MALLESONS STEPHEN JAQUES

FlexiGroup Employee Share Acquisition (Tax Exempt) Plan Rules

Dated

Mallesons Stephen Jaques
Level 60
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.mallesons.com

8651115_7

FlexiGroup Employee Share Acquisition (Tax Exempt) Plan Rules
Contents

FlexiGroup Employee Share Acquisition (Tax Exempt) Plan Rules

General Terms

1 Definitions and interpretation

1.1 Definitions

These meanings apply unless the contrary intention appears:

Acceptance Form means an acceptance form for Shares accompanying an Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited.

Board means all or some of the directors of the Company acting as a board and includes a committee of the Board or a delegate of the Board.

Company means FlexiGroup Limited (ACN 122 574 583).

Corporations Act means the *Corporations Act* 2001 (Cwlth).

Employee means a permanent full-time or part-time employee of a Group Company.

Employer means a Group Company or, in relation to a particular Member, means the company which employed the Member at the time a Share was acquired by the Member whether or not that company is still a Group Company.

Group means the Company and its Subsidiaries.

Group Company means a company in the Group.

Holding Lock has the same meaning as in Section 2 of the ASTC Settlement Rules issued by ASX Settlement and Transfer Corporation Pty Ltd.

Listing Rules means the official listing rules of ASX, except to the extent of any express waiver by ASX.

Member means a person who accepts an Offer and acquires Shares under the Plan and who has not ceased to be a Member.

Non-discriminatory basis has the same meaning as in section 139GF of the Tax Act.

Offer means an offer made by the Company to an Employee to acquire Shares under the Plan.

Participating Company means the Company and any Subsidiary of the Company to which the Board resolves that the Plan extends.

Plan means the FlexiGroup Employee Share Acquisition (Tax Exempt) Plan established and operated in accordance with these Rules.

Plan Company means the entity so nominated from time to time by the Company.

Rules means the rules of the Plan.

Security Interest means a mortgage, charge, pledge, lien or other encumbrance of any nature.

Share means a fully paid ordinary share in the capital of the Company.

Subsidiary has the same meaning as in Division 6 of Part 1.2 of the Corporations Act.

Tax Act means the *Income Tax Assessment Act* 1936 (Cwlth) or the *Income Tax Assessment Act* 1997 (Cwlth), as the context requires.

1.2 Interpretation

In these Rules, unless the contrary intention appears:

(a) the singular includes the plural and vice versa;

(b) a reference to a particular person includes a reference to the person's legal personal representatives, executors, administrators and successors;

(c) the word "person" includes an individual, body corporate and an authority;

(d) a reference to legislation includes regulations and other instruments made under it and a reference to a Rule or legislation includes any variation or replacement of any of them;

(e) a reference to the exercise of a power or discretion include a decision not to exercise the power or discretion;

(f) the meaning of general words is not limited by specific examples introduced by "including", "for example" or "such as" or similar expressions; and

(g) "dollars", "A$" or "$" is a reference to the lawful currency of Australia.

1.3 Headings

Headings are for convenience only and do not affect the interpretation of these Rules.

2 Purpose and operation

2.1 Purpose

The FlexiGroup Employee Share Acquisition (Tax Exempt) Plan provides eligible Employees with an opportunity to acquire an ownership interest in the Company.

2.2 Requirements under the Tax Act

It is intended that the Plan, and any scheme for the provision of financial assistance in respect of acquisitions of Shares under the Plan, will satisfy the requirements of Division 13A of the Tax Act (including operating the Plan on a Non-discriminatory basis).

3 Share Offers

3.1 Eligibility

The Board may determine the Employees who are eligible to participate in the Plan from time to time.

3.2 Offers

From time to time the Company may offer Shares to Employees under the Plan on such terms as the Board determines, provided that the terms:

(a) are consistent with Rule 2.2;

(b) do not vary the restriction on the disposal of or other dealings in Shares by Members under Rule 6.1; and

(c) do not include any provision for the forfeiture of Shares acquired by Members under the Plan.

3.3 Form of Offer

The Offer must be in writing and include the following details:

(a) a statement setting out the amount payable, if any, by the Employee for the Shares;

(b) the number of Shares or the method of calculating the number of Shares for which the Employee may apply;

(c) the time any acceptance of the Offer of Shares by the Employee will be effective; and

(d) any restrictions or other conditions relating to the Offer and the Shares as determined by the Board.

Each Offer must be accompanied by an Acceptance Form.

3.4 Offer may be withdrawn

The Company may withdraw an Offer at any time before the time acceptance is effective even if an Acceptance Form in relation to that Offer has been received.

4 Acceptance

4.1 How an Employee may accept

An Employee may accept an Offer by completing and returning the signed Acceptance Form to the person specified.

4.2 When must Acceptance Forms be received?

The Acceptance Form must be received by the Company before the end of the time specified in the Offer.

4.3 Time of acceptance

The acceptance by an Employee of an Offer is effective at the time specified in the Offer.

4.4 Condition of Offer

It is a condition for acceptance of each Offer that the person accepting the Offer is an Employee and has not been given notice, and has not given notice, of termination of employment at the time of acceptance of the Offer under Rule 4.3.

4.5 Transaction costs

No brokerage, commission, stamp duty or other transaction cost is payable by Members in respect of any issue or transfer of Shares to an Employee under the Plan.

5 Acquisition of Shares

5.1 Transfer or issue

Shares to be acquired under the Plan will be transferred to Employees or issued by the Company to Employees unless otherwise determined by the Board.

5.2 Funding the Plan

On and from the commencement of the Plan, the Company may pay to the Plan Company amounts determined by the Company from time to time to fund the acquisition of Shares for the purposes of the Plan.

5.3 Acquiring Shares

The Plan Company must use such amounts received from the Company to acquire Shares either by acquiring Shares from existing holders of Shares or subscribing for Shares, at the direction of the Company and have those Shares registered in the name of Members as directed from time to time by the Company in satisfaction of the Company's obligations under the arrangements with Members.

5.4 Notice to Employee

The Company must advise an Employee in writing as soon as reasonably practicable after the acquisition of Shares under the Plan that the Employee has acquired Shares under the Plan.

5.5 Shares held by Members

Shares acquired under the Plan for a Member must be registered in the name of the Member and must be held by the Member according to the terms of these Rules.

5.6 Interest in Shares

Each Member has legal and beneficial ownership in the Shares acquired by them under the Plan but any disposal of those Shares by the Member is restricted in accordance with Rule 6.

5.7 Quotation of Shares

The Company must apply to ASX for official quotation of any Shares allotted under the Plan in accordance with Rule 5.1 or 5.3 above, within a reasonable time after the allotment of those Shares.

5.8 Rights of the Members

A Member's rights and obligations under the Plan are conditional on Shares being registered in the Member's name. Prior to having Shares registered in their name a Member has no right or interest in any Shares or other property acquired for the purposes of the Plan.

5.9 No fractions of Shares

Members cannot receive fractions of Shares.

6 Restrictions

6.1 Restriction on dealing

A Member is not permitted to sell, assign, transfer or otherwise deal with, or grant a Security Interest over, a Share acquired under the Plan before the earlier of:

(a) the end of the period three years after the acquisition of the Share; and

(b) the time when the Member is no longer employed by any of:

(i) a Group Company; and

(ii) the company which employed the Member at the date the Share acquired by the Member, whether or not that company is still a Group Company.

6.2 Enforcing the restriction on dealing

The Company may make any arrangements it considers necessary to enforce the restriction in Rule 6.1, and Members are bound by those arrangements and must take any steps reasonably required by the Company to give effect to Rule 6.1.

6.3 Holding Lock

Without limiting Rule 6.2 and subject to the Listing Rules, the Company may procure that a Holding Lock be put on any Shares which are subject to the restriction in Rule 6.1.

6.4 Removing the restriction

As soon as reasonably practicable after the restriction on dealing with a Share under Rule 6.1 no longer applies, the Company must ensure that any restriction on dealing with that Share under these Rules no longer applies (including procuring the removal of any Holding Lock on that Share).

7 Rights of Members

7.1 Shares to rank equally

Shares allotted under the Plan will rank equally with all Shares from the date of issue in all respects, including in relation to all reconstructions, rights issues, bonus share issues and dividends with a record date for entitlements after allotment.

7.2 Equal rights and entitlements

Subject to Rule 6, each Member is to be treated in the same way, and has the same rights and obligations, as any other shareholder in the Company (whether or not an Employee) including in relation to:

(a) any dividend payable or other distribution made in relation to the Shares;

(b) any bonus entitlements in relation to Shares acquired under the Plan, unless the bonus entitlement forms part of the acquisition of Shares under the Plan, in which case the restriction on disposal of Shares will apply;

(c) any right to participate in a new issue of securities of the Company; and

(d) any Shares issued to a Member under a dividend reinvestment plan or bonus share plan (other than the Plan); and

(e) any other adjustment to the number of Shares held under the Plan in accordance with the Listing Rules.

This Rule applies unless a Member is treated as having acquired a share or right under an Employee Share Scheme for the purpose of Division 13A of Part III of the Income Tax Assessment Act 1936 (Cwlth) in which case the restriction in Rule 6.1 on disposal applies in relation to that share or right.

7.3 Voting rights

Subject to the Listing Rules and the terms of issue of the relevant Shares, a Member may exercise any voting rights attaching to their Shares, or may appoint a proxy to represent and vote or their behalf at any meeting of members of the Company.

8 Administration of the Plan

8.1 Rules are binding

The Plan must be administered in accordance with these Rules which bind each Group Company and each Member.

8.2 Board may determine procedures

The Board may make regulations and determine procedures in accordance with these Rules for the proper and efficient administration and implementation of the Plan.

8.3 Delegation of powers

Any power or discretion which is conferred on the Company or the Board by these Rules may be delegated to a committee or any person appointed to act on their behalf.

8.4 Board's decision final

The Board's decision as to the interpretation, effect or application of the these Rules or any restriction or condition relating to any Shares acquired under the Plan is final and conclusive.

8.5 Corporations Act and Listing Rules

Shares may not be dealt with under this Plan if to do so would contravene the Corporations Act, the Listing Rules or instruments of relief issued by ASIC relating to employee share schemes.

9 Amendments

9.1 Board may amend the Plan and Rules

Subject to the Listing Rules and Rule 9.2:

(a) the Board may at any time by written instrument or resolution amend the Plan and these Rules, including this Rule; and

(b) any amendment may affect the rights of any Member in respect of Shares held under the Plan at the date of the amendment.

9.2 No reduction of existing rights

Any amendment to the Plan and Rules must not materially reduce the rights of any Member in respect of their Shares held under the Plan at the date of the amendment, unless the amendment is introduced primarily:

(a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or similar plans (including the Corporations Act and the Listing Rules);

(b) to correct any manifest error or mistake;

(c) to enable a Group Company to comply with the requirements of a regulator, including under an instrument of relief issued by ASIC; or

(d) to enable the Company to undertake a re-organisation of or other transaction relating to its securities without the approval of Members in a capacity other than as shareholders.

9.3 Listing Rules

No amendment may be made except in accordance with and in the manner (if any) stipulated by the Listing Rules.

9.4 Retrospective amendment possible

Subject to Rule 9.2, any amendment made under Rule 9.1 may be given retrospective effect as specified in the written instrument or resolution by which the amendment is made.

10 Termination or suspension of the Plan

10.1 Board may terminate or suspend

The Board may terminate or suspend the operation of the Plan. However, the Board must determine how any Share subject to the restriction on dealing under Rule 6.1 should be dealt with so that the requirements of section 139CE of the Tax Act continue to be satisfied.

10.2 Notice of termination or suspension

As soon as reasonably practicable after termination or suspension of the Plan, the Board must give written notice to any Member affected.

11 Connection with other schemes

11.1 Company may provide other incentives

The Company is not restricted to using the Plan as the only method of providing incentive rewards to employees. The Company may approve other incentive schemes.

11.2 Participation in other schemes

Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other scheme of the Company unless the terms of that incentive or scheme provide otherwise.

12 Miscellaneous provisions

12.1 Rights of Members

Nothing in these Rules:

(a) confers on any Member the right to continue as an Employee of any Employer;

(b) affects any rights which any Employer may have to terminate the employment of any Employee; or

(c) may be used to increase damages in any action brought against any Employer in respect of any termination of employment.

No person, whether a Member or otherwise, has any claim, right or interest in relation to the Plan or any Shares held under the Plan, whether against the Company or any other person, except under and in accordance with these Rules.

12.2 Company acts as principal only

The Company acts as principal in the operation of the Plan and not as trustee or agent of Employees or Members.

12.3 Instructions by Members

For the purposes of the Plan, the Board, the Company and any Employer is entitled to regard any notice, direction or other communication given or purported to be given by or on behalf of a Member (or a legal personal representative of a Member) as valid, whether given orally or in writing.

12.4 Notices

Any notice in connection with the Plan may be given by personal delivery or by sending the same by post at the person's last known address, or in any other manner as the Board determines.

12.5 Governing law

This Plan is governed by the laws in force in New South Wales.

12.6 Payments net of tax

If a Group Company is obliged to deduct or withhold any amount of tax or other government levy or impost, the payment to the Member is to be made net of the deduction or withholding.

12.7 Rounding

Any calculation of a number of Shares under the Plan is to be rounded down to the nearest whole number.