

THIS AGREEMENT is made the << >> day of << >> month << >> year << >>

PARTIES

- (1) <<Name of Company>> of << >> at <<Registered Office>> ("the Company"); and
- (2) <<Name>> of <<Address>>

RECITALS

- (A) The Company has a share capital divided into << >> ordinary shares of << >> each of which are held as follows:

Name	No of Shares
<< >>	<< >>
<< >>	<< >>
<< >>	<< >>
<< >>	<< >>

- (B) The Grantee is a [director] / [officer] / [shareholder] / [employee] / [free] OR [<<other, e.g. consultant or contractor>>] of the Company. The Company has agreed to grant an option to subscribe for Ordinary Shares of << >> each.

IT IS HEREBY AGREED AS FOLLOWS

1. Interpretation

- 1.1 In this Agreement (unless the context otherwise requires) the following words and expressions have the meanings set out below:

"the Board"

for the time being of the Company or any committee of the Board or any person or persons duly authorised for the purposes of the Agreement;

"Conversion Date"

the date on which whichever is first to occur of the following events:

the date on which dealings are permitted to be made in the Shares under the Rules of the London Stock Exchange in respect of Ordinary Shares of the Company; or
the date on which consent of the Listing Authority has been obtained;

"Listing"

"Option"

"Option Exercise Period"

"Option Shares"

"Ordinary Shares"

"Sale"

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which a Sale is to be completed;

passing of a resolution for the
the Company;

which the statutory accounts of the
financial year ended << >> are
the Board.

y part of the share capital of the
fficial List of the London Stock
ing on the Alternative Investment
Stock Exchange Limited or to any
vestment exchange within the
III of the Financial Services and

for the Option Shares granted by
Grantee in Clause 2 below;

ys after notice of the Conversion
grantee under sub-Clause 2.2;

res or such number as represents
of the Ordinary Shares in issue
sion Date, subject to adjustment

ares of << >> each in the capital of

agreement for:

Ordinary Shares to any person
that person, together with any
persons acting in concert or
th that person holding more than
in nominal value of the Ordinary
Company; or

all or substantially all of the

undertaking and assets of the Company;

"Subscription Price" the price at which each Option Share may be acquired on the exercise of the Option, being, as at the date of this Agreement, << >> per Option Share, but subject to adjustment under Clause 5.

- 1.2 Words denoting the singular shall include the plural and vice versa. Words denoting the masculine gender shall include the feminine gender.
- 1.3 References herein to a clause, sub-clause, paragraph or sub-paragraph are, unless otherwise stated, references to a clause, sub-clause, paragraph or sub-paragraph of this Agreement.
- 1.4 Clause headings are inserted for convenience only and are to be ignored in construing the meaning of this Agreement.
- 1.5 References herein to any enactment shall be deemed to include references to such enactment as extended, re-enacted or amended.
- 1.6 References herein to "month" shall be deemed to be references to a calendar month.

2. **Grant of Option**

- 2.1 In consideration of the sum of £1 now paid by the Grantee to the Company (the receipt of which the Company hereby acknowledges) the Company hereby grants to the Grantee an option during the Option Exercise Period to subscribe for the Option Shares at the Subscription Price exercisable in accordance with Clause 3 below.
- 2.2 The Company shall give not less than 30 days prior written notice to the Grantee of the proposed Conversion Date stating the nature of the event or transaction to which the Conversion Date relates and the value of the transaction in such detail as is reasonably required to enable the Grantee to evaluate the worth of the Option Shares.
- 2.3 Except as otherwise specifically provided in this Agreement the Option shall be exercisable by the Grantee only and may not be transferred, assigned, or charged. Any purported transfer, assignment or charge shall entitle the Company to cancel the Option.

3. **Exercise of the Option**

- 3.1 The Option may be exercised by the Grantee at any time during the Option Exercise Period by lodging with the company secretary a duly completed notice of exercise in such form as the Board may from time to time prescribe accompanied by payment of the aggregate of the Subscription Price for the Option Shares.
- 3.2 The Option may not be exercised in respect of part only of the Option Shares and shall automatically lapse if it has not been exercised by the expiration of the Option Exercise Period or in the circumstances contemplated in Clause 6

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(if earlier).

3.3 Within seven days of the date of the notice of exercise the Board on behalf of the Company shall deliver to the Grantee the Option Shares credited as fully paid.

3.4 All of the Option Shares issued on exercise of the Option shall on issue rank pari passu in all respects with the Company's existing Ordinary Shares but the Option Shares issued on exercise of the Option shall not be entitled to dividends or distributions declared or recommended or payable on or after the date on which the Option is exercised.

4. Cessation of the Option

4.1 If at any time the Grantee ceases to be a [director] AND/OR [full time employee] OR [<<other<>>] of the Company or any of its subsidiaries for a period of twelve months or more, the Option shall lapse and the Grantee shall have no further rights under this Agreement [unless the Grantee has been legally established in a competent jurisdiction that he has a successful claim against any of its subsidiaries for unfair or wrongful dismissal or ill health].

4.2 [If the Option continues to be in force for a period of twelve months or more under sub-Clause 4.1 above, the Option shall in any event lapse <<e.g. twelve>> months after the date on which the Grantee becomes a full time employee of the Company or a director of the Company or otherwise interested in any company or business of the Company or any of its subsidiaries at that time.]

4.3 In the event of the death of the Grantee, the Option shall lapse automatically.

5. Variation of Capital

5.1 Subject to sub-Clause 5.2, in the event of an increase or reduction of the share capital of the Company (whenever effected) by way of any variation of the share capitalisation, sub-clause 5.1 shall apply and the Board may make such adjustments as it may see fit under sub-Clause 5.2 below.

5.2 An adjustment made under sub-Clause 5.1 shall be to one or more of the following:

5.2.1 the number of Option Shares to which the Option may be exercised; or

5.2.2 the Subscription Price of the Option.

5.3 Except in the case of a reduction of the share capital of the Company, no adjustment under sub-Clause 5.2 above shall be made unless it has been confirmed in writing by the auditors for the time being of the Company that such adjustment is in their opinion fair and reasonable.

5.4 An adjustment under sub-Clause 5.2 above shall only have the effect of reducing the nominal value of the Option Shares, but shall not be authorised to capitalise from the reserves of the Company the amount by which the nominal value of the Option Shares is reduced and to apply such

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sum in paying up the exercise of the Option and the same in paying up the exercise of the Option.

Option Shares; and so that on exercise of such sum (if any) and apply the same in paying up the exercise of the Option.

- 5.5 As soon as reasonable notice has been given to the Grantee under sub-Clause 5.1 or 5.2 and the Grantee has accepted the offer, the Grantee shall be obliged to pay the sum in paying up the exercise of the Option and the same in paying up the exercise of the Option.

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6. Sale or Listing

- 6.1 The Company undertakes to use all reasonable endeavours to procure that the Grantee shall have an adequate opportunity to exercise the Option before the Sale is completed.
- 6.2 In the event of a Sale of the Company, the Grantee shall be entitled by written notice to acquire the Option Shares (if the Option has been exercised) to the price of the Sale on the same terms and conditions (mutatis mutandis) as the other Ordinary Shares.
- 6.3 The Company will ensure that on any Listing the Grantee shall be able to procure that on any Listing the Grantee shall be able to sell all of the Option Shares (if the Option has been exercised) in the market or in any placing at a price not less than the offer price on the Listing.

of a Sale it will use all reasonable endeavours to procure that the Grantee shall have an adequate opportunity to exercise the Option before the Sale is completed.

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7. Automatic Transfers

- 7.1 If at any time after the issue of the Option, the Grantee shall be a [director] AND/OR [full time employee] OR [<<other>>] of the Company or any of its subsidiaries for a continuous period of more than 12 months, the Grantee shall be obliged to submit to the Company a written notice in writing to the Company (a "Sale Notice") containing the number of shares they wish to acquire and the price of the Sale on the same terms and conditions (mutatis mutandis) as the other Ordinary Shares at the present time (the "Continuing Members"). The Sale Notice shall be submitted to the Company during the Offer Period).
- 7.2 In a notice of acceptance of the Offer, the Continuing Members shall specify the number of shares they wish to acquire and the price of the Sale on the same terms and conditions (mutatis mutandis) as the other Ordinary Shares at the present time (the "Continuing Members"). The Sale Notice shall be submitted to the Company during the Offer Period).
- 7.3 If the Continuing Members shall during the Offer Period accept the offer made by the Company to acquire all (but not part only) of the shares comprised in the Sale Notice shall be obliged to acquire a greater number of shares than the number of shares they have indicated in the Sale Notice.

been issued to the Grantee under the Option, the Grantee shall be a [director] AND/OR [full time employee] OR [<<other>>] of the Company or any of its subsidiaries for a continuous period of more than 12 months, the Grantee shall be obliged to submit to the Company a written notice in writing to the Company (a "Sale Notice") containing the number of shares they wish to acquire and the price of the Sale on the same terms and conditions (mutatis mutandis) as the other Ordinary Shares at the present time (the "Continuing Members"). The Sale Notice shall be submitted to the Company during the Offer Period).

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7.5 The prescribed price
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value of the shares
and a willing buyer
value to be given to
of all the issued s
comprised in the Sa
In so certifying, the
as arbitrators and
Grantee. The costs
auditors shall be bo

7.6 All shares to be sol
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all rights attached a

(all unanimously agree) when such
se money to the Company, who
the shares to be sold and shall
e certificates therefor.

accepted during the Offer Period in
the Sale Notice, the Grantee may
the offer has not been accepted by
ed by the Company if and to the
tributable reserves and is lawfully
ure referred to in sub-Clause 7.3
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used in a Sale Notice shall be the
being of the Company as the fair
Notice as between a willing seller
is and on the assumption that the
all be such proportion of the value
as is attributable to the shares
to their capital and dividend rights.
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o any such certificate given by the

shall be transferred by the Grantee
arges and encumbrances and with

8. Miscellaneous

8.1 This Agreement sh
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above, none of th
assigned or transfer

8.2 Any notice or other
may be given by pe
of the Company to
the Grantee to his
address as the Gra
service. For this p
first-class post, it sh
put into the post pr
it shall only be nec
an envelope which
clause.

8.3 The Grantee shall
sent by the Compar

8.4 This Agreement (inc
therefrom or assoc
accordance with, th
proceedings or clai
any non-contractua
therewith) shall fall

o Party's successors and personal
t, except as expressly provided
under this Agreement may be

in connection with this Agreement
ding the same by post, in the case
he time being, and in the case of
this Agreement or to such other
o the Company as an address for
r other communication is given by
een received 48 hours after it was
amped. In proving service by post
communication was contained in
d posted in accordance with this

opies of all notices and documents
olders.

ual matters and obligations arising
e governed by, and construed in
Wales. Any dispute, controversy,
lating to this Agreement (including
s arising therefrom or associated
he courts of England and Wales.

IN WITNESS WHEREOF the Parties have signed the Agreement above written

Agreement the day and year first

SIGNED for and on behalf of the Company
<<Name>>

SIGNED by the Grantee
<<Name>>

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