

**WORLDSEC LIMITED**



**RULES  
OF  
THE WORLDSEC  
EMPLOYEE SHARE OPTION SCHEME  
1997**

Directors' Adoption: *26<sup>th</sup>* February 1997  
Expiry Date:

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## **RULES OF THE WORLDSEC EMPLOYEE SHARE OPTION SCHEME 1997**

### **1 Meanings Of Words Used**

#### **1.1 In these Rules:**

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

**"Company"** means Worldsec Limited;

**"Conditions"** means any conditions imposed under Rule 2.2;

**"Control"** means, in relation to a body corporate, the power of a person to secure, by the means of the holding of shares or the possession of voting power in or in relation to that or any other body corporate (or by virtue of any powers conferred by the articles of association or other documents relating to that or any other body corporate) that the affairs of the first mentioned body corporate are conducted in accordance with the wishes of that person;

**"Date of Grant"** means the date on which the Directors resolve to grant an Option;

**"Directors"** means the board of directors of the Company or a duly authorised committee of it;

**"Eligible Employee"** means any person who is an employee of a Member of the Group;

**"the London Stock Exchange"** means the London Stock Exchange Limited;

**"Member of the Group"** means:

- (i) the Company; and
- (ii) its Subsidiaries from time to time;

**"Option"** means a right to acquire Shares granted under the Scheme

**"Optionholder"** means a person holding an Option or his personal representatives;

**"Option Period"** means a period starting on the Date of Grant of an Option and ending at the end of the day before the 7th anniversary of the Date of Grant, or such longer period up to the day before the 10th anniversary of the Date of Grant, as may be specified at the Date of Grant.;

**"Option Price"** means the amount payable for each Share on the exercise of an Option calculated as described in Rule 3;

**"Rules"** means these rules as changed from time to time;

**"Scheme"** means this scheme known as "The Worldsec Employee Share Option Scheme 1997";

**"Shares"** means fully paid ordinary shares in the capital of the Company; and

**"Subsidiary"** means a company which is a subsidiary of the Company within the meaning given to it by Section 736 of the Companies Act 1985;

**"Taxes Act"** means the Income and Corporation Taxes Act 1988.

#### **1.2 References to any legislation are references to legislation in the United Kingdom, unless otherwise stated.**

## **2 Grant Of Options**

### **2.1 Grant of Options:**

The Directors may grant to any Eligible Employee an Option to acquire such number of Shares as they may determine.

### **2.2 Conditions on exercise:**

When granting an Option, the Directors may make its exercise conditional on the satisfaction of certain conditions. The Conditions must be objective and specified at the Date of Grant.

The Directors may waive or change the Conditions in accordance with the terms of the Conditions if anything happens which causes the Directors to consider that:

2.2.1 a changed Condition would be a fairer measure of performance, and would be no more difficult to satisfy; or

2.2.2 the Conditions should be waived.

### **2.3 Option Certificates:**

Each Optionholder will receive an option certificate, executed as a deed, on or as soon as practicable after the Date of Grant. The Directors will set the form of the option certificate, but it must be consistent with these Rules.

### **2.4 No Payment:**

Optionholders are not required to pay for the grant of any Option.

### **2.5 Disclaimer of Option:**

Any Optionholder may disclaim all or part of his Option by notice in writing to the Secretary of the Company, within 30 days after the Date of Grant. If this happens the Option will be deemed never to have been granted under the Scheme. No consideration is payable for the disclaimer.

### **2.6 Disposal restrictions:**

Except for the transmission of an Option on the death of an Optionholder to his personal representatives, neither an Option nor any rights in respect of it may be transferred, assigned or otherwise disposed of by an Optionholder to any other person. If an Optionholder tries to transfer, assign or dispose of any such Option or rights, whether voluntarily or involuntarily, then the relevant Option will immediately lapse.

### **2.7 Administrative errors:**

If the Directors try to grant an Option which is inconsistent with Rule 4 (individual limits) or Rule 5 (scheme limits), the option will be limited and will take effect from the Date of Grant on a basis consistent with Rule 4 or Rule 5.

## **3 Option Price**

### **3.1 Setting the Price:**

The Directors will set the Option Price and state it at the Date of Grant. The Option Price will, subject to Rule 3.2, be:

3.1.1 where shares of the same class are not admitted to the official list of the London Stock Exchange, not less than ninety per cent (90%) of the average of the middle market quotations of the Shares (as derived from the Daily Official List of the London Stock Exchange) for the five (5) Business Days immediately preceding the Date of Grant; and

3.1.2 if the Share are to be subscribed, not less than the nominal value of a Share.

### **3.2 Market Value where Shares are not listed**

Where shares of the same class are not so listed, the Option Price will be the market value of a share as determined by the Directors.

## **4 Individual Limits**

### **4.1 1 per cent**

The number of Shares which may be allocated under the Scheme to any individual at any time will not exceed 1 per cent of the ordinary share capital of the Company in issue immediately before that time.

## **5 Scheme Limits**

### **5.1 10 per cent**

The number of Shares which may be allocated under the Scheme at any time will not exceed 10 per cent. of the ordinary share capital of the Company in issue immediately before that time, when added to the total number of Shares which have been allocated under the Scheme and any other employee share scheme operated by the Company.

### **5.2 Exclusions:**

5.2.1 Where an Option granted under the Scheme, or any other option granted pursuant to any other employee share scheme operated by the Company, has been exercised, such option will be ignored when calculating the limits in this Rule.

5.2.2 Where the right to acquire such Shares was released or lapsed, the Shares concerned will be ignored when calculating the limits in this Rule.

### **5.3 Meaning of Allocate:**

“Allocate” means, in relation to any share option scheme, placing unissued Shares under option and, in relation to other types of employee share scheme, the issue and allotment of Shares.

## **6 Variations In Share Capital**

### **6.1 Adjustment of Options:**

If there is a variation in the equity share capital of the Company whilst any Option remains exercisable, including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital (but not including an issue of Shares as consideration in a transaction to which the Company is a party), the Directors may adjust the following in any way (if any) as may be appropriate (including retrospective adjustments) (subject to certification by the auditors of the Company that such adjustments are, in their opinion, fair and reasonable):

6.1.1 the number or nominal amount of Shares comprised in each Option; and/or

6.1.2 the Option Price.

### **6.2 Nominal Value:**

The Option Price may not be adjusted to a price less than the nominal value of a Share.

### **6.3 Demergers**

Options may also be adjusted as described in Rule 6.1 if the Company makes an exempt distribution by virtue of Section 213 of the Taxes Act or other distribution in specie including a demerger

#### **6.4 Notice:**

The Directors may notify Optionholders of any adjustment made under this Rule 6.

### **7 Exercise And Lapse - General Rules**

#### **7.1 Exercise:**

Except where exercise is allowed as described in Rule 8, an Option can only be exercised:

- 7.1.1 on or after the day following six months after the relevant Date of Grant;
- 7.1.2 if any Condition set under Rule 2.2 is satisfied or waived; and
- 7.1.3 so long as the Optionholder is an employee of a Member of the Group.

#### **7.2 Lapse:**

An Option will lapse on the earliest of:

- 7.2.1 the date the Optionholder ceases to be an employee of a Member of the Group, **unless** any of the provisions in Rule 8 apply;
- 7.2.2 any date specified in any Conditions; or
- 7.2.3 the expiry of the Option Period.

For the purposes of Rule 7.2.1 above:

- (i) a woman who leaves employment due to pregnancy will be regarded as having left employment on the date on which she indicates that she does not intend to return to work. If there is no such indication she will be regarded as having left employment on the last day on which she is entitled to return to work under the Employment Rights Act 1996 or, if later, any other date specified in her terms of employment;
- (ii) an Optionholder will not be treated as ceasing to be an employee of a Member of the Group if on that date he is employed by another Member of the Group.

### **8 Exercise And Lapse - Exceptions to the General Rules**

#### **8.1 Cessation of Employment:**

8.1.1 If an Optionholder ceases to be an employee of any Member of the Group for any of the reasons set out below, he may exercise his Options within 6 months of such cessation. The Directors may, however, extend this period at their discretion. The reasons are:

- (i) ill-health, injury, disability or redundancy (within the meaning of the Employment Rights Act); or
- (ii) retirement after the Date of Grant following the terms of an Optionholder's contract of employment;
- (iii) early retirement by agreement with the Optionholder's employer;
- (iv) the Optionholder's employing company ceasing to be under the Control of the Company;
- (v) a transfer of the undertaking, or the part of the undertaking in which the Optionholder, works to a person who is neither under the Control of the Company nor a Member of the Group.

The Directors may allow an Optionholder who ceases to be an employee of any Member of the Group for any other reason to exercise his options during a period specified by them. This period may, but need not, be the same as the period set out in this Rule 8.1.1.

- 8.1.2 If an Optionholder ceases to be an employee of any Member of the Group for reasons involving misconduct or poor performance all his Options will lapse on such cessation. The decision of the Directors on this matter will be conclusive.
- 8.1.3 If an Optionholder voluntarily resigns and Rule 8.1.1 does not apply, then:
- (i) all Options granted less than twelve months before his resignation will immediately lapse; and
  - (ii) all other Options will be exercisable within 6 months of his resignation, and will then lapse.
- 8.1.4 To the extent that any Option exercisable under this Rule 8.1 is not exercised within the period specified, it will lapse at the end of the period.

## **8.2 Death:**

If an Optionholder dies, his Options may be exercised by his personal representatives within one year of his death (provided that no such Option will be exercisable after the expiry of its Option Period). To the extent that any Option exercisable under this Rule 8.2 is not so exercised, it will lapse at the end of the one year period.

## **8.3 Takeovers:**

It may happen that, as a result of any offer made to the holders of Shares, the Directors become aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror, any company controlled by the offeror and any person associated with or acting in concert with the offeror. If this happens, the Directors will notify every Optionholder of this within 14 days of becoming so aware.

Each Optionholder will be entitled at any time during the Change of Control Period (see below) to exercise his Options. The Options will only lapse at the end of the Change of Control Period if the Directors give notice to the Optionholder before the end of the Change of Control Period specifying that the Options will lapse.

“Change of Control Period” means whichever of the two periods set out below ends first:

- 8.3.1 3 months starting on the later of:
- (i) the date of the Directors' notification under this Rule 8.3, and
  - (ii) the date on which the person making the offer obtains Control of the Company.
- 8.3.2 21 days starting on the date on which a notice has, or could have been given, under Sections 102(2) and (3) of the Companies Act 1981 of Bermuda to or by any member of the Company.

The Directors will, as soon as possible, notify every Optionholder of the last date of the Change of Control Period.

## **8.4 Company Reconstructions:**

It may happen that under Section 99 of the Companies Act 1981 of Bermuda a court directs that a meeting of the holders of Shares be convened to consider a scheme of arrangement involving

the reconstruction of the Company or its amalgamation with any other company or companies. If this happens:

- 8.4.1 Optionholders may conditionally exercise their Options from the day on which the court orders a shareholders' meeting to 12 noon on the day before the day of that meeting. Any Option not exercised by the end of that period will become unexercisable and will lapse at the end of 6 months starting with the time when the court sanctions the compromise or arrangement; and
- 8.4.2 the Directors will try to arrange for the proposals relating to the holders of the Shares, to apply to each Optionholder who will have conditionally exercised his Options before 12 noon on the day before the day of the shareholders' meeting.

#### **8.5 Demergers and other significant distributions:**

It may happen that the Directors become aware that the Company is or is expected to be affected by any demerger, dividend in specie, super dividend or other transaction which, in the opinion of the Directors, would affect the current or future value of any Option. If this happens, the Directors, may, acting fairly, reasonably and objectively, in their discretion, allow some or all Options to be exercised. The Directors will specify the period of exercise of such Options and whether the Options will lapse at the end of the period. In exercising their discretion, the Directors may take into account considerations relating to the Company and other Members of the Group, and other employees and Optionholders.

The Directors will notify any Optionholder who is affected by the Directors exercising their discretion under this Rule.

#### **8.6 Winding-Up:**

- 8.6.1 It may happen that notice is duly given to Members of a resolution for the voluntary winding-up of the Company. If this happens, Options may be exercised until the start of the winding-up within the meaning of Part XIII of the Companies Act 1981 of Bermuda (but the exercise of any Option in these circumstances will be of no effect if the resolution is not passed). All Options will lapse on a winding-up of the Company unless exercised before the winding-up starts.
- 8.6.2 It may happen the Company is wound-up by the court. If this happens, Options may be exercised within 2 months after the date of the winding-up order. However, the liquidator or the court (if appropriate) must authorise the issue of Shares after such exercise, and the Optionholder must apply for this authority and pay his application costs. Any Options not exercised during the 2 month period will lapse at the end of the period.

#### **8.7 Administration:**

It may happen that an administration order is made in relation to the Company. If this happens, Optionholders may exercise their Options within 6 weeks after the date of the administration order. However, the administrator or the court must authorise the issue of Shares after such exercise.

#### **8.8 Voluntary Arrangement:**

It may happen that a voluntary arrangement is proposed in relation to the Company under Part VII of the Companies Act 1981 of Bermuda. If this happens, Optionholders may exercise their Options within 14 days after the date of sending of any notices of meeting called under Section 3 of the Insolvency Act 1986 in relation to such proposal.

### **8.9 Loss of ownership:**

Where the Optionholder is deprived of the legal or beneficial ownership of the Option by operation of law, or does anything or omits to do anything which causes him to be so deprived or becomes bankrupt, all his Options will lapse.

### **8.10 Overseas transfer:**

It may happen that an Optionholder is transferred to work in another country, still continues to hold an office or employment with a Member of the Group. and, as a result of that transfer, the Optionholder may either:

- 8.10.1 suffer a tax disadvantage in relation to his Options (this being shown to the satisfaction of the Directors); or
- 8.10.2 become subject to restrictions on his ability to exercise his Options or to hold or deal in the Shares or the proceeds of the sale of the Shares acquired on exercise because of the security laws or exchange control laws of the country to which he is transferred.

If this happens, the Optionholder may exercise the Option during the period starting 3 months before and ending 3 months after the transfer takes place. If he does not exercise his Options, following this Rule, the usual exercise Rules will apply to them at the appropriate times.

### **8.11 Priority:**

If there is any conflict between any of the provisions of Rules 7 and 8, the provision which results in the shortest exercise period or the earliest lapse of the Option, or both will prevail.

## **9 Exercise Of Options**

### **9.1 Exercise:**

An Optionholder can exercise his Option validly only in the way described in, and subject to, this Rule 9.

### **9.2 Manner of Exercise:**

Options must be exercised by notice in writing delivered to the Secretary of the Company or other duly appointed agent. The notice of exercise of the Option must be completed, signed by the Optionholder or by his appointed agent, and must be accompanied by:

- 9.2.1 the relevant option certificate; and
- 9.2.2 correct payment in full in cleared funds of the Option Price for the number of Shares being acquired.

### **9.3 Option Exercise Date:**

9.3.1 Subject to Rule 9.3.2 the Option Exercise Date will be the later of:-

- (i) the date of receipt by the Secretary of the Company of the documents and payment referred to in Rule 9.2; and
- (ii) the date on which the Directors either decide that the Condition to which the Option is subject has been satisfied, or waive the Condition).

This paragraph (ii) will only apply if the Option is subject to a Condition. The Directors must make a decision about the satisfaction or waiver of the Condition within 14 days of receiving the documents and payment.

9.3.2 It may happen that any statute, regulation or code adopted by the Company (based on the London Stock Exchange's Model Code for security transactions by directors of



listed companies), prohibits the exercise of Options, or the Company Secretary reasonably believes it so prohibits. If this happens, the date of exercise will be either the date described in Rule 9.3.1, or, if later, the date when the Optionholder is permitted or the Company Secretary believes the Optionholder is permitted to exercise an Option. However, this Rule does not extend any period in which an Option is exercisable.

#### **9.4 Part Exercise:**

An Option may be exercised in respect of all the Shares under the Option or some only of the Shares. However, Options must be exercised for at least 100 Shares each and may be exercised only in multiples of 100 Shares. These restrictions will not apply where an Option is exercised for the maximum number of Shares permissible at the time.

#### **9.5 Issue or Transfer:**

Subject to Rule 9.6:

9.5.1 Shares to be issued following the exercise of an Option will be issued within 30 days of the Option Exercise Date.

9.5.2 The Directors will procure the transfer of Shares to be transferred following the exercise of an Option within 30 days of the Option Exercise Date.

#### **9.6 Rights:**

9.6.1 Shares issued on the exercise of an Option will rank equally in all respects with the Shares in issue on the date of allotment. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

9.6.2 Where Shares are to be transferred on the exercise of an Option, Optionholders will be entitled to all rights attaching to the Shares by reference to a record date on or after the transfer date. They will not be entitled to rights before that date.

#### **9.7 Consents:**

All allotments, issues and transfers of Shares will be subject to any necessary consents under any relevant enactments or regulations for the time being in force in the United Kingdom or elsewhere. The Optionholder will be responsible for complying with any requirements to be fulfilled in order to obtain or avoid the necessity for any such consent.

#### **9.8 Bye-laws:**

Any Shares acquired on the exercise of Options will be subject to the Bye-laws of the Company from time to time in force.

#### **9.9 Listing:**

If and so long as the Shares are listed on the Official List of the London Stock Exchange, the Company will apply for listing of any Shares issued under the Scheme as soon as practicable after their allotment.

### **10 General**

#### **10.1 Notices:**

Any notice or other document which has to be given under or in connection with the Scheme may be delivered to an Optionholder or sent by post to him at his home address according to the records of his employing company or such other address which the Company considers appropriate. Any notice or other document which has to be given to the Company under or in connection with the Scheme may be delivered or sent by post to it at its registered office (or such other place as the Directors may from time to time decide and notify to Optionholders). Notices sent by post will be deemed to have been given on the seventh day after the date of posting.

**10.2 Documents sent to Shareholders:**

The Company may send to Optionholders copies of any documents or notices normally sent to the holders of its Shares, at the same time as issuing them to the holders of its Shares.

**10.3 Availability of Shares:**

The Company will keep available for allotment sufficient unissued Shares for all Options under which Shares may be subscribed.

**10.4 Directors' Decisions final and binding:**

The decision of the Directors on the interpretation of the Rules or in any dispute relating to an Option or matter relating to the Scheme will be final and conclusive.

**10.5 Costs:**

The Company or any relevant employing companies will pay the costs of introducing and administering the Scheme.

**10.6 Regulations:**

The Directors have the power from time to time to make or vary regulations for the administration and operation of the Scheme but these must be consistent with the Rules.

**10.7 Terms of Employment**

Nothing in this Scheme will in any way be construed as imposing on a Participating Company a contractual obligation as between the Participating Company and an Eligible Employee to offer participation in this Scheme.

Any person who ceased to be an employee of any Member of the Group because of dismissal or termination of employment (however caused) or who is under notice of termination of employment will in no circumstances be entitled to claim any compensation in respect of the operation of the Scheme. If necessary, that person's terms of employment will be varied accordingly.

**10.8 Replacement Option certificates:**

If any option certificate is worn out, defaced or lost, the Directors may replace it on such conditions as they wish to set. If an Option is exercised in part, and the balance remains exercisable, the Directors may provide the Optionholder with a balance certificate.

**10.9 Withholding**

The Company, any employing company or the trustees of any employee benefit trust may withhold any amount and make any such arrangements, including the sale of any Shares on behalf of an Optionholder as it considers necessary to meet any liability to taxation or social security contributions in respect of Options granted to the Optionholder pursuant to this Scheme or any Schedule hereto.

**11 Changing the Scheme and Termination**

**11.1 Directors' powers**

Except as described in the rest of this Rule 11 the Directors may at any time change the Scheme in any way.

**11.2 Shareholder approval**

11.2.1 Except as described in Rule 11.2.2, the Company in general meeting must approve in advance by ordinary resolution any proposed change to the advantage of present or future Optionholders, which relates to the following:

- (i) the persons to or for whom Shares may be provided under the Scheme;

- (ii) the limitations on the number of Shares which may be issued under the Scheme;
- (iii) the individual limit for each Optionholder under the Scheme;
- (iv) the determination of the Option Price;
- (v) any rights attaching to the Options and the Shares;
- (vi) the rights of Optionholders in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction or any other variation of capital of the Company;
- (vii) the terms of this Rule 11.2.1.

11.2.2 The Directors need not obtain the approval of the Company in general meeting for any minor changes:

- (i) to benefit the administration of the Scheme;
- (ii) to comply with or take account of the provisions of any proposed or existing legislation;
- (iii) to take account of any changes to the legislation; or
- (iv) to obtain or maintain favourable tax, exchange control or regulatory treatment of the Company, any Subsidiary or any present or future Optionholder.

### **11.3 Overseas Employees**

Notwithstanding any other provision of the Scheme, the Directors may amend or add to the provisions of the Scheme and the terms of Options as they consider necessary or desirable to take account of, or to mitigate, or to comply with relevant overseas taxation, securities or exchange control laws, provided that the terms of Options granted to such Eligible Employees are not more favourable overall than the terms of Options granted to other Eligible Employees.

### **11.4 Notice**

As soon as possible after making any change, the Directors will give written notice to any Optionholder affected by the change.

### **11.5 Termination of the Scheme**

The Directors may terminate the Scheme at any time. Options granted before such termination will continue to be valid and exercisable as described in these Rules.

## **12 Governing Law**

English law governs the Scheme and all Options and their construction.