Rules 9.4 and 9.5 above.

9.7 A lower limit set by the Board in respect of the limit in Rule 9.5 may be framed:

- (a) by substituting a lower percentage than that specified in Rule 9.5; or
- (b) by specifying that a particular description of earnings is not to be regarded as forming part of a Qualifying Employee's Salary for the purposes of the limit.

9.8 Any amount deducted in excess of that allowed by Rule 9.4 or 9.5 shall be paid over to the relevant employee, subject to both deduction of income tax under PAYE and NICs, as soon as practicable.

Minimum amount of deductions

9.9 The Board may set the minimum amount to be deducted under the Partnership Share Agreement on any occasion and this amount shall be the same in relation to all Partnership Share Agreements entered into in response to invitations issued on the same occasion. The minimum amount shall not be greater than £10 (or such other minimum amount as may for the time being be permitted by paragraph 47(2) of the Schedule).

Notice of possible effect of deductions on benefit entitlement

9.10 Every Partnership Share Agreement shall contain a notice under paragraph 48 of the Schedule.

Restriction imposed on number of Shares awarded

9.11 Subject to Rules 9.4 and 9.5, the Board may specify the maximum number of Shares to be included in, or the maximum amount of individual salary deductions relating to, an Award of Partnership Shares.

9.12 The Partnership Share Agreement shall contain an undertaking by the Company to notify each Qualifying Employee of any restriction on the number of Shares or the maximum amount of individual salary deductions to be included in an Award.

9.13 The notification in Rule 9.12 shall be given:

- (a) if there is no Accumulation Period, before the deduction of the Partnership Share Money relating to the Award; and
- (b) if there is an Accumulation Period, before the beginning of the Accumulation Period relating to the Award.

Payment of deductions to the Trustees

9.14 The Participating Companies shall, as soon as practicable after deduction from Salary, pass the Partnership Share Money to the Trustees to be held by them on behalf of the Qualifying Employee until such time as it is applied by them in acquiring Partnership Shares on the Participant's behalf.

Plan with no Accumulation Period

9.15 If there is no Accumulation Period, the Trustees shall apply Partnership Share Money to acquire Shares on behalf of the Qualifying Employee on the Acquisition Date. The number of Shares awarded to each Participant shall be determined in accordance with the Market Value of the Shares on that date.

Plan with Accumulation Period

9.16 If there is an Accumulation Period, the Trustees shall apply the Partnership Share Money to acquire Shares on behalf of the Qualifying Employee on the Acquisition Date.

9.17 The number of Shares acquired on behalf of each Participant shall be determined by reference to:

- (a) the lower of:
 - (i) the Market Value of the Shares at the beginning of the Accumulation Period; and
 - (ii) the Market Value of the Shares on the Acquisition Date; or

- (b) the Market Value of the Shares at the beginning of the Accumulation Period; or
- (c) the Market Value of the Shares on the Acquisition Date,

such determination to be set out in the Partnership Share Agreement for the purposes of that Agreement.

9.18 If a transaction occurs during an Accumulation Period which results in a new holding of shares being equated for the purposes of capital gains tax with any of the Shares to be acquired under the Partnership Share Agreement, the Participant may agree that the Partnership Share Agreement shall have effect after the time of that transaction as if it were an agreement for the purchase of shares comprised in the new holding. By signing the application for an Award of Partnership Shares, each Participant agrees to the acquisition of the new shares.

Surplus Partnership Share Money

9.19 Any surplus Partnership Share Money remaining after the acquisition of Shares by the Trustees:

- (a) may, with the agreement of the Participant, be carried forward to the next deduction (where there is no Accumulation Period) or to the next Accumulation Period (where there is an Accumulation Period); and
- (b) in any other case, shall be paid over to the Participant, subject to both deduction of income tax under PAYE and NICs, as soon as practicable.

Scaling down

9.20 If the Company receives applications for Partnership Shares exceeding the Award maximum determined in accordance with Rule 9.11 then the following steps shall be taken in sequence until the excess is eliminated:

- Step 1 the excess of the deduction chosen by each applicant over the amount specified in accordance with Rule 9.9 shall be reduced pro rata;
- Step 2 all deductions shall be reduced to the amount specified in accordance with Rule 9.9; and
- Step 3 no such Awards shall be made for that period.

Each application shall be deemed to have been modified or withdrawn in accordance with the foregoing provisions and each employee who has applied for Partnership Shares shall be notified of the change.

Withdrawal from Partnership Share Agreement

9.21 An employee may withdraw from a Partnership Share Agreement at any time by notice in writing to the Company. Unless a later date is specified in the notice, such a notice shall take effect 30 days after the Company receives it. Any Partnership Share Money then held on behalf of an employee shall be paid over to that employee as soon as practicable. This payment shall be subject to the deduction of income tax under PAYE and NICs.

Repayment of Partnership Share Money on ceasing to be a Schedule 2 SIP or termination

9.22 If the Plan ceases to be a Schedule 2 SIP by virtue of paragraphs 81H or 81I of the Schedule (*ceasing to be a Schedule 2 SIP following receipt of closure notice*) or a Plan Termination

Notice is issued in respect of the Plan, any Partnership Share Money held on behalf of employees shall be repaid to them as soon as practicable, subject to deduction of income tax under PAYE and NICs.

Stopping, varying and restarting deductions

- 9.23 An employee may at any time give notice in writing to the Company to stop deductions under the Partnership Share Agreement. An employee may vary his deductions under the Partnership Share Agreement with the agreement of the Company. Unless a later date is specified in the notice the Company will ensure within 30 days of receiving the notice that either no such further deductions are made by it or that such variation of deductions shall take effect.
- 9.24 An employee who has stopped deductions may subsequently give notice in writing to the Company to restart deductions under the Partnership Share Agreement but the employee may not make up any deductions that have been missed. An employee may not restart deductions more than such number of times as the Board may provide in any Accumulation Period. On receipt of a restart notice the Company will ensure that deductions are restarted under the Partnership Share Agreement not later than the re-start date within the meaning of paragraph 54(6) of the Schedule (*the date of the first deduction due under the Partnership Share Agreement more than 30 days after receipt of the notice to restart deductions*).

Access to Partnership Shares

- 9.25 When Partnership Shares have been awarded to a Participant, the Participant may at any time withdraw any or all of the Partnership Shares from the Plan subject to any income tax and NICs due.

PART C

10. MATCHING SHARES

General requirements for Matching Shares

10.1 Matching Shares shall:

- (a) be Shares of the same class and carrying the same rights as the Partnership Shares to which they relate;
- (b) subject to Rule 10.3, be awarded on the same day as the Partnership Shares to which they relate are acquired on behalf of the Participant; and
- (c) be awarded to all Participants on the same basis.

Ratio of Matching Shares to Partnership Shares

- 10.2 The Partnership Share Agreement shall specify the ratio or ratios of Matching Shares to Partnership Shares for the time being offered by the Company and that ratio or ratios shall not exceed 2:1 (or such other ratio as may for the time being be permitted by paragraph 60 of the Schedule). The Board may vary the ratio before Partnership Shares are acquired. Employees shall be notified of the terms of any such variation before the Partnership Shares are awarded under the Partnership Share Agreement.
- 10.3 If the Partnership Shares on the day on which they are awarded under the Partnership Share Agreement do not produce a whole number of Matching Shares, only the rounded down whole number of Matching Shares shall be appropriated at that time and the unmatched number of Partnership Shares shall be carried forward until further Matching Shares have been acquired.

Holding Period for Matching Shares

- 10.4 The Board shall, in relation to each Award Date, specify a Holding Period throughout which a Participant shall be bound by the terms of the Partnership Share Agreement.
- 10.5 The Holding Period shall, in relation to each Award, be a specified period of not less than three years nor more than five years (or such other periods required by paragraph 36 of the Schedule from time to time), beginning with the Award Date and shall be the same for all Participants who receive an Award at the same time. The Holding Period shall not be increased in respect of Matching Shares awarded under the Plan.

10.6 A Participant may during the Holding Period direct the Trustees:

- (a) to accept an offer for any of his Matching Shares if the acceptance or agreement shall result in a new holding being equated with those original Shares for the purposes of capital gains tax; or
- (b) to accept an offer of a Qualifying Corporate Bond (whether alone or with other assets or cash or both) for his Matching Shares if the offer forms part of such a general offer as is mentioned in Rule 10.6(c); or
- (c) to accept an offer of cash, with or without other assets, for his Matching Shares if the offer forms part of a general offer which is made to holders of shares of the same class as his shares or to the holders of shares in the same company, and which is made in the first instance on a condition such that if it is satisfied the person making the offer shall have control of that company, within the meaning of sections 450 and 451 of the CTA 2010; or
- (d) to accept an offer for any of his Matching Shares if there arises a right under section 983 of the Companies Act 2006 to require the offeror to acquire those Matching Shares in the case of a takeover offer (within the meaning of section 974 of that Act); or
- (e) to agree to a transaction affecting his Matching Shares or such of them as are of a particular class, if the transaction would be entered into pursuant to a compromise, arrangement or scheme applicable to or affecting:
 - (i) all of the ordinary share capital of the Company or, as the case may be, all the shares of the class in question; or
 - (ii) all the shares, or all the shares of the class in question, which are held by a class of shareholders identified otherwise than by reference to their employment or their participation in a Schedule 2 SIP (including the Plan).

PART D

11. DIVIDEND SHARES

Reinvestment of cash dividends

- 11.1 The Free Share Agreement or Partnership Share Agreement, as appropriate, shall set out the rights and obligations of Participants receiving Dividend Shares under the Plan.
- 11.2 The Board may direct that some or all of the cash dividends in respect of Plan Shares held on behalf of Participants may be applied in acquiring further Plan Shares on their behalf.
- 11.3 The following provisions apply:
 - (a) Dividend Shares shall be Shares:
 - (i) of the same class and carrying the same rights as the Shares in respect of which the dividend is paid; and
 - (ii) which are not subject to any provision for forfeiture.
 - (b) Notwithstanding Rule 11.3(a), Dividend Shares acquired on behalf of a Participant may be subject to a provision under which they must be offered for sale but only if the consideration at which the Dividend Shares are required to be offered for sale is at least equal to:
 - (i) the amount of the cash dividends applied in acquiring the Dividend Shares on behalf of the Participant; or
 - (ii) if lower, the market value of the Dividend Shares at the time they are offered for sale.
- 11.4 The Board may decide to:
 - (a) apply some or all dividends in accordance with Rule 11.6, to acquire Dividend Shares;
 - (b) pay some or all dividends in cash to all Participants; or
 - (c) offer Participants the choice of either 11.4(a) or 11.4(b).
- 11.5 The Board may modify or revoke any direction for reinvestment of cash dividends.
- 11.6 The amount of the cash dividends to be applied by the Trustees in acquiring Dividend Shares shall be determined by the Board from time to time. In making such determination, the Board must specify how that amount shall be determined, which may include no limit at all, imposing a fixed amount or specifying a percentage of cash dividends which may be applied in acquiring Dividend Shares. For the purposes of this Rule 11, the Dividend Shares are those acquired under this Plan and those acquired under any other plan approved under the Schedule. In exercising their powers in relation to the acquisition of Dividend Shares the Trustees must treat Participants fairly and equally.
- 11.7 If the amounts received by the Trustees exceed any limit determined under Rule 11.6, the balance shall be paid to the Participant as soon as practicable.
- 11.8 Where applicable, the Trustees shall apply the relevant amount of the cash dividend to acquire Shares on behalf of the Participant on the Acquisition Date. The number of Dividend Shares

acquired on behalf of each Participant shall be determined by the Market Value of the Shares on the Acquisition Date.

Certain amounts not reinvested to be carried forward

11.9 Subject to Rule 11.7, any amount that is not reinvested because the amount of the cash dividend is insufficient to acquire a Share may be retained by the Trustees and carried forward to be added to the amount of the next cash dividend to be reinvested.

11.10 If a cash dividend is retained by the Trustees in accordance with Rule 11.9 and either:

- (a) the Participant ceases to be in Relevant Employment; or
- (b) a Plan Termination Notice is issued,

and that cash dividend has not been reinvested, then the amount shall be repaid to the Participant as soon as practicable. On making such a payment, the Participant shall be provided with the information specified in sections 1105 to 1108 CTA 2010 (*information relating to distributions to be provided by nominee*) as if it were a payment to which subsection 1105(1)(b) of that section applies.

Cash Dividends so far as there is no requirement to re-invest

11.11 Any cash dividends so far as they are not required to be reinvested under the Plan in respect of Plan Shares held on behalf of a Participant must be paid over to the Participant as soon as practicable.

Holding Period for Dividend Shares

11.12 The Holding Period shall be a period of three years (or such other period required by paragraph 67 of the Schedule from time to time), beginning with the Acquisition Date.

11.13 A Participant may during the Holding Period direct the Trustees:

- (a) to accept an offer for any of his Dividend Shares if the acceptance or agreement shall result in a new holding being equated with those shares for the purposes of capital gains tax; or
- (b) to accept an offer of a Qualifying Corporate Bond (whether alone or with other assets or cash or both) for his Dividend Shares if the offer forms part of such a general offer as is mentioned in paragraph 11.13(c); or
- (c) to accept an offer of cash, with or without other assets, for his Dividend Shares if the offer forms part of a general offer which is made to holders of shares of the same class as his shares or to holders of shares in the same company, and which is made in the first instance on a condition such that if it is satisfied the person making the offer shall have control of that company, within the meaning of sections 450 and 451 of CTA 2010; or
- (d) to accept an offer for any of his Dividend Shares if there arises a right under section 983 of the Companies Act 2006 to require the offeror to acquire those Dividend Shares in the case of a takeover offer (within the meaning of section 974 of that Act); or
- (e) to agree to a transaction affecting his Dividend Shares or such of them as are of a particular class, if the transaction would be entered into pursuant to a compromise, arrangement or scheme applicable to or affecting:

- (i) all of the ordinary share capital of the Company or, as the case may be, all the shares of the class in question; or
- (ii) all the shares, or all the shares of the class in question, which are held by a class of shareholders identified otherwise than by reference to their employment or their participation in a Schedule 2 SIP (including the Plan).

11.14 Where a Participant is charged to tax in the event of their Dividend Shares ceasing to be subject to the Plan, they shall be provided with the information specified in sections 1105 to 1108 CTA 2010 (*information relating to distributions to be provided by nominee*) as if it were a payment to which sub-section 1105(1)(b) of that section applies.

PART E

12. **PROVISION FOR RESTRICTIONS AND FORFEITURE**

12.1 The Board may, in relation to each Award of Free Shares or Matching Shares, specify any Restrictions which attach to such Free Shares or Matching Shares (which may include forfeiture provisions), including (but not limited to) If the Board so specifies in relation to an Award under the Plan a Participant shall cease to be beneficially entitled to some or all of the Free Shares or Matching Shares appropriated to that Participant in that Award:

- (a) on the Participant ceasing to be in Relevant Employment at any time in the forfeiture period;
- (b) on the Participant withdrawing those Plan Shares from the Plan at any time in the forfeiture period;
- (c) in the case of Matching Shares, on the Participant withdrawing the Partnership Shares in respect of which the Matching Shares were awarded from the Plan within the forfeiture period ~~otherwise than by reason of a permitted reason~~; or
- (d) in such other circumstances as the Board may specify.

12.2 The Board may determine in relation to an Award of Free Shares or Matching Shares that forfeiture provisions should not apply in the circumstances specified in 12.1(a) or 12.1(c) where the Participant ceases to be in Relevant Employment for a permitted reason where, For these purposes, of Rule 12.1 a “permitted reason” is:

- (a) injury;
- (b) disability;
- (c) a transfer to which the Transfer of Undertakings (Protection of Employment) Regulations 2006 would apply (or would apply if the transfer took place in the UK);
- (d) the company by which the Participant is employed ceasing to be an Associated Company of the Company;
- (e) Redundancy;
- (f) retirement; or
- (g) death.

12.3 In Rule 12.1 “**the forfeiture period**” means the forfeiture period specified by the Board beginning with the Award Date and ending at such time (if any) as the Board may determine. Where the Board determined that an Award of Free Shares or Matching Shares shall be subject to forfeiture provisions, Unless the Board determines otherwise, the forfeiture period shall be three years.

12.4 The same Restrictions (including provision for forfeiture provisions) must apply in relation to all Free Shares or Matching Shares included in the same Award under the Plan.

PART F

13. COMPANY RECONSTRUCTIONS

13.1 The following provisions of this Rule 13 apply if there occurs in relation to any of a Participant's Plan Shares (referred to in this Rule 13 as "**the Original Holding**"):

- (a) a transaction which results in a new holding (referred to in this Rule 13 as "**the New Holding**") being equated with the Original Holding for the purposes of capital gains tax; or
- (b) a transaction which would have that result but for the fact that what would be the new holding consists of or includes a Qualifying Corporate Bond.

13.2 If an issue of shares of any of the following description (in respect of which a charge to income tax arises) is made as part of a company reconstruction, those shares shall be treated for the purposes of this Rule as not forming part of the New Holding:

- (a) redeemable shares or securities issued as mentioned in paragraph C or D of section 1000(1) CTA 2010 (*distributions*);
- (b) share capital issued in circumstances such that section 1022(3) CTA 2010 (*bonus issues*) applies; or
- (c) share capital to which section 410 ITTOIA (*stock dividends*) applies that is issued in a case where section 410(2) or (3) ITTOIA applies.

13.3 In this Rule 13:

"Corresponding Shares" in relation to any New Shares, means the Shares in respect of which the New Shares are issued or which the New Shares otherwise represent;

"New Shares" means shares comprised in the New Holding which were issued in respect of, or otherwise represent, shares comprised in the Original Holding.

13.4 Subject to the following provisions of this Rule 13, references in this Plan to a Participant's Plan Shares shall be respectively construed, after the time of the company reconstruction, as being or, as the case may be, as including references to any New Shares.

13.5 For the purposes of the Plan:

- (a) a company reconstruction shall be treated as not involving a disposal of shares comprised in the Original Holding; and
- (b) the date on which any New Shares are to be treated as having been appropriated to or acquired on behalf of the Participant shall be that on which Corresponding Shares were so appropriated or acquired.

13.6 In the context of a New Holding, any reference in this Rule 13 to shares includes securities and rights of any description which form part of the New Holding for the purposes of Chapter II of Part IV of the Taxation of Chargeable Gains Act 1992.

14. RIGHTS ISSUES

14.1 Any shares or securities allotted under clause 10 of the Trust Deed shall be treated as Plan Shares identical to the shares in respect of which the rights were conferred and shall be treated as if they were awarded to or acquired on behalf of the Participant under the Plan in the same way and at the same time as those shares.

14.2 Rule 14.1 does not apply:

(a) to shares and securities allotted as the result of taking up a rights issue where the funds to exercise those rights were obtained otherwise than by virtue of the Trustees disposing of rights in accordance with this rule; or

(b) where the rights to a share issue attributed to Plan Shares are different from the rights attributed to other ordinary shares of the Company

and in these circumstances any shares, securities or rights allotted are not Plan Shares, and sections 127 to 130 of Taxable of Chargeable Gains Act 1992 (*re-organisation of share capital etc*) do not apply in relation to them.

PART G

15. PARTICIPANT CEASING TO BE IN RELEVANT EMPLOYMENT

- 15.1 If a Participant ceases to be in Relevant Employment then (subject to the Trustees selling shares in accordance with their PAYE obligations) his Plan Shares (or any balance of his Plan Shares after the Trustees have discharged their PAYE obligations) shall be transferred to him by the Trustees as soon as reasonably practical.
- 15.2 If a Qualifying Employee ceases to be in Relevant Employment during an Accumulation Period any Partnership Share Money deducted in the Accumulation Period from that person's Salary is (subject to the Trustees meeting their PAYE obligations) to be paid over to the Qualifying Employee as soon as practicable.
- 15.3 If a Qualifying Employee ceases to be in Relevant Employment during an acquisition period relating to an Award of Partnership Shares, he shall, for the purposes of the Award of Partnership Shares, and Matching Shares if relevant, be treated as ceasing to be in Relevant Employment immediately after the Award is made. For these purposes, "acquisition period" has the meaning given to it in paragraph 97(3) of the Schedule.
- 15.4 For the purposes of this Plan, a Participant shall not be treated as ceasing to be in Relevant Employment until such time as he is no longer an employee of the Company or any Associated Company.

16. PAYE LIABILITY

- 16.1 The Trustees may dispose of a Participant's Plan Shares or accept a sum from the Participant in order to meet any PAYE liability in the circumstances provided in sections 510 to 512 of ITEPA (*PAYE: shares ceasing to be subject to the plan*).
- 16.2 Where the Trustees receive a sum of money which constitutes a capital receipt (within the meaning of section 502 of ITEPA) or the proceeds of any disposal in respect of which a Participant is chargeable to income tax as employment income, the Trustees shall pay to the relevant employer a sum equal to the amount of that income tax charge and transfer the balance to the Participant, unless the provisions of Section 514 of ITEPA apply (*Capital Receipts, deductions by Trustees*).
- 16.3 The Trustees shall maintain records necessary to enable them to carry out their PAYE obligations, and the PAYE obligations of the employer company so far as they relate to the Plan.
- 16.4 The Trustees shall maintain records of Participants who have participated in one or more Schedule 2 SIPs established by the Company or a Connected Company.
- 16.5 Where the Participant becomes liable to income tax pursuant to the Plan under ITEPA or Chapters 3 or 4 of Part 4 of ITTOIA (*dividends from UK resident and non resident companies*), the Trustees shall inform the Participant of any facts which are relevant to determining that liability.
- 16.6 Where Plan Shares cease to be subject to the Plan in circumstances where the employer has a consequent PAYE obligation, the Trustees shall pay to the employer a sum which is sufficient to enable the employer to discharge that obligation unless the Participant makes a payment to the employer as referred to in Section 510(4) of ITEPA (*PAYE: shares ceasing to be subject to the plan*).

SCHEDULE 1

UNAPPROVED SHARE INCENTIVE PLAN

~~This Schedule 1 constitutes the Unapproved Share Incentive Plan. Awards may be made in accordance with such provisions as would be applicable if the provisions of the easyJet Share Incentive Plan were set out here in full (as amended from time to time) subject to the following modifications:~~

DEFINITIONS

1. Insert a definition of “**Foreign Currency Equivalent**” after the definition of “**Dividend Shares**” as follows:

~~“**Foreign Currency Equivalent**” of a sterling amount means its foreign currency equivalent converted at such rate as the Board reasonably determines;”~~

2. Delete the definition of “**NICS**”.

3. Delete the definition of “**Participating Company**” and replace with:

~~“means the Company and such of its subsidiaries which, for the time being, this Schedule 1 to the Plan is expected to extend by the Board;”~~

4. In the definition of “**Partnership Share Agreement**” delete the words:

~~“which complies with Part 6 of the Schedule and”.~~

5. Delete the definition of “**PAYE**”.

6. In the definition of “**Qualifying Employee**” delete the words:

~~“an employee who must be invited to participate in an Award under Rule 3.5 and”.~~

7. In definition of “**Plan Shares**” delete (e) and replace with:

~~“(e) in the event of a Company reconstruction or a rights issue, those new Shares which are to be treated as having been awarded to the Participant on the date on which the corresponding old Shares were awarded”~~

8. In the definition of “**Redundancy**” add the words “or any Relevant Parallel Legislation” after “has the same meanings as in the Employment Rights Act 1996”.

9. Insert a definition of “**Relevant Parallel Legislation**” after the definition of “**Relevant Employment**” as follows:

~~“**Relevant Parallel Legislation**” means any legislation or customary law of any country or territory having jurisdiction in relation to any Participant (other than a Participant where the United Kingdom has jurisdiction) which determines or regulates such matters substantially to the same extent or in a similar manner as such legislation or customary law determines or regulates such matters in the United Kingdom;”~~

10. Insert a definition of “Tax Liability” after the definition of “Subsidiary” as follows:

“**Tax Liability**” means any amount of tax or social security contributions or its equivalent in any overseas jurisdiction for which a Participant would be liable and for which a Participating Company or the Trustees would be obliged to (or would suffer a disadvantage if it were not to) account to any relevant authority;”

11. Delete the definition of “**UK Resident Taxpayer**”.

ELIGIBILITY OF INDIVIDUALS

12. Delete Rule 3.1(d).

13. Delete Rule 3.2.

14. Delete Rule 3.3.

15. Delete Rule 3.5.

16. Delete Rule 3.6 and replace with:

“The Board may invite any employee who meets the requirements in Rule 3.1.”

PARTICIPATION ON SAME TERMS

13. Delete Rule 4.1

ALTERATIONS AND ADDITIONS

17. Delete Rule 6.1 and replace with:

“The Board may, with the Trustees’ written consent, at any time alter Schedule 1 to the Plan in any respect.”

MISCELLANEOUS

18. In Rule 7.7 delete the words:

“No Awards can be made until the Plan has been approved by HMRC under the Schedule and”.

PART A: FREE SHARES

19. Delete Rule 8.4 and replace with:

“The Initial Market Value of the Shares awarded to a Qualifying Employee in any Tax Year shall not exceed the Foreign Currency Equivalent of £3,600 or such other limit as may be permitted by the Board.”

20. In Rule 8.15(a) delete the words “capital gains tax”

and replace with:

“UK capital gains tax or any Relevant Parallel Legislation.”

21. In Rule 8.15(e)(ii) delete the words:

~~“in a Schedule 2 SIP (including the Plan).”~~

and replace with:

~~“in the Plan or under Schedule 1 to the Plan.”~~

PART B: PARTNERSHIP SHARES

22. In Rule 9.4 insert the words “Foreign Currency Equivalent of” in front of “£1,800.”

23. Delete Rule 9.6 and replace with:

~~“The Board may set a higher or lower limit than those specified in Rules 9.4 and 9.5 above.”~~

24. Delete Rule 9.7.

25. In Rule 9.8 delete the words:

~~“subject to both the deduction of income tax under PAYE and NICs,”~~

and replace with:

~~“subject to the deduction of any Tax Liability,”~~

26. In Rule 9.9 insert the words “Foreign Currency Equivalent of” in front of “£10.”

27. In Rule 9.18 delete the words “capital gains tax”

and replace with:

~~“UK capital gains tax or any Relevant Parallel Legislation.”~~

28. In Rule 9.19 delete the words:

~~“subject to both deduction of income tax under PAYE and NICs,”~~

and replace with:

~~“subject to the deduction of any Tax Liability,”~~

29. In the Rule 9.21 and Rule 9.22 delete the words:

~~“subject to the deduction of income tax under PAYE and NICs.”~~

and replace with:

~~“subject to the deduction of any Tax Liability.”~~

30. In Rule 9.22 delete the words:

~~“the Plan ceases to be a Schedule 2 SIP by virtue of paragraphs 81H or 81I of the Schedule (ceasing to be a Schedule 2 SIP following receipt of a closure notice) or”~~

31. In Rule 9.25 delete the words:

~~“subject to any income tax and NICs due.”~~

and replace with:

“subject to any Tax Liability.”

PART C: MATCHING SHARES

32. In Rule 10.2 delete the words:

“~~by paragraph 60 of the Schedule~~.”

and replace with:

“~~by the Board~~.”

33. In Rule 10.5 delete the words:

“~~by paragraph 36 of the Schedule~~”

and replace with:

“~~by the Board~~”.

34. In Rule 10.6(a) delete the words “capital gains tax”

and replace with:

“~~UK capital gains tax or any Relevant Parallel Regulation~~.”

35. In Rule 10.6(e)(ii) delete the words:

“~~in a Schedule 2 SIP (including the Plan)~~.”

and replace with:

“~~in the Plan or under Schedule 1 to the Plan~~.”

PART D: DIVIDEND SHARES

36. In Rule 11.6 delete the words:

“~~For the purposes of this Rule 11, the Dividend Shares are those acquired under this Plan and those acquired under any other plan approved under the Schedule~~.”

37. In Rule 11.13(a) delete the words “capital gains tax”

and replace with:

“~~UK capital gains tax or any Relevant Parallel Legislation~~”

PART F: COMPANY RECONSTRUCTIONS

38. In Rule 11.13(e)(ii) delete the words “~~in a Schedule 2 SIP (including the Plan)~~”

and replace with:

“~~in the Plan or under Schedule 1 to the Plan~~.”

39. Delete Rule 13 and Rule 14 and replace with the following:

“13. COMPANY RECONSTRUCTIONS

13.1 The following provisions of this Rule 13 apply if:

- (a) there occurs in relation to any of a Participant's Plan Shares (referred to in this Rule 13 as "the Original Holding")
 - (i) a transaction which results in a new holding (referred to in this Rule 13 as "the New Holding") being equated with the Original Holding for the purposes of UK capital gains tax or any Relevant Parallel Legislation; or
 - (ii) a transaction which would have that result but for the fact that what would be the new holding consists of or includes a Qualifying Corporate Bond, and
- (b) the Board decides that the provisions of this Rule 13 should apply.

13.2 In this Rule 13:

“Corresponding Shares” in relation to any New Shares, means the Shares in respect of which the New Shares are issued or which the new Shares otherwise represent;

“New Shares” means shares comprised in the New Holding which were issued in respect of, or otherwise represent, shares comprised in the Original Holding.

13.3 Subject to the following provisions of this Rule 13, references in this Plan to a Participant's Plan Shares shall be respectively construed, after the time of the company reconstruction, as being or, as the case may be, as including references to any New Shares.

13.4 For the purposes of the Plan:

- (a) a company reconstruction shall be treated as not involving a disposal of shares comprised in the Original Holding; and
- (b) the date on which any New Shares are to be treated as having been appropriated to or acquired on behalf of the Participant shall be that on which Corresponding Shares were so appropriated or acquired.

13.5 If a transaction occurs as set out in Rule 13.1(a)(i) or 13.1(a)(ii) and a Tax Liability arises in respect of any of a Participant's Plan Shares then the Trustees may dispose of a Participant's Plan Shares or accept a sum from the Participant in order to meet that Tax Liability.

14. RIGHTS ISSUES

14.1 In the event of the Company proposing to make a rights issue in respect of any class of its share capital which includes Plan Shares, the Trustees shall notify each Participant concerned of the rights which are attributable to his Plan Shares.

14.2 A Participant shall be at liberty to direct the Trustees:

- (a) to accept such offer in respect of all of his Plan Shares, in which event he shall pay to the Trustees a sum of money before the expiry of the

~~offer sufficient to enable the Trustees to subscribe for that number of Shares in respect of which the direction was made; or~~

(b) ~~to sell the whole of the rights attaching to Plan Shares, or, if the Trustees so permit, to sell part of such rights in order to enable the Trustees to use the proceeds of such sale to exercise other such rights of the Participant.~~

14.3 ~~Any shares subscribed for by the Trustees under this Rule may, at the discretion of the Board, be treated as if they were awarded or acquired on behalf of the Participant under this Schedule to the Plan in the same way and at the same price as those shares. Any cash arising from the disposal of rights (except insofar as used to accept the offer) shall be accounted for to the relevant Participant (subject to the deduction of any Tax Liability).~~

14.4 ~~If, as a result of a right issue, a Tax Liability arises in respect of a Participant's Plan Shares then the Trustees may dispose of a Participant's Plan Shares or accept a sum from the Participant in order to meet that Tax Liability."~~

PART G

40. In Rule 15.1 delete the words:

~~"in accordance with their PAYE obligations"~~

and replace with:

~~"in order to discharge any Tax Liability".~~

41. In Rule 15.1 and Rule 15.2 delete references to ~~"their PAYE obligations"~~ and replace with ~~"any Tax Liability"~~.

42. Rule 16.1 shall be deleted and replaced with:

~~"The Trustees may dispose of a Participant's Plan Shares or accept a sum from the Participant in order to meet any Tax Liability that has arisen as a result of those Plan Shares being withdrawn from, or ceasing to be subject to, the Plan."~~

43. Rule 16.2 shall be deleted and replaced with:

~~"Where the Trustees receive:~~

~~(a) any money or money's worth in respect of any Plan Shares; or~~

~~(b) the proceeds of any disposal in respect of which there is a Tax Liability;~~

~~the Trustees may pay to the relevant employer or, if appropriate, the relevant tax authority a sum equal to the Tax Liability and transfer the balance to the Participant."~~

44. Rule 16.3 shall be deleted and replaced with:

~~"The Trustees shall maintain records necessary in order for them or any Participating Company to account for any Tax Liability."~~

45. Rule 16.4 and Rule 16.5 shall be deleted.

46. Rule 16.6 shall be deleted and replaced with:

~~“Where Plan Shares cease to be subject to the Plan in circumstances where the employer must account for a Tax Liability in respect of those Plan Shares, the Trustee shall pay to the employer a sum which is sufficient to enable the employer to discharge that obligation unless the Participant makes a payment to the employer of that Tax Liability.”~~