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TERMS AND CONDITIONS OF
THE REJECT SHOP (AUST) PTY
LIMITED EXECUTIVE OPTION
PLAN

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The terms and conditions of the The Reject Shop (Aust) Pty Limited Executive Option Plan (Option Plan) are as follows:

1. DEFINITIONS AND INTERPRETATION

Definitions

In these terms and conditions:

Application for Options means a notice substantially in the form of Schedule 2.

Board means the board of directors of the Company.

Business Day means a day on which trading banks are open for business in Sydney and Melbourne and which excludes a Saturday, Sunday or a public holiday.

Company means The Reject Shop (Aust) Pty Limited ACN 006 122 676.

Exercise Notice means a notice substantially in the form of Schedule 1.

Exercise Price means the exercise price per Option determined by the Board (and noted in the Option Certificate).

Expiration Date means the earlier of :

- (a) the date which is 5 years from the date the Options are granted to the Optionholder in accordance with clause 2.4;
- (b) the date on which the Optionholder ceases to be an employee of or engaged by the Company other than by reason of the death of the Optionholder, or
- (c) such other date as the Board agrees.

Fully Diluted Shares means the number of Shares on issue plus the number of Shares which would be on issue if all the securities issued by the Company capable of conversion into ordinary shares were converted into Shares (but, for the avoidance of doubt, excluding those Options which have not yet been issued).

Member has the meaning given in the Shareholders Deed.

Option means a right to subscribe for or acquire one (1) Share in the Company which is granted in accordance with these terms and conditions.

Option Certificate means the Certificate issued by the Company to the Optionholder setting out the number of Options issued to the Optionholder, the issue date, the Exercise Price.

Optionholder means a person registered in the Company's register of options as a holder of Options.

Outstanding Vested Options means those Options which have vested in and become capable of exercise by the Optionholder in accordance with clause 3 and which remain unexercised from time to time.

Shareholders Deed means the shareholders deed executed by the Members of the Company dated 1 December 1994, as amended from time to time.

Share means a fully paid ordinary share in the Company.

1.2 Interpretation

- (a) In these terms and conditions unless the context otherwise requires:
- (i) words importing the singular include the plural and vice versa;
 - (ii) words which are gender neutral or gender specific include each gender;
 - (iii) other parts of speech and grammatical forms of a word or phrase defined in the deed have a corresponding meaning;
 - (iv) an expression importing a natural person includes a company, partnership, joint venture, association, corporation or other body corporate and a government agency;
 - (v) a reference to a thing (including, but not limited to, a chose-in-action or other right) includes a part of that thing;
 - (vi) a reference to a clause, party, schedule or attachment is a reference to a clause of these terms and conditions, and a party, schedule or attachment to, these terms and conditions and a reference to these terms and conditions includes a schedule and attachment to these terms and conditions;
 - (v) a reference to a thing (including, but not limited to, a chose-in-action or other right) includes a part of that thing;

- (vi) a reference to a clause, party, schedule or attachment is a reference to a clause of these terms and conditions, and a party, schedule or attachment to, these terms and conditions and a reference to these terms and conditions includes a schedule and attachment to these terms and conditions;
 - (vii) a reference to a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law judgment, rule of common law or equity or a rule of an applicable stock exchange and is a reference to that law as amended, consolidated or replaced;
 - (viii) a reference to a document includes all amendments or supplements to that document, or replacements or novations of it;
 - (ix) a reference to a party to a document includes that party's successors and permitted assigns; and
 - (x) a reference to an agreement, other than these terms and conditions, includes an undertaking, deed, agreement or legally enforceable arrangement or understanding, whether or not in writing.
- (b) Where the day on or by which something must be done is not a Business Day, that thing must be done on or by the following Business Day.
- (c) Headings are for convenience only and do not affect the interpretation of these terms and conditions.
- (d) A term or expression starting with a capital letter.
- (i) which is defined in clause 1.1, has the meaning given to it in clause 1.1; and
 - (ii) which is defined in the Corporations Law but is not defined in clause 1.1, has the same meaning as in the Corporations Law.

2. OFFER

2.1 Offer by Board

The Board may in its absolute discretion:

- (a) determine which executives of the Company from time to time are entitled to participate in this Option Plan; and

- (b) make an offer to the selected executives of the Company to apply for Options.

2.2 Consideration

The consideration payable for each Option will be at the absolute discretion of the Board.

2.3 Application for Options

Upon the Board selecting an executive to participate in this Option Plan, the Company will send the executive an Application for Options which, if it is to be accepted, must be signed by the executive and returned to the Company within five (5) Business Days of the date of the Company's letter of offer enclosing the Application for Options. Upon the Company receiving the signed Application for Options in accordance with this clause the Company will grant the relevant number of Options to the executive and issue the executive an Option Certificate.

3. VESTING OF OPTIONS

3.1 Vesting Dates

Subject to clause 3.2, provided that an Optionholder is an employee of or engaged by the Company on a respective Vesting Date, one third (1/3) of the Options held by that Optionholder will vest in and become capable of exercise by the Optionholder on each of the following dates (each a **Vesting Date**):

- (a) the second anniversary of the date of issue of the Options;
- (b) the third anniversary of the date of issue of the Options; and
- (c) the fourth anniversary of the date of issue of the Option,

or such other date as the Board may determine, in its absolute discretion.

3.2 Accelerated Vesting

Notwithstanding clause 3.1, all of the Options held by each Optionholder will vest in and become exercisable by that Optionholder two (2) Business Days (**Accelerated Vesting Date**) before the earlier of:

- (a) the sale of all of the issued Shares in the Company to a third party;
- (b) the sale of all or substantially all of the assets of the Company to a third party; or

- (c) the Company lodging a registrable prospectus with the Australian Securities and Investments Commission (or such other relevant body) prior to the listing of the Shares in the Company on the Australian Stock Exchange or such other recognised stock exchange.

3.3 Notification of Accelerated Vesting

The Company must, at least seven (7) Business Days before an Accelerated Vesting Date, notify each Optionholder in writing of the date of the Accelerated Vesting Date.

3.4 Non vested Options not capable of exercise

Notwithstanding that an Optionholder holds Options the Optionholder cannot exercise an Option until that Option has vested in and become capable of exercise by the Optionholder under this clause 3.

4. EXERCISE OF OPTIONS

4.1 Conditions Precedent to Exercise

The exercise of an Option is conditional upon:

- (a) the Option having vested in and become capable of exercise by the Optionholder under clause 3;
- (b) the Optionholder complying with clause 4.2; and
- (c) the Optionholder first entering into a binding deed with the Company and those remaining of the Members in a form acceptable to those persons and substantially similar to the Shareholders Deed.

4.2 Manner of Exercise

Subject to clauses 3 and 4.1, an Optionholder may, at any time between:

- (a) the earlier of the relevant Vesting Date or the Accelerated Vesting Date; and
- (b) the Expiration Date,

exercise its Outstanding Vested Options by lodging with the Company at its registered office:

- (i) the Option Certificate;

- (ii) a duly completed and signed Exercise Notice; and
- (iii) the subscription moneys for the relevant Shares, being the number of Options specified in the Exercise Notice multiplied by the Exercise Price.

4.3 Partial exercise

Where an Optionholder only exercises part of that Optionholder's Options, the Company will cancel the original Option Certificate and issue the Optionholder with a new certificate in respect of the remaining Options.

5. ALLOTMENT AND ISSUE

5.1 Election by Board to deliver gain in Shares or Cash

Within seven (7) business days after the exercise of any Options, the board may in lieu of and in full satisfaction for the issue or transfer of Shares, refund any amount received in respect of the exercise price for the Options and pay to the Optionholder an amount equal to the difference between the market value of those Shares as at the date of exercise and the exercise price of the Options.

5.2 Allotment and Issue

Unless an election is made in accordance with Clause 5.1, the Company must allot the number of Shares which corresponds with the number of Options exercised in accordance with clause 4 to the Optionholder and within ten (10) Business Days of the date of the Exercise Notice must:

- (a) issue those Shares; and
- (b) issue a share certificate for those Shares.

6. LAPSING OF OPTIONS

6.1 Lapse of Options

Each Option will lapse:

- (a) at 5pm (EST) of the Expiration Date if it is not exercised by 5pm (EST) on the Expiration Date;
- (b) in the case of the Optionholder ceasing to be employed or engaged by the

Company, where the Option:

- (i) has not vested in and become exercisable by the Optionholder, immediately upon the optionholder ceasing to be employed or engaged by the Company; or
- (ii) has vested in and become exercisable by the Optionholder, within 30 days of the date on which the Optionholder ceases to be employed or engaged by the Company.

6.2 Return of certificate

Immediately upon Options lapsing under this clause 6, the Optionholder will return his or her Option Certificate to the Company for immediate cancellation.

7. RIGHTS ATTACHING TO SHARES

7.1 Rights Issues

Outstanding Vested Options do not carry the right to participate in any new issues of securities by the Company.

7.2 Pari Passu Ranking

- (a) Subject to paragraph (b) below, any Shares allotted pursuant to any exercise of the Options rank pari passu in all respects with all other Shares of the Company on issue at the date of such allotment.
- (b) Where any Shares are allotted during a period in respect of which a dividend is declared, the holder of those Shares is only entitled to receive a dividend where the Option pursuant to which such Shares were allotted was exercised on or before the relevant dividend entitlement date.

8. RECONSTRUCTIONS

If at any time or times prior to the exercise by an Optionholder of an Option:

- (a) there is a consolidation of the Share capital of the Company, the number of Options must be consolidated in the same ratio as the Share capital and the Exercise Price must be amended in inverse proportion to the ration;
- (b) there is a sub-division of the Share capital of the Company, the number of Options must be sub-divided in the same ration as the Share capital and the

Exercise Price must be amended in inverse proportion to that ratio;

- (c) there is a reduction in the Share capital of the Company by a cancellation of Share capital that is either lost or not represented by available assets, the number of Options and the Exercise Price of each Option must remain unaltered;
- (d) there is a pro-rata cancellation of Shares, the number of Options must be reduced in the same ratio as the Share capital and the Exercise Price of each Option must be amended in inverse proportion to that ratio;
- (e) there is any other reconstruction of the issued capital of the Company, the number of Options or the Exercise Price of the Options or both must be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on Optionholders which are not conferred on holders of Shares; and
- (f) (subject to the provisions with respect to rounding of entitlements as sanctioned by the meeting of the holders of Shares approving a reconstruction of capital) in all other respects the terms for the exercise of Options remain unchanged.

9. CALCULATIONS

9.1 Calculations

Any calculations or adjustments which are required to be made in connection with these Options will be made by the Board for the time being and will, in the absence of manifest error, be final and conclusive and binding on the Optionholder.

9.2 Notification

The Company must notify each Optionholder of any adjustments made to the number of Outstanding Vested Options within 10 (10) Business Days of the date of the adjustment.

10. REPLACEMENT OF CERTIFICATES

If any Option Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the registered office of the Company on payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, indemnity and security as the Company may reasonably require. Mutilated or defaced Option Certificates must be surrendered before replacements will be issued.

11. NOTICES

Any notice regarding the options will be sent to the registered address of the Optionholder as recorded in the register of options maintained by the Company.

12. GOVERNING LAW

These terms and conditions are governed by and shall be construed in accordance with the laws of Victoria.

13. DUTIES AND TAXES

The Company is not responsible for any duties or taxes which may become payable in connection with the issue and allotment of Shares pursuant to an exercise of the Options or any other dealing with the Options or Shares.

14. ASSIGNMENT OF OPTIONS

14.1 No assignment

Subject to clause 14.2, the Options may not be assigned by the Optionholder to any person.

14.2 Deceased Optionholder

Notwithstanding clause 14.1, the estate of a deceased Optionholder may, within 90 days from the date of the Optionholder's death (**Estate Exercise Date**), exercise those Options which were vested in and exercisable by the Optionholder at the date of his death. Those Options which:

- (a) were not vested in and exercisable by the Optionholder at the date of his death are deemed to expire on the date of the Optionholder's death; and
- (b) were vested in and exercisable by the Optionholder at the date of his death and have not been exercised by 5pm (EST) on the Estate Exercise Date are deemed to expire at 5pm (EST) on the Estate Exercise Date.

15. VARIATION OF PLAN TERMS

The Board may, at its absolute discretion, vary these terms and conditions from time to time.

SCHEDULE 1

EXERCISE NOTICE

I,

being the registered holder of the Options below, elect to exercise the Options as specified below in accordance with clause 4 of the Terms and Conditions of the Option Plan.

No. of Options being exercised:

.....

Name and address of the shareholder to be entered into the share register in respect of the Shares issued:

.....
.....

Name and address to which Certificates evidencing the Shares should be sent:

.....
.....
.....

Enclosed with this Notice is the Certificate for the Options referred to above together with the relevant subscription moneys being \$[]-

In exercising the Options in relation to the Shares I agree to be bound by the provisions of the Constitution of the Company and the Shareholders' Deed, as those terms are defined in the Terms and Conditions of the Options.

.....

Signed by the Optionholder

.....

Date

SCHEDULE 2

APPLICATION FOR OPTIONS

The Secretary

The Reject Shop (Aust) Pty Limited
5 St Kilda Road
St Kilda
Victoria 3182

Name:

Full Address:

Tax File Number:

hereby applies for Options in The Reject Shop (Aust) Pty Limited Executive Option Plan.

I request you to grant those Options and I agree to accept them subject of the terms of The Reject Shop (Aust) Pty Limited Executive Option Plan, the Option Certificate and the Constitution of The Reject Shop (Aust) Pty Limited.

Signature:

Date:

RULES OF SHARE OPTION PLAN

1. Eligibility and Entitlement

1.1. Eligibility

All directors, senior managers and employees of the Company or of an Associated Corporation shall be eligible to participate in the Plan.

1.2 Entitlement

The number of Rights to Options (if any) which an Eligible Participant shall be entitled to apply from time to time shall be determined by the Directors in their discretion.

The determination of the Directors in each case shall be absolute and the Directors shall not be obliged to give reasons to a person for any such determination.

2. Invitation

2.1 At such time as the Directors think fit, the Company may invite persons satisfying the criteria set out in Clause 1.1 to participate in the Plan. Such Offer will be made in writing by the Company and will specify the amount of such allocation, the time of vesting of the same and such other matters as the Directors shall think fit.

2.2 An Eligible Participant who desires to accept an Offer by the Company shall apply for the number of Rights to Options specified in the Offer or part thereof by complying with the acceptance requirements in the Offer. The making of an Offer by the Company and the acceptance by the Eligible Participant shall not constitute any legally binding commitment to the grant of the Options referred to except upon the actual grant of the Options.

3. Vesting of Rights to Options

3.1 The Rights to options (if any) allocated in a year to an Eligible Participant shall, if accepted by the Eligible Participant, vest in the Eligible Participant as follows -

- a) as to 1/3 of the Rights to Options on the second anniversary of acceptance of an Offer;
- b) as to 1/3 of the Rights to Options on the third anniversary of acceptance of an Offer.
- c) As to 1/3 of the Rights to Options on the fourth anniversary of acceptance of an Offer.

3.2 Notwithstanding Rule 3.1:-

- (a) the Directors may at the time of allocation or subsequently by notice to the Eligible Participant accelerate the above times and/or instalments in such manner as the Directors deem fit;
- (b) the Rights to all the Options allocated to and accepted by Eligible Participants but not then vested shall immediately vest in those Eligible Participants on the day before a person makes a Takeover Bid in respect of Shares.

4. Grant of Options

Options shall not be granted under the Plan unless and until the Rights to such Options have vested in an Eligible Participant as provided by these Rules. Options shall be obtained by an Eligible Participant on the date of the grant of the Options by the Company at the times and in the instalments specified in the Offer. An Eligible Participant who ceases to be an Eligible Participant shall not have any right to the grant of Options where the Rights to those Options are not yet vested in the Eligible Participant and/or where the Rights to such Options have not yet been granted to the Eligible Participant.

5. Terms and Conditions of Options

The Options shall be granted upon the following terms and conditions:-

- 5.1 The Options shall be granted by the Company to the Eligible Participant.
- 5.2 The Options shall be granted for no cash consideration.
- 5.3 Each Option shall carry a right to subscribe for one Share for the exercise price and upon the terms and conditions of issue referred to in Rule 8. Notwithstanding the foregoing, if in the period from the time of allocation of the Rights or during the currency of an Option, the Company offers Shares or other securities of the Company or of any corporation for subscription or purchase by way of cash subscription or otherwise pro-rata to all of its ordinary shareholders, the number of Shares to be issued upon the exercise of Options may be increased (without payment of additional consideration) to reflect such pro-rata issue by such number (if any) as the Directors in their absolute discretion determine.
- 5.4 An Option shall not be sold or otherwise disposed of in law or in equity by the person to whom the Option was granted, except that the Option may be exercised within the time and in the manner specified in this Rule or may be surrendered to the Company at any time.
- 5.5 An Option may be exercised at any time on and from the date of grant of the Option.

- 5.6 Within thirty (30) days of the occurrence of an event whereby the holder of an Option ceases to be an Eligible Participant the holder shall be entitled to exercise that Option. If the holder shall not have validly exercised the Option and complied with his obligations pursuant to Rule 8 within such thirty (30) day period, the Option shall be forfeited to the Company and shall (to the extent permitted by law) be available to be re-granted to Eligible Participants under the Plan at the discretion of the Directors.
- 5.7 A holder of an Option is by virtue of the Option permitted to participate in any rights issue for new Shares or other securities in the Company on the prior exercise of the Option in which case the holder shall be afforded the period of at least 10 business days before the record date (to determine entitlements to the issue) to exercise the Options.
- 5.8 An Option is only exercisable by delivery to the registered office of the Company of a notice in writing stating the intention of the holder to exercise all or a specified number of Options held by the holder accompanied by a cheque or cash payment of the subscription moneys for the resultant Shares being subscribed. An exercise of only some Options shall not effect the rights of the holder to the balance of the Options held by him.
- 5.9 The Company shall allot the resultant Share within five (5) business day of the exercise of an Option.
- 5.10 Subject to Clause 5.6, an Option if not exercised shall in all cases expire at 5.00 pm (Central Standard Time) on the fifth anniversary of the date of its grant by the Company provided however that if the limitation contained in Section 216 of the Corporations Law on the length of the option term permitted in respect of Options over unissued shares is repealed or amended, the term of any Option may be any period determined by the Board that is permitted by Law but not exceeding 10 years from the date that such Option was granted.
- 5.11 If during the currency of the Option the Company makes a bonus issue of new Shares a holder of the Option is entitled by virtue of the Option to participate in such bonus issue as if the holder had exercised the Option and been allotted the resultant Share before the record date for such bonus issue. If any such interest derived is to accrue until the Option has been exercised and the resultant Share has been fully paid.
- 5.12 If during the currency of the Option the issued capital of the Company is reconstructed then the number or the nominal value of the Option shall be reconstructed in the same proportion as the issued capital of the Company is reconstructed and be subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital.

6. Option Certificate

The Company shall within ten (10) business days of the grant of Options deliver a certificate in respect thereof to the grantee. The certificate shall be marked "Non-transferrable, Not granted Official Quotation".

7. Issue of Shares

Title to and benefit of Shares shall be obtained by an Eligible Participant on the date of the allotment thereof by the Company at the times and in the instalments specified in the Offer.

8. Terms and Conditions of Issue of Shares

A Share allotted pursuant to the exercise of an Option shall be issued upon the following terms and conditions:-

- 8.1 The Share shall be issued to the holder of the Option which was exercised.
- 8.2 The Share shall be issued at a price determined by the Directors in their discretion.
- 8.3 The Share shall be fully paid up to the issue price on its allotment.
- 8.4 The Share shall on its allotment rank equally with all other Shares in all respects including payment of future dividends or interest and in future rights and bonus issues (if any as applicable), whether the Share is allotted during or after the period for determination of eligibility to receive the entitlement.
- 8.5 During any period that the Company is not listed on Australian Stock Exchange Limited, the holder shall not sell, transfer or otherwise dispose of his legal or beneficial interest in a Share unless the holder first offers in writing for the Share to be bought back by the Company pursuant to the Corporations Law at a price per Share equal to the greater of:-
 - (a) Six times EBIT per Share as indicated by the Company's accounts for the immediately preceding financial year; or
 - (b) Net Asset Value per Share at the end of the immediately preceding financial year as indicated by such accounts.
- 8.6 Upon the occurrence of an event whereby the holder of a Share ceases to be an Eligible Participant during any period that the Company is not listed on Australia Stock Exchange Limited the holder will be deemed to have offered for the Share to be bought back by the Company pursuant to Rule 8.5.
- 8.7 If the Company receives or is deemed to receive an offer pursuant to Rule 8.5, the Company shall use its best endeavours to effect the buy-back within two (2) months of such receipt or deemed receipt (as the case may be) **PROVIDED**

8.7 **THAT** if the Company, having used its best endeavours, shall not have effected the buy-back as aforesaid within such two (2) month period the Company shall be deemed to have rejected the offer. The Company is entitled to set-off the amount of any loan made pursuant to these Rules to the holder against the proceeds of any buy-back of the Share and will pay the balance of such proceeds (if any) to the holder.

8.8 Prior to allotment of a Share pursuant to the exercise of an Option, the Eligible Participant must execute a shareholders agreement with the then current shareholders of the Company in the form annexed to these Rules (with such modifications as the Directors deem to be necessary in the circumstances).

8.9 The Company shall within five (5) business days of the date of allotment of an Share issue a share certificate in respect thereof and may retain such Share Certificate pending repayment of any loan made to the allottee in respect of acquisition of the Share by the allottee.

8.10 If an eligible holder defaults under an employment agreement with the company, then the options or shares acquired through this Share Option Plan can be bought back by the company pursuant to the Corporations Law at a price per share equal to the greater of a) or b) per clause 8.5 of the rules of the Share Option Plan.

9. Loan Assistance

9.1 If a loan is required by an Eligible Participant to acquire Shares on the exercise of Options, a loan from the Company will, if the Company shall have so specified in the Offer to the Eligible Employee, be available too such Eligible Participant to finance the whole or part of the price of the Shares to be so acquired.

9.2 Term of Loan

The loan will be for a period of five (5) years or such further period as the Directors in their discretion determine from time to time.

9.3 No Interest Payable

No interest shall be charged on the loan.

9.4 Loan Agreement

The Directors in their discretion may require the Eligible Participant to enter into a Loan Agreement on such terms as the Directors determine and may (if permitted by law) require a charge over the Shares and may require such further security from the Eligible Participant for the loan as they shall think fit.

9.5 Repayment of Loan on Ceasing Employment

If any Eligible Participant ceases to be an Eligible Participant or sells, transfers or otherwise disposes of his legal or beneficial interest in the Shares, any loan made to the Eligible Participant to finance the acquisition of Shares under these Rules will, subject to the conditions of the loan, become repayable in full either immediately or at such later date as the Directors determine.

10. Securities Subject to the Plan

10.1 An Option granted under the Plan shall be considered to be subject to the Plan until such time as the Option is exercised and the Share allotted pursuant to such exercise:-

- (a) ranks equally with existing issued Shares; and
- (b) is free from any encumbrance or other limitation resulting from the operation of the Plan.

10.2 Where the Company declares a bonus issue of securities and in respect of which Options which are subject to the Plan accrue, then such bonus securities shall be deemed to be subject to the Plan for the purposes of this Rule.

11. Rights of Employees

The Plan shall not form part of any contract of employment between the Company or Associated Corporation and any of their employees and shall not confer directly or indirectly on any employee in the legal or equitable rights whatsoever (other than rights as the holders of Shares) against the Company or any Associated Corporation.

12. Commencement and Termination of Plan

12.1 Subject to the passing of the resolution authorising the establishment of the Plan at the general meeting of the Company to be held in November 1996, the Plan takes effect from such date as the Board may resolve.

12.2 The Directors may at any time by resolution terminate the Plan, which termination shall take effect at such time as the Directors may resolve without prejudice to any Options previously granted or Shares previously allotted.

13. Powers of the Directors

The Plan shall be administered by the Directors who shall have power to:-

- 13.1 determine appropriate procedures for administration of the Plan consistent with the provisions of these Rules;
- 13.2 resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- 13.3 delegate to any one or more persons for such period and on such conditions as they may determine the exercise of any of their powers or discretions arising under the Plan; and
- 13.4 change or add to these Rules.

14. Waiver

No failure, delay or indulgence by the Directors or the Company in exercising any power or right under these Rules shall operate as a waiver of such power or right. No single exercise of any power or right under these Rules shall preclude any other or future exercise of that (or any other) power or right.

15. Severance

If any of the Rules is rendered void, unenforceable or otherwise ineffective, such avoidance, unenforceability or ineffectiveness shall effect the enforceability of the remaining provisions of the Rules.

16. Notices

16.1 A notice, consent or other communication which must or may be given under these Rules must be in writing.

16.2 It may be -

- a) given personally to the receiving party; or
- b) left at the address of the receiving party last notified; or
- c) sent by pre-paid post to the address of the receiving party last notified; or
- d) sent by fax to the fax number of the receiving party last notified.

16.3 It takes effect from the time that it is received unless a later time is specified in it.

16.4 If it is sent by post, it is taken to be received on the third day after posting.

16.5 If it is sent by fax, it is taken to be received at the time shown in a transmission report which indicates that the whole fax was sent.

17. Governing Law

These Rules are governed by the laws of Victoria and the Company and Eligible Participants consent to the non-exclusive jurisdictions of the Court of that State.

18. Ceasing to be an Eligible Participant

For the purpose of these Rules, a person shall be regarded as having ceased to be an Eligible Participant if:

18.1 he resigns or has resigned from the office with the Company or an Associated Corporation that he held at the time that he became an Eligible Participant; or

- 18.2 he is or has been removed from the office with the Company or an Associated Corporation that he held at the time that he became an Eligible Participant or his service contract (if any) with the Company or an Associated Company is or has been terminated for any reason whatsoever; or
- 18.3 he dies or has died or is or has become mentally incapacitated or unable to fulfill the duties of the office referred to in sub-Rule 18.1; or
- 18.4 he becomes or has become bankrupt or an insolvent under administration as defined in Section 9 of the Corporations Law or action is taken or has been taken which could result in that event.

19. Definitions

In these Rules unless the context otherwise requires:-

- 19.1 "Associated Corporation" means:-
- (a) a Related Body-Corporate of the Company;
 - (b) any corporation managed by the Company or by a Related Body Corporate.
- 19.2 "Company" means
- 19.3 "Directors" means the Board of Directors of the Company from time to time.
- 19.4 "EBIT" means, in relation to a period, the operating profit of the Company for that period without inclusion of any extraordinary or abnormal items and before deduction of interest on borrowings and income tax payments as certified by the auditor of the Company.
- 19.5 "EBIT per Share" means, in relation to a period, EBIT divided by the number of Shares on issue at the end of that period.
- 19.6 "Eligible Participant" means a person eligible to participate in the Plan under Rule 1.1
- 19.7 "Net Asset Value" means the amount being the amount for the time being paid up or credited as paid up on the issued share capital of the Company plus the reserves of the Company plus retained earnings of the Company (or less the amount standing to the debit of the profit and loss account for the Company) and less any amount which is attributable to minority interests and deferred taxation as certified by the auditor of the Company.
- 19.8 "Net Asset Value per Share" means Net Asset Value at a particular date divided by the number of Shares on issue at that date.
- 19.9 "Offer" means an offer to participate in the Plan pursuant to Clause 2.1

- 19.10 "Option" means an option to subscribe for a share.
- 19.11 "Plan" means the plan constituted by these Rules.
- 19.12 "Related Body Corporate" has the meaning ascribed to that term in Section 50 of the Corporations Law.
- 19.13 "Right" means a contingent right to be granted an Option.
- 19.14 "Shares" means ordinary shares in the capital of the Company of twenty cents (\$0.20) each.
- 19.15 "Takeover Bid" has the meaning ascribed to that term in the Corporations Law.

20. Interpretation

Words denoting a single number shall include the plural number and vice versa and words denoting the masculine gender shall include the feminine and neuter genders.

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

A reference to legislation includes replacement legislation or that legislation as amended from time to time.