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FlexiGroup Long Term Incentive Plan Rules

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FlexiGroup Long Term Incentive Plan Rules

General terms

1 Introduction

1.1 Purpose

The Plan provides eligible Executives with an opportunity to acquire an ownership interest or exposure to an ownership interest in the Company.

1.2 Commencement

The Plan commences on the date that the Company determines.

1.3 Rules are binding

The Company, each Participating Company and each Participant are bound by these rules.

2 Definitions and interpretation

2.1 Definitions

The following words and expressions have the following meanings unless the contrary intention appears:

Application means an application for Options or Performance Rights made by an Executive under the terms of an Invitation.

Application Form means an application form attached to an Invitation.

ASX means Australian Stock Exchange Limited.

Board means all or some of the Directors acting as a board of the Company or, if the relevant powers or discretions have been delegated by the Board, the committee or individuals acting as delegates of the Board.

Business Day means a day other than a Saturday, Sunday or public holiday in Sydney.

Company means FlexiGroup Limited ACN 122 574 583.

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

Director means a director of the Company.

Employer means any Group Company, and in relation to any particular Participant means the Group Company by which that Participant is for the time being employed.

Executive means a person who is in the full time or part time employment of a Group Company.

Exercise Condition means, in relation to an Option or a Performance Right, a condition (other than a Vesting Condition) which must be satisfied or waived before that Option or Performance Right (as the case may be) may be exercised.

Exercise Period means, in relation to an Option or a Performance Right, the latest period at the end of which that Option or Performance Right (as the case may be) will lapse.

Exercise Price means:

- (a) in relation to an Option, the amount payable on exercise of that Option, as specified in the Invitation and adjusted in accordance with paragraph 7 of schedule 1; or
- (b) in relation to a Performance Right, a nil amount, unless otherwise determined by the Board in which event the Exercise Price will be specified in the Invitation and adjusted in accordance with paragraph 7 of schedule 2..

Grant Date means, in relation to an Option or a Performance Right, the date on which that Option or Performance Right is granted.

Group means the Company and each of its Subsidiaries.

Group Company means the Company or any of its Subsidiaries.

Holding Lock has the same meaning as in Chapter 19 of the Listing Rules.

Invitation means an invitation to apply for Options or Performance Rights under the Plan made in accordance with rule 3.2.

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

Market Value means the market value of a Share determined under section 139FA of the Tax Act.

Option means a right to acquire a Share (by transfer or issue at the election of the Company) on the payment of the Exercise Price, granted under schedule 1 on the Terms and Conditions of Grant.

Participant means an Executive to whom an Option or a Performance Right has been granted and who has not ceased to be a Participant under rule 3.10 and includes a legal personal representative of the Participant.

Participating Company means each Group Company to which the Board resolves that the Plan extends.

Performance Right means a right to acquire a Share (by transfer or issue at the election of the Company) (on payment of the Exercise Price if it is not nil) granted under schedule 2 on the Terms and Conditions of Grant.

Plan means the FlexiGroup Long Term Incentive Plan, the rules of which are set out in this document.

Redundancy means termination of employment of a Participant by a Participating Company due to economic, technological, structural or other organisational change where through no act or default of the Participant:

- (a) the Participating Company no longer requires the duties and responsibilities carried out by the Participant to be carried out by anyone; or
- (b) the Participating Company no longer requires the position held by the Participant to be held by anyone.

Retirement means termination of the employment of a Participant with a Participating Company because:

- (a) the Participant attains the age that the Board accepts as the retirement age for that individual;
- (b) the Participant is unable, in the opinion of the Board, to perform his or her duties because of illness or incapacity.

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

Separation means the termination of a Participant's employment with a Participating Company by the volition of the Participant and with the written consent of the Board expressly given for the purposes of the Plan.

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

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

Supplementary Condition means, in relation to an Option or a Performance Right, any term or condition (other than the rules, the Exercise Conditions or Vesting Conditions) to which that Option or Performance Right is subject, or to which any Shares acquired pursuant to the exercise of that Option or Performance Right will be subject.

Takeover Bid has the meaning given in section 9 of the Corporations Act.

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

Terms and Conditions of Grant means, in relation to an Option or a Performance Right, all of:

- (a) these rules (other than the schedules);
- (b) the rules of schedule 1 or 2 respectively;
- (c) any Vesting Condition;

- (d) any Exercise Condition; and
- (e) any Supplementary Condition.

Total and Permanent Disablement means, in relation to a Participant, that the Participant has, in the opinion of the Board, after having regard to such medical and other evidence as the Board may consider appropriate, become incapacitated to such an extent as to render the Participant unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

Tranche means a number of Options or Performance Rights (as the case may be) which upon satisfaction of any relevant Vesting Condition have the same Vesting Date.

Vesting Condition means, in relation to an Option or a Performance Right, a condition which must be satisfied or waived before that Option or Performance Right becomes vested in its holder and exercisable.

Vested Option means an Option in respect of which Vesting Conditions have been satisfied.

Vested Performance Right means a Performance Right in respect of which all of the Vesting Conditions have been satisfied or waived.

Vesting Date means, in relation to an Option or a Performance Right, the date on which that Option or Performance Right vests and becomes exercisable, subject to the Terms and Conditions of Grant for that Option or Performance Right.

2.2 Interpretation

In these rules, unless the contrary intention appears:

- (a) words importing the singular include the plural and vice versa;
- (b) subject to paragraphs (c), and (d), references to these rules, or any particular rule or paragraph of these rules, means these rules, or the relevant rule or paragraph, as amended from time to time;
- (c) in a schedule, references to “these rules” and any particular paragraph of these rules exclude the paragraphs of the schedules other than the paragraphs of that schedule;
- (d) in schedules 1 and 2, references to the rules includes a reference to any Vesting Condition, any Exercise Condition and any Supplementary Condition;
- (e) the reference to Share in the definition of an Option and a Performance Right in rule 2.1 includes a reference to a Share resulting from an adjustment;
- (f) references to a statute or other law include regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

- (g) references to the exercise of a power or discretion include a decision not to exercise the power or discretion;
- (h) references to a “year” mean any period of 12 months;
- (i) the words “include”, “including” or “such as” are not used as, nor are they to be interpreted as words of limitation, and when introducing a list of items does not exclude a reference to other items whether of the same class or genus or not;
- (j) “Australian dollars”, “dollars”, “A\$” or “\$” is a reference to the lawful currency of Australia;
- (k) law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (l) a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (m) if a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (n) if an act under this agreement to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day.

2.3 Heading

Headings are for convenience only and, except where they are inserted as a means of cross-reference, do not affect the interpretation of these rules.

3 Invitation, application and acceptance

3.1 Eligibility

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

3.2 Invitation may be made

From time to time the Company may make an Invitation to participate in the Plan to an Executive who is eligible to participate in the Plan in accordance with rule 3.1.

3.3 Form of Application

The Invitation to an Executive must be accompanied by an Application Form.

3.4 Participant agrees to be bound

Each Participant is, by submitting a completed Application Form, deemed to have agreed to be bound by:

- (a) the terms of the Invitation and Application Form;
- (b) the provisions of these rules, as amended from time to time, except the provisions of the schedules apply in accordance with paragraph (d) below;
- (c) the constitution of the Company, as amended from time to time; and
- (d) the provisions of:
 - (i) schedule 1, to the extent the Participant makes an Application for Options; and
 - (ii) schedule 2, to the extent the Participant makes an Application for Performance Rights.

3.5 Acceptance of Application

The Application must be in the form included with the Invitation, and may not be made on the basis that it is subject to any terms and conditions other than those specified in the Invitation. The method of acceptance of an Application must be set out in the Application Form, including:

- (a) the name or title of the person to whom the Application must be sent; and
- (b) the date and time by which the Application must be received by or on behalf of the Company.

3.6 When the Company must receive the Application

For an Application to be effective, it must be received by or on behalf of the Company by the time and date specified in the Invitation, unless otherwise determined by the Board.

3.7 Who may apply

On receipt of an Invitation, the Executive may apply for the Options or Performance Rights (as the case may be) described in that Invitation by sending to the person designated by the Company an Application duly completed and signed in accordance with rule 3.6.

3.8 When Applications will not be accepted

An Application under rule 3.7 will not be accepted if, at the date the Application would otherwise be accepted:

- (a) he or she is not an Executive;
- (b) he or she has given their Employer notice of his or her resignation as an Executive; or
- (c) he or she has been given notice of termination of employment as an Executive or if, in the opinion of the Board, he or she has tendered his or her resignation to avoid such dismissal.

3.9 Board's discretion

The Board may determine that an Application under this rule 3 by an Executive who would otherwise be eligible to participate under these rules will not be accepted.

3.10 Cessation of membership

A person ceases to be a Participant when all property or moneys to which the Participant is entitled under the Plan have been transferred or paid in accordance with these rules.

4 Administration of Plan

4.1 Board to administer Plan

The Plan is to be administered by the Board in accordance with these rules. The Board may make further provisions for the operation of the Plan which are consistent with these rules.

4.2 Board powers and discretions

Any power or discretion which is conferred on the Board by these rules must be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any power or discretion, under any fiduciary or other obligation to any other person.

4.3 Delegation of Board powers and discretions

Any power or discretion which is conferred on the Board by these rules including the power to invite Executives to participate in the Plan and to determine the terms and conditions of a Participant's Option or Performance Right may be delegated by the Board to:

- (a) a committee consisting of such directors, other officers or employees of the Company, or any combination of such persons as the Board thinks fit;
- (b) a related body corporate of the Company; or
- (c) a third party,

for such periods and on such conditions as the Board thinks fit.

4.4 Documents

The Company may from time to time require a person invited to participate in the Plan or a Participant to complete and return such other documents as may be required by law to be completed by that person or Participant, or such other documents which the Company considers should, for legal, taxation or administrative reasons, be completed by that person or Participant.

4.5 Board decision - final and conclusive

The decision of the Board as to the interpretation, effect or application of these rules and all calculations and determination made by the Board under these rules are final, conclusive and binding in the absence of manifest error.

4.6 Suspension of Plan

The Board may from time to time suspend the operation of the Plan and may at any time cancel the Plan. The suspension or cancellation of the Plan must not prejudice the existing rights (if any) of Participants.

4.7 Compliance with Corporations Act and Listing Rules

Despite any other provision of these rules or any term or condition of the participation of any Participant in the Plan, no Option or Performance Right may be granted or exercised, if to do so would contravene the Corporations Act or the Listing Rules.

5 Amendment of the Plan

5.1 Board may amend

Subject to rules 5.2 and 5.3, the Board may at any time by written instrument, amend all or any of the provisions of these rules, including this rule 5.

5.2 No reduction of existing rights

Any amendment to the provisions of these rules must not materially reduce the rights of any Participant as they existed before 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 like plans;
- (b) to correct any manifest error or mistake;
- (c) to enable contributions or other amounts paid by a member of the Group to the Plan to qualify as income tax deductions for that member or another member of the Group;
- (d) to enable any Employer to reduce the amount of fringe benefits tax under the *Fringe Benefits Tax Assessment Act 1986* (Cwlth), the amount of tax under the Tax Acts, or the amount of any other tax or impost that would otherwise be payable by the Employer in relation to the Plan;
- (e) for the purpose of enabling the Participants generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their participation in the Plan; or
- (f) to enable the Plan or any Group Company to comply with the Corporations Act, the Listing Rules or its constitution.

5.3 Retrospective amendment possible

Subject to rule 5.2, any amendment made under rule 5.1 may be given retrospective effect as specified in the written instrument by which the amendment is made.

6 Termination of the Plan

The Plan terminates and is to be wound up (as provided below) on the occurrence of any of the following events:

- (a) if an order is made or an effective resolution is passed for the winding up of the Company other than for the purpose of amalgamation or reconstruction; or
- (b) if the Board determines that the Plan is to be wound up.

7 Miscellaneous provisions

7.1 Rights of Participants

Nothing in these rules:

- (a) confers on any person any expectation to become a Participant;
- (b) confers on any Executive the right to be invited to apply for, to be offered or to receive any Option or Performance Right;
- (c) confers on any Participant the right to continue as an employee of any Employer;
- (d) affects any rights which any Employer may have to terminate the employment of any Executive; or
- (e) may be used to increase damages in any action brought against any Employer in respect of any termination of employment.

No person, whether a Participant or otherwise, has any claim, right or interest in respect of the Plan or other property of the Plan, whether against the Company or any other person, as a consequence of termination of the Executive's employment or appointment or otherwise, except under and in accordance with these rules.

7.2 Instructions by Participants

For the purposes of these rules, the Company, the Board 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 Participant (or a legal personal representative of a Participant) as valid, whether given orally or in writing. Any notice, direction or other communication given or purported to be given by or on behalf of a Participant (or a legal personal representative of a Participant) or any other person under these rules to the Company or the Employer is duly given only if actually received by the Company or Employer (as the case may be).

7.3 Notices

Any notice, certificate, consent, approval, waiver or other communications given by the Board, the Company or the Employer is deemed to have been duly given if:

(a) sent by electronic mail or delivered by hand; or

(b) sent by ordinary prepaid mail,

and is deemed to have been served:

(c) if sent by electronic mail or delivered by hand, at the time of sending or delivery; or

(d) if posted, three Business Days (or, if posted to a Participant's address outside Australia, seven Business Days) after the date of posting.

Delivery, transmission and postage is to the address of any Participant as indicated on the Application Form, any other address as the Board or any Participant may notify to the other or in the case of a Participant who is an Executive, the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of his or her office or employment.

7.4 Governing law

These rules are governed by the laws in force in New South Wales and is construed and takes effect in accordance with those laws.

7.5 Payments net of tax

If, when the Board makes or is deemed to make a payment to a Participant under these rules, the Board is obliged to deduct or withhold any amount of tax or other government levy or impost, the payment to the Participant is to be made net of the deduction or withholding.

7.6 Rounding

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

FlexiGroup Long Term Incentive Plan Rules

Schedule 1 - Options

1 Invitation to apply for Options

An Invitation to an Executive to apply for Options may be made on such terms and conditions as the Board decides from time to time, including as to:

- (a) the number of Options for which that Executive may apply;
- (b) the amount payable (if any) for the grant of an Option or how it is calculated;
- (c) the Exercise Price or how it is calculated;
- (d) the Vesting Date or how it is calculated;
- (e) any Vesting Condition;
- (f) any Exercise Condition;
- (g) any Supplementary Condition; and
- (h) the Exercise Period or how it is calculated.

2 Grant of Options

2.1 Company to grant Options

On receipt of an application for Options, the Company at the discretion of the Board may grant Options to the Executive specified in the Invitation, subject to the Terms and Conditions of Grant.

2.2 Certificate or statement

Following the grant of Options under paragraph 2.1, the Company will issue to the Participant a certificate and/or other document that states or together state with respect to that grant:

- (a) the number of Options granted;
- (b) the Exercise Price;
- (c) the Grant Date;
- (d) where the Options are comprised in two or more Tranches, the number of Options in each Tranche;
- (e) the Vesting Date;

- (f) the Exercise Period; and
- (g) other terms and conditions (if any) as determined by the Board.

2.3 Restriction on dealing

A Participant may not sell, assign, transfer or otherwise deal with, or grant a Security Interest over, an Option granted to the Participant. The Option lapses immediately on purported sale, assignment, transfer, dealing or grant of Security Interest, unless the Board in its absolute discretion approves (subject to such conditions as the Board sees fit) the dealing, or the transfer or transmission is effected by force of law on death or legal incapacity to the Participant's legal personal representative.

3 Register of Options

Unless the Board determines otherwise, Options granted under these rules (and Shares issued or transferred to the relevant Participant on their exercise) will be registered in the appropriate register of the Company.

4 Vesting of Options

4.1 Life of Option

Notwithstanding any other provision of these rules, the latest date on which an Option lapses is the date of expiry of the Exercise Period.

4.2 Vesting

An Option of a Participant vests on, and the Participant may exercise the Option only on or after:

- (a) the Vesting Date for the Option provided that the Participant remains employed by a Group Company as at the Vesting Date; or
- (b) any earlier date on which the Option vests and becomes exercisable under this paragraph 4.

4.3 Automatic vesting

All the unvested Options of a Participant automatically become Vested Options if any of the following occur:

- (a) **(change of control)** any person together with their associates acquire Shares, which when aggregated with Shares already held by that person and their associates, comprise more than 50% of the issued Shares;
- (b) **(reconstruction or amalgamation)** under section 413 of the Corporations Act the court sanctions a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company;

- (c) **(winding up)** the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company; or
- (d) **(delisting)** the Company ceases to be listed on ASX.

4.4 Accelerated vesting at Board's discretion

Subject to the Terms and Conditions of Grant, the Board may determine that all or a portion of unvested Options of a Participant are to be Vested Options in any of the following circumstances:

- (a) **(death)** the Participant dies; or
- (b) **(cessation of employment)** the Participant ceases to be employed by a Group Company for any other reason (including Total and Permanent Disablement, Redundancy, Retirement or Separation).

4.5 Individual not treated as ceasing to be an employee

For the purposes of paragraphs 4 and 5, a Participant:

- (a) is not treated as ceasing to be an employee of a Group Company unless and until the individual is no longer an employee of any Group Company, whether or not in the same capacity as at the time the Option was granted; and
- (b) is treated as ceasing to be an employee of a Group Company if the individual is no longer an employee of any Group Company because:
 - (i) the individual's employer ceases to be a Group Company, whether or not, after the cessation, the individual remains an employee of that employer; or
 - (ii) the individual is an employee of a business that is transferred to a person that is not a Group Company.

5 Lapse of Options

5.1 Lapse of Options

Unless an Option vests at an earlier date, a Participant's unvested Option lapses on the earliest of:

- (a) the date of expiry of the Exercise Period;
- (b) the Board making a determination that the Vesting Conditions and/or Exercise Conditions applicable to the Option are not satisfied and not capable of being satisfied in accordance with the Terms and Conditions of Grant and that the Option has lapsed;
- (c) the Board making a determination under paragraph 5.2 that the Option has lapsed;

- (d) 30 days after the Participant's death or Total and Permanent Disablement, if death or Total and Permanent Disablement occurs;
- (e) 30 days after the Participant ceasing to be employed by a Group Company by reason of Retirement or Redundancy and the Board not making a determination during that period that the Option will become a Vested Option;
- (f) 30 days after the Participant ceasing to be employed by a Group Company for any other reason and the Board not making a determination during that period that the Option will become a Vested Option; or
- (g) if the Board extends the time during which the Option may be exercised under paragraph 5.4, the expiry of that time.

5.2 Option may lapse in the case of fraud or dishonesty

If, in the opinion of the Board, a Participant:

- (a) has committed (or it is evident the Participant intends to commit), any act (whether by omission or commission) which amounts or would amount to any of dishonesty, fraud, wilful misconduct, wilful breach of duty, serious and wilful negligence or incompetence in the performance of the Participant's duties; or
- (b) is convicted of a criminal offence (other than a minor motor traffic offence or other trivial offence which does not impact on the Participant's good fame and character or ability to perform his/her duties) or is guilty of any other wilful or recklessly indifferent conduct which, in the opinion of the Board, may injure or tend to injure the reputation and/or the business or operations of a Group Member,

the Board may declare that any unvested Option has lapsed, and the unvested Options lapses accordingly.

5.3 Restrictions on exercise of vested Options

Unless the Exercise Period expires at an earlier date, a Vested Option of a Participant lapses on the earliest of:

- (a) the expiry of 12 months after the Participant's death or Total and Permanent Disablement;
- (b) 6 months after the Participant ceases to be employed by a Group Company by reason of Retirement or Redundancy;
- (c) 3 months after the Participant ceases to be employed by a Group Company for any other reason (other than termination with cause);
- (d) the date (excluding any notice period) on which the Participant's employment with a Group Company is terminated with cause;

- (e) 30 days after the Board makes a determination that an event in paragraph 5.2(a) or (b) has occurred; or
- (f) if the Board extends the time during which the Option may be exercised under paragraph 5.4, the expiry of that time.

5.4 Board may extend time for exercise by Participant

Subject to the Listing Rules, the Board may, in its discretion, extend a period during which a Participant may exercise an Option under these rules, provided that the Board may not extend the Exercise Period. If the Board exercises its discretion under this paragraph 5.4 to extend a period during which a Participant may exercise an Option under these rules, the Board will give written notice of such extension to the Participant as soon as reasonably practicable.

6 Exercise of Options

6.1 Manner of exercise

A Participant may exercise a Participant's vested Option that has not lapsed:

- (a) in accordance with the Terms and Conditions of Grant; and
- (b) by paying the Exercise Price to or as directed by the Company.

The total Exercise Price payable by a Participant on exercise of Options is the Exercise Price of an Option (expressed in cents to one decimal place) multiplied by the number of Options being exercised by that Participant, rounded up to the nearest cent.

7 Delivery of Shares on Exercise of Options

7.1 Issue or transfer

Within 15 Business Days after the exercise of a Participant's Options, the Company will issue or cause to be transferred to the Participant the number of Shares comprised in each Option (expressed to four decimal places) multiplied by the number of Options exercised by that Participant rounded down to the nearest whole number of Shares.

7.2 Shares to rank pari passu

All Shares issued on the exercise of a Participant's Options will rank pari passu in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of their allotment.

7.3 Shares to be quoted on ASX

If Shares of the same class as those issued on the exercise of a Participant's Options are quoted on the ASX, the Company will apply to the ASX as required by the Listing Rules for those Shares to be quoted.

8 Restrictions on dealing with Shares

8.1 Restriction as to dealing

The Board may impose any restriction as to disposal or other dealing by the Participant for any period in respect of the Shares referred to in paragraph 7.1;

- (g) as part of the Terms and Conditions of Grant; or
- (h) at anytime after the Grant Date but prior to the exercise of the Participant's Options, subject to the agreement of the Participant.

8.2 Enforcement of disposal restriction

The Board may implement any procedure it deems appropriate that complies with the Listing Rules (or the terms of any waiver given under them by the ASX) to ensure compliance by the Participant with the restriction on disposal under paragraph 8.1.

8.3 Holding Locks

Without limiting paragraph 8.2, and subject to the Listing Rules, the Company may procure that a Holding Lock be put on those Shares while the Shares are subject to the restriction on disposal under paragraph 8.1.

8.4 Participant's agreement

By applying for and being granted Options under these rules, each Participant undertakes that while the Shares acquired by the Participant as a result of the exercise of Options are subject to any restriction procedure prescribed under paragraph 8.2, the Participant will not take any action or permit another person to take any action to remove the restriction procedure.

8.5 Release of Shares from the Plan

After the expiration of the restriction on disposal under paragraph 8.1, a Participant may submit an application to the Company or as directed by the Company for the removal of any transfer restriction (including any Holding Lock) imposed in accordance with paragraph 8.1. The Board may determine whether to approve such application, which approval may not be unreasonably withheld.

8.6 Expiry of restriction

Upon the expiry of any restriction over a Share, the Company will take all actions reasonably necessary to ensure that the Participant can deal with the Share.

9 Adjustment of Options

9.1 Bonus issue

If the Company makes a bonus issue of Shares pro rata to shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend

reinvestment) and no Shares have been allotted in respect of an Option before the record date for determining entitlements to the bonus issue then number of Shares over which the Option is exercisable will be increased by the number of Shares which the Participant would have received if the Option had been exercised before the record date for the bonus issue.

9.2 Rights issue

If:

- (a) Shares are offered pro rata for subscription by the Company's shareholders generally by way of a rights issue; and
- (b) the price at which each Share is so offered is less than the Market Value on the day of public announcement of the rights issue,

the Exercise Price of each Option is reduced according to the following formula unless the Exercise Price of the Option is nil:

$$O' = O - \frac{E [P - (S + D)]}{N + 1}$$

where:

O' = the new Exercise Price of the Option

O = the old Exercise Price of the Option

E = the number of Shares to which a Participant is entitled under one Option

P = the average market price per Share (weighted by reference to volume) sold in the ordinary course of trading on the ASX during the 5 trading days ending on the day before the ex rights date or ex entitlements date

S = the subscription price for a Share under the pro rata issue

D = the dividend due but not yet paid on the existing Shares (except those to be issued under the pro rata issue)

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

9.3 Sub-division, consolidation, reduction or return

If there is any reorganisation, including any subdivision, consolidation, reduction or return of the issued capital of the Company, the number of Options to which each Participant is entitled or the Exercise Price (if any), or both, will be adjusted in the way specified by the Listing Rules from time to time.

9.4 Limited right to participate in new issues

Subject to the preceding paragraphs, during the currency of a Participant's Option and before its exercise, the Participant is not entitled to participate in any new issue of securities of the Company as a result of holding the Option.

9.5 Accumulation of adjustments

Full effect must be given to these paragraphs 9.1, 9.2 and 9.3 as and when occasions of their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect must be such as to reflect in relation to the Shares comprised in an Option the adjustments which on the occasions in question are progressively effective in relation to Shares already on issue. All adjustment calculations are to be to four decimal places and in the case of the Exercise Price (if any), to four decimal places expressed in cents.

Unless otherwise provided in these rules, a Participant has no right to:

- (a) change the Exercise Price of the Option; or
- (b) change the number of Shares over which the Option can be exercised.

FlexiGroup Long Term Incentive Plan Rules

Schedule 2 - Performance Rights

1 Invitation to apply for Performance Rights

An Invitation to an Executive to apply for Performance Rights may be made on such terms and conditions as the Board decides from time to time, including as to:

- (a) the number of Performance Rights for which that Executive may apply;
- (b) the amount payable (if any) for the grant of a Performance Right or how it is calculated;
- (c) the Exercise Price or how it is calculated;
- (d) the Vesting Date or how it is calculated;
- (e) any Vesting Condition;
- (f) any Exercise Condition;
- (g) any Supplementary Condition; and
- (h) the Exercise Period or how it is calculated.

2 Grant of Performance Rights

2.1 Company to grant Performance Rights

On receipt of an application for Performance Rights, the Company at the discretion of the Board may grant Performance Rights to the Executive specified in the Invitation, subject to the Terms and Conditions of Grant.

2.2 Certificate or statement

Following the grant of Performance Rights under paragraph 2.1, the Company will issue to the Participant a certificate and/or other document that states or together state with respect to that grant:

- (a) the number of Performance Rights granted;
- (b) the Exercise Price;
- (c) the Grant Date;
- (d) where the Performance Rights are comprised in two or more Tranches, the number of Performance Rights in each Tranche;

- (e) the Vesting Date;
- (f) the Exercise Period; and
- (g) other terms and conditions (if any) as determined by the Board.

2.3 Restriction on dealing

A Participant may not sell, assign, transfer or otherwise deal with, or grant a Security Interest over, a Performance Right granted to the Participant. The Performance Right lapses immediately on purported sale, assignment, transfer, dealing or grant of Security Interest, unless the Board in its absolute discretion approves (subject to such conditions as the Board sees fit) the dealing or the transfer or transmission is effected by force of law on death or legal incapacity to the Participant's legal personal representative.

3 Register of Performance Rights

Unless the Board determines otherwise, Performance Rights granted under these rules (and Shares issued or transferred to the relevant Participant on their exercise) will be registered in the appropriate register of the Company.

4 Vesting of Performance Rights

4.1 Life of Performance Right

Notwithstanding any other provision of these rules, the latest date on which a Performance Right lapses is the date of expiry of the Exercise Period.

4.2 Vesting

A Performance Right of a Participant vests on, and the Participant may exercise the Performance Right only on or after:

- (a) the Vesting Date for the Performance Right provided that the Participant remains employed by a Group Company as at the Vesting Date; or
- (b) any earlier date on which the Performance Right vests and becomes exercisable under this paragraph 4.

4.3 Automatic vesting

All the unvested Performance Rights of a Participant automatically become Vested Performance Rights if any of the following occur:

- (a) **(change of control)** any person together with their associates acquire Shares, which when aggregated with Shares already held by that person and their associates, comprise more than 50% of the issued Shares;
- (b) **(reconstruction or amalgamation)** under section 413 of the Corporations Act the court sanctions a compromise or arrangement proposed for the purposes of or in connection with a scheme for the

reconstruction of the Company or its amalgamation with any other company;

- (c) **(winding up)** the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company; or
- (d) **(delisting)** the Company ceases to be listed on ASX.

4.4 Accelerated vesting at Board's discretion

Subject to the Terms and Conditions of Grant, the Board may determine that all or a portion of unvested Performance Rights of a Participant are to be Vested Performance Rights in any of the following circumstances:

- (a) **(death)** the Participant dies; or
- (b) **(cessation of employment)** the Participant ceases to be employed by a Group Company for any other reason (including Total and Permanent Disablement, Redundancy, Retirement or Separation).

4.5 Individual not treated as ceasing to be an employee

For the purposes of paragraphs 4 and 5, a Participant:

- (a) is not treated as ceasing to be an employee of a Group Company unless and until the individual is no longer an employee of any Group Company, whether or not in the same capacity as at the time the Performance Right was granted; and
- (b) is treated as ceasing to be an employee of a Group Company if the individual is no longer an employee of any Group Company because:
 - (i) the individual's employer ceases to be a Group Company, whether or not, after the cessation, the individual remains an employee of that employer; or
 - (ii) the individual is an employee of a business that is transferred to a person that is not a Group Company.

5 Lapse of Performance Rights

5.1 Lapse of Performance Rights

Unless a Performance Right vests at an earlier date, a Participant's unvested Performance Right lapses on the earliest of:

- (a) the date of expiry of the Exercise Period;
- (b) the Board making a determination that the Vesting Conditions and/or Exercise Conditions applicable to the Performance Right are not satisfied and not capable of being satisfied in accordance with the Terms and Conditions of Grant and that the Performance Right has lapsed;

- (c) the Board making a determination under paragraph 5.2 that the Performance Right has lapsed;
- (d) 30 days after the Participant's death or Total and Permanent Disablement, if death or Total and Permanent Disablement occurs;
- (e) 30 days after the Participant ceasing to be employed by a Group Company by reason of Retirement or Redundancy and the Board not making a determination during that period that the Performance Right will become a Vested Performance Right;
- (f) 30 days after the Participant ceasing to be employed by a Group Company for any other reason and the Board not making a determination during that period that the Performance Right will become a Vested Performance Right; or
- (g) if the Board extends the time during which the Performance Right may be exercised under paragraph 5.4, the expiry of that time.

5.2 Performance Right may lapse in the case of fraud or dishonesty

If, in the opinion of the Board, a Participant:

- (a) has committed (or it is evident the Participant intends to commit), any act (whether by omission or commission) which amounts or would amount to any of dishonesty, fraud, wilful misconduct, wilful breach of duty, serious and wilful negligence or incompetence in the performance of the Participant's duties; or
- (b) is convicted of a criminal offence (other than a minor motor traffic offence or other trivial offence which does not impact on the Participant's good fame and character or ability to perform his/her duties) or is guilty of any other wilful or recklessly indifferent conduct which, in the opinion of the Board, may injure or tend to injure the reputation and/or the business or operations of a Group Member,

the Board may declare that any unvested Performance Right has lapsed, and the unvested Performance Rights lapses accordingly.

5.3 Restrictions on exercise of vested Performance Rights

Unless the Exercise Period expires at an earlier date, a Vested Performance Right of a Participant lapses on the earliest of:

- (a) the expiry of 12 months after the Participant's death or Total and Permanent Disablement;
- (b) 6 months after the Participant ceases to be employed by a Group Company by reason of Retirement or Redundancy;
- (c) 3 months after the Participant ceases to be employed by a Group Company for any other reason (other than termination with cause);

- (d) the date (excluding any notice period) on which the Participant's employment with a Group Company is terminated with cause;
- (e) 30 days after the Board makes a determination that an event in paragraph 5.2(a) or (b) has occurred; or
- (f) if the Board extends the time during which the Performance Right may be exercised under paragraph 5.4, the expiry of that time.

5.4 Board may extend time for exercise by Participant

Subject to the Listing Rules, the Board may, in its discretion, extend a period during which a Participant may exercise a Performance Right under these rules, provided that the Board may not extend the Exercise Period. If the Board exercises its discretion under this paragraph 5.4 to extend a period during which a Participant may exercise a Performance Right under these rules, the Board will give written notice of such extension to the Participant as soon as reasonably practicable.

6 Exercise of Performance Rights

6.1 Manner of exercise

A Participant may exercise a Participant's vested Performance Right that has not lapsed:

- (a) in accordance with the Terms and Conditions of Grant; and
- (b) by paying the Exercise Price (if any) to or as directed by the Company.

The total Exercise Price (if any) payable by a Participant on exercise of Performance Rights is the Exercise Price of a Performance Right (if any) (expressed in cents to one decimal place) multiplied by the number of Performance Rights being exercised by that Participant, rounded up to the nearest cent.

7 Delivery of Shares on Exercise of Performance Rights

7.1 Issue or transfer

Within 15 Business Days after the exercise of a Participant's Performance Rights, the Company will issue or cause to be transferred to a Participant the number of Shares comprised in each Performance Right (expressed to four decimal places) multiplied by the number of Performance Rights exercised by that Participant rounded down to the nearest whole number of Shares.

7.2 Shares to rank pari passu

All Shares issued on the exercise of a Participant's Performance Rights will rank pari passu in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of their allotment.

7.3 Shares to be quoted on ASX

If Shares of the same class as those issued on the exercise of a Participant's Performance Rights are quoted on the ASX, the Company will apply to the ASX as required by the Listing Rules for those Shares to be quoted.

8 Restrictions on dealing with Shares

8.1 Restriction as to dealing

The Board may impose any restriction as to disposal or other dealing by the Participant for any period in respect of the Shares referred to in paragraph 7.1;

- (a) as part of the Terms and Conditions of Grant; or
- (b) at anytime after the Grant Date but prior to the exercise of the Participant's Performance Rights, subject to the agreement of the Participant.

8.2 Enforcement of disposal restriction

The Board may implement any procedure it deems appropriate that complies with the Listing Rules (or the terms of any waiver given under them by the ASX) to ensure compliance by the Participant with the restriction on disposal under paragraph 8.1.

8.3 Holding Locks

Without limiting paragraph 8.2, and subject to the Listing Rules, the Company may procure that a Holding Lock be put on those Shares while the Shares are subject to the restriction on disposal under paragraph 8.1.

8.4 Participant's agreement

By applying for and being granted Performance Rights under these rules, each Participant undertakes that while the Shares acquired by the Participant as a result of the exercise of Performance Rights are subject to any restriction procedure prescribed under paragraph 8.2, the Participant will not take any action or permit another person to take any action to remove the restriction procedure.

8.5 Release of Shares from the Plan

After the expiration of the restriction on disposal under paragraph 8.1, a Participant may submit an application to the Company or as directed by the Company for the removal of any transfer restriction (including any Holding Lock) imposed in accordance with paragraph 8.1. The Board may determine whether to approve such application, which approval may not be unreasonably withheld.

8.6 Expiry of restriction

Upon the expiry of any restriction over a Share, the Company will take all actions reasonably necessary to ensure that the Participant can deal with the Share.

9 Adjustment of Performance Rights

9.1 Bonus issue

If the Company makes a bonus issue of Shares pro rata to shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted in respect of a Performance Right before the record date for determining entitlements to the bonus issue then number of Shares over which the Performance Right is exercisable will be increased by the number of Shares which the Participant would have received if the Performance Right had been exercised before the record date for the bonus issue.

9.2 Rights issue

If:

- (a) Shares are offered pro rata for subscription by the Company's shareholders generally by way of a rights issue; and
- (b) the price at which each Share is so offered is less than the Market Value on the day of public announcement of the rights issue,

the Exercise Price of each Performance Right is reduced according to the following formula unless the Exercise Price of the Performance Right is nil:

$$O' = O - \frac{E [P - (S + D)]}{N + 1}$$

where:

- O' = the new Exercise Price of the Performance Right
- O = the old Exercise Price of the Performance Right
- E = the number of Shares to which a Participant is entitled under one Performance Right
- P = the average market price per Share (weighted by reference to volume) sold in the ordinary course of trading on the ASX during the 5 trading days ending on the day before the ex rights date or ex entitlements date
- S = the subscription price for a Share under the pro rata issue
- D = the dividend due but not yet paid on the existing Shares (except those to be issued under the pro rata issue)

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

9.3 Sub-division, consolidation, reduction or return

If there is any reorganisation, including any subdivision, consolidation, reduction or return of the issued capital of the Company, the number of Performance Rights to which each Participant is entitled or the Exercise Price (if any), or both, will be adjusted in the way specified by the Listing Rules from time to time.

9.4 Limited right to participate in new issues

Subject to the preceding paragraphs, during the currency of a Participant's Performance Right and before its exercise, the Participant is not entitled to participate in any new issue of securities of the Company as a result of holding the Performance Right.

9.5 Accumulation of adjustments

Full effect must be given to these paragraphs 9.1, 9.2 and 9.3 as and when occasions of their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect must be such as to reflect in relation to the Shares comprised in a Performance Right the adjustments which on the occasions in question are progressively effective in relation to Shares already on issue. All adjustment calculations are to be to four decimal places and in the case of the Exercise Price (if any), to four decimal places expressed in cents.

Unless otherwise provided in these rules, a Participant has no right to:

- (a) change the Exercise Price of the Performance Right; or
- (b) change the number of Shares over which the Performance Right can be exercised.